

EQUUS TOTAL RETURN, INC.  
Form DEFA14A  
April 26, 2010

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**VOTE THE WHITE PROXY CARD FOR CHANGE**

The gold card represents more mismanagement, underperformance, and the individual interests of Sam and Paula Douglass

Dear Equus Shareholder,

After years of Sam and Paula Douglass receiving millions from the Fund and its investment advisor while managing, approving, and originating poorly performing investments, it is time for a change at Equus Total Return. Do not be misled – the Douglasses, through “The Committee to Enhance Equus” (“The Douglass Committee”), are running a proxy contest to regain control of the Fund so that they can maintain the status quo and continue to benefit themselves personally at the expense of Equus’ shareholders. If you are tired of the Douglasses’ legacy of advancing their individual interests and are eager for experienced and independent directors with a fresh perspective who will work diligently to rebuild shareholder value, vote your WHITE proxy card today.

**WE URGE SHAREHOLDERS TO ACT NOW!**  
Submit your vote on the attached WHITE proxy card today.

Equus is at a critical juncture. After years of stagnation and declining value under Sam and Paula Douglass, we believe it is critical for Equus to be represented by independent Board members who can provide access to investment opportunities, capital and management expertise.

Alessandro Benedetti, Bertrand des Pallieres, John A. Hardy, and Fraser Atkinson, the four new nominees for your Board of Directors on the WHITE proxy card, represent 822,031 shares, or 9.28% of Equus stock. As representatives of our largest shareholder -- Versatile Systems Inc. -- their interests in and objectives for the Fund are fully aligned with all of our shareholders. If elected, all of the WHITE proxy card nominees are committed to taking the necessary steps to get Equus back on track and increase shareholder value.

Support real change by voting the enclosed WHITE proxy card.

Sam and Paula Douglass have been intimately involved in the management of the Fund since its creation. Furthermore, the Douglass Committee’s Board slate on the gold card includes both the Chairman and the CEO of Trulite, Inc. – a company that is in default on a \$2.3 million loan from Equus. In addition, Paula Douglass, a third gold card nominee, is on the Trulite Board. This is a serious conflict of interest that would make it impossible for such nominees to protect the interests of Equus’ shareholders. Last week, your Board took action to collect all amounts due under this loan.

In order to move Equus forward, the Fund can no longer be associated with or managed by Sam and Paula Douglass. Our new director nominees will help transform Equus from a small Houston-based fund into a much larger, internationally focused and dynamic investment vehicle that can capitalize on opportunities around the world. Our

overall investment objective is to put Equus firmly back on the track of receiving

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regular income and capital appreciation from our portfolio companies, with a view to resuming the Fund's quarterly dividend that was discontinued in early 2009.

**YOUR VOTE IS IMPORTANT;  
VOTE THE WHITE PROXY CARD FOR CHANGE TODAY**

To support a change from the Douglass legacy, please sign, date and return the WHITE proxy card in the postage paid envelope provided. Even if you have previously voted on the gold proxy card supplied by the Douglass Committee, you can still support your Board by voting the enclosed WHITE proxy card today. **YOUR RESPONSE TODAY WILL HELP PUT THE FUND BACK ON THE RIGHT TRACK.**

If you have any questions, require assistance in voting your WHITE proxy card, or need additional copies of the Fund's proxy materials, please call our proxy solicitation firm, Georgeson Inc., toll-free at 866-821-2606 (banks and brokerage firms should call 212-440-9800), or email [equus@georgeson.com](mailto:equus@georgeson.com). Shareholders also can find additional materials on the annual meeting and how to vote on our website at [www.equuscap.com](http://www.equuscap.com).

We thank you for your consideration and support.

Sincerely,

/s/ Richard F. Bergner  
Richard F. Bergner  
Chairman of the Board

Equus Total Return, Inc. Nominees for Director:

Alessandro Benedetti

Mr. Benedetti, 48, is currently the CEO of SAE Capital Ltd., which he founded in January 2007. Prior to that, he was the CEO of SAE Capital SPA, based in Rome, Italy. Over the last 20 years Mr. Benedetti has been involved in the structuring and financing of complex transactions, acting on behalf of companies and governments in North America, Europe, Central Asia and the Middle East. In 2005, he structured and led the acquisition of Wind Telecomunicazioni SpA, based in Italy, which had 16 million wireless subscribers, 1.6 million fixed line customers and 28 million registered internet users. At that time, the transaction was the largest leveraged buyout in European history, in a deal valued at over 12 billion Euros.

Bertrand des Pallieres

Mr. Pallieres, 43, has been the CEO of SPQR Capital LLP, based in London, UK since May 2007. He previously served as Global Head of Principal Finance and member of the Global Market Leadership Group of Deutsche Bank from 2005 to 2007. From 1992 to 2005, he held various positions at JP Morgan, including Global Head of Structured Credit, European Head of Derivatives Structuring and Marketing and Co-head of sales for Europe Middle East and Africa.

John A. Hardy

Mr. Hardy, 58, is Chairman and Chief Executive Officer of Versatile Systems Inc. ("Versatile"), a technology consulting company, since January 1997. Mr. Hardy has had extensive experience in the insurance, finance and banking sectors, as well as mergers, acquisitions and litigation and resolution of multi-jurisdictional disputes practicing as a Barrister from 1978-1997. Mr. Hardy was also an adjunct Professor lecturing in insurance law at the University of British Columbia from 1984-2000.



Fraser Atkinson

Mr. Atkinson, 52, has been CFO of Versatile, a technology consulting company, since February 2003, Corporate Secretary of Versatile since October 2003 and Director since November 2003. Mr. Atkinson was involved in both the technology and corporate finance sectors as a partner at KPMG, LLP for over 14 years, having left the firm in September 2002.

Richard F. Bergner

Mr. Bergner, 79, has been a practicing attorney in Houston, TX for 50 years. Mr. Bergner's practice includes corporate, investment and real estate issues; he has litigated cases in federal and state court.

Gregory J. Flanagan

Mr. Flanagan, 64, was Chairman of the Board, CEO and President of the Fund from July 2009 to February 2010. He previously served as COO of Gallagher Healthcare, Inc. – Houston Branch, an insurance brokerage company, from 2003 to 2008. Mr. Flanagan also has more than 20 years of commercial banking experience.

Henry W. Hankinson

Mr. Hankinson, 58, is Managing Partner and co-founder of Global Business Associates, LLC, a boutique M&A consulting firm in Atlanta, GA. Mr. Hankinson is a former military officer with engineering and MBA degrees. He has held domestic and international senior executive management positions for over 30 years. In 1993, he moved to Moscow as the senior regional executive for Halliburton / Brown & Root ("HBR") to establish the oil and gas construction market in the Former Soviet Union. In 1997, he moved to Riyadh, Saudi Arabia to serve as the senior HBR regional Managing Director of Saudi Arabia. In 1999, he was recruited to become the COO and senior American for a large multi-national conglomerate for the Saudi Royal Family. Based in Riyadh, he was responsible for investment acquisitions and portfolio management. During his career, Mr. Hankinson has served as Chairman, CEO, COO, and Director for both small and multinational private and public companies.

Robert L. Knauss

Mr. Knauss, 79, was Chairman of the Board of Philip Services Corp., an industrial services company, from 1998 to 2003, and Chairman of the Board and CEO of Baltic International USA, Inc. from 1995 to 2003. During the past twenty years, Mr. Knauss has served on the Boards of Directors of eight public companies. Mr. Knauss was the former Dean and Distinguished University Professor of the University of Houston Law School and was also Dean of Vanderbilt Law School.

Kenneth I. Denos

Mr. Denos, 42, has served as a director and principal of many small public and private companies throughout the world. Since August 2009, he has been Deputy Executive Chairman of London Pacific & Partners, Inc., a healthcare and hospitality corporate finance advisory and investment firm. Previously he was President of the Fund from December 2007 to June 2009; CEO of the Fund from August 2007 to June 2009; Executive Vice President and Secretary of the Fund from June 2005 until August 2007; Executive Vice President of Equus Capital Administration Company, Inc. from June 2005 to May 2008; CEO and President of Equus Capital Administration Company, Inc. from May 2008 to June 2009; Executive Vice President of Moore Clayton Capital Advisors, Inc from June 2005 to May 2008; CEO and President of Moore Clayton Capital Advisors, Inc from May 2008 to June 2009. Mr. Denos has served as CEO of MCC Global NV since May 2006 and as a director and Executive Vice President of Moore, Clayton & Co., Inc. since January 2001. From November 2005 until May 2006, Mr. Denos served as the Non-Executive Chairman of Ridgecrest Healthcare Group, Inc. From February 2005 to February 2006, he served as a director and General Counsel of MCC Energy plc (now Tersus Energy plc). From April 1999 until August 2007, he has also served as Chairman and CEO of SportsNuts, Inc. (a sports marketing company). Since March 2007, Mr. Denos has served as a non-executive director of Secure Networks, Inc.,



an information technology hardware and software reseller. Since January 2000, he has served as President of Kenneth I. Denos, P.C. Since March 2009, he has served as CEO and Chairman of Acadia Group, Inc.

#### Cautionary Note Regarding Forward-Looking Statements

This letter may contain certain forward-looking statements regarding future circumstances. These forward-looking statements are based upon the Fund's current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements, including, in particular, the risks and uncertainties described in the Fund's filings with the Securities and Exchange Commission. Actual results, events, and performance may differ. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as to the date hereof. The Fund undertakes no obligation to release publicly any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. The inclusion of any statement in this letter does not constitute an admission by the Fund or any other person that the events or circumstances described in such statements are material.

#### Important Information

The Fund filed a definitive proxy statement concerning the 2010 Annual Meeting of Stockholders with the United States Securities and Exchange Commission ("SEC") on April 12, 2010. The Fund has also filed other relevant documents with the SEC. The Fund advises stockholders to read the definitive proxy statement, as well as other relevant documents filed with the SEC, because they contain important information about the election of directors and any other matters to be presented at the 2010 Annual Meeting of Stockholders. Stockholders may obtain free copies of the definitive proxy statement and other documents the Fund files with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov). They may also access a copy of the Fund's definitive proxy statement by accessing [www.equuscap.com](http://www.equuscap.com). In addition, stockholders may obtain a free copy of the definitive proxy statement and other related documents by contacting Georgeson Inc. by telephone toll-free at 866-821-2606 (banks and brokerage firms should call 212-440-9800), or by email at [equus@georgeson.com](mailto:equus@georgeson.com).

The Fund, its directors, some of its executive officers and certain other of its employees are participants in the solicitation of proxies in respect of the matters to be considered at the 2010 Annual Meeting of Stockholders. Information about the participants is set forth in the definitive proxy statement. Information about the participants' direct or indirect interests in the matters to be considered at the annual meeting is also contained in the proxy statement referred to above.