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GABELLI EQUITY TRUST INC  
Form DEF 14A  
April 21, 2006

SCHEDULE 14A INFORMATION

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

Filed by Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Sec. 240.14a-12

THE GABELLI EQUITY TRUST INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed  
pursuant to Exchange Act Rule 0-11(set forth the amount on which the  
filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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

-----  
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 15, 2006  
-----

To the Shareholders of  
THE GABELLI EQUITY TRUST INC.

Notice is hereby given that the Annual Meeting of Shareholders (the "Meeting") of The Gabelli Equity Trust Inc. (the "Trust") will be held at The Cole Auditorium, The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut 06830, on Monday, May 15, 2006, at 9:00 a.m., for the following purposes:

1. To elect two (2) Directors of the Trust, one (1) Director to be elected by the holders of the Trust's Common Stock and holders of its 7.20% Series B Cumulative Preferred Stock, Series C Auction Rate Cumulative Preferred Stock, 5.875% Series D Cumulative Preferred Stock, and Series E Auction Rate Cumulative Preferred Stock (together, the "Preferred Stock"), voting together as a single class, and one (1) Director to be elected by the holders of the Trust's Preferred Stock, voting as a separate class (PROPOSAL 1); and
2. To consider and vote upon such other matters, including adjournments, as may properly come before said Meeting or any adjournments thereof.

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

The close of business on March 13, 2006 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and any adjournments thereof.

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

By Order of the Board of Directors,

JAMES E. MCKEE  
SECRETARY

April 17, 2006

INSTRUCTIONS FOR SIGNING PROXY CARDS

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

1. INDIVIDUAL ACCOUNTS: Sign your name exactly as it appears in the

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registration on the proxy card.

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

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

TELEPHONE/INTERNET VOTING

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

THE GABELLI EQUITY TRUST INC.

ANNUAL MEETING OF SHAREHOLDERS

May 15, 2006

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of The Gabelli Equity Trust Inc. (the "Trust") for use at the Annual Meeting of Shareholders of the Trust to be held on Monday, May 15, 2006, at 9:00 a.m., at The Cole Auditorium, The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut 06830, and at any adjournments thereof (the "Meeting"). A Notice of Annual Meeting of Shareholders and proxy card accompany this Proxy Statement, all of which are first being mailed to shareholders on or about April 17, 2006.

In addition to the solicitation of proxies by mail, officers of the Trust and officers and regular employees of Computershare Trust Company, N.A. ("Computershare"), the Trust's transfer agent, and affiliates of Computershare or other representatives of the Trust also may solicit proxies by telephone,

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telegraph, Internet, or in person. In addition, the Trust has retained The Altman Group, Inc. to assist in the solicitation of proxies for a minimum fee of \$2,500 plus reimbursement of expenses. The Trust will pay the costs of the proxy solicitation and the expenses incurred in connection with preparing the Proxy Statement and its enclosures. The Trust will also reimburse brokerage firms and others for their expenses in forwarding solicitation materials to the beneficial owners of its shares.

THE TRUST'S MOST RECENT ANNUAL REPORT, INCLUDING AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005, IS AVAILABLE UPON REQUEST, WITHOUT CHARGE, BY WRITING TO THE TRUST AT ONE CORPORATE CENTER, RYE, NEW YORK 10580-1422, BY CALLING THE TRUST AT 800-422-3554, OR VIA THE INTERNET AT WWW.GABELLI.COM.

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

A quorum of shareholders is constituted by the presence in person or by proxy of the holders of a majority of the outstanding shares of the Trust entitled to vote at the Meeting. In the event a quorum is not present at the Meeting, or in the event that a quorum is present at the Meeting but sufficient votes to approve any of the proposed items are not received, the persons named as proxies may propose one or more adjournments of such Meeting to permit further solicitation of proxies. A shareholder vote may be taken on one or more of the proposals in this Proxy Statement prior to such adjournment if sufficient votes have been received for approval and it is otherwise appropriate. Any such adjournment will require the affirmative vote of a majority of those shares present at the Meeting in person or by proxy. If a quorum is present, the persons named as proxies will vote those proxies which they are entitled to vote "FOR" any proposal in favor of such adjournment and will vote those proxies required to be voted "AGAINST" any proposal against any such adjournment. Absent the establishment of a subsequent record date and the giving of notice to the holders of record thereon, the adjourned Meeting must take place not more than 120 days after the record date. At such adjourned Meeting, any business may be transacted which might have been transacted at the original Meeting. If a quorum is present, a shareholder vote may be taken on one or more of the proposals properly brought before the Meeting prior to any adjournment if sufficient votes have been received and it is otherwise appropriate.

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The close of business on March 13, 2006 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and all adjournments thereof.

The Trust has two classes of capital stock: common stock, par value \$0.001 per share (the "Common Stock"), and preferred stock consisting of (i) 7.20% Series B Cumulative Preferred Stock ("Series B Preferred"), (ii) Series C Auction Rate Cumulative Preferred Stock ("Series C Preferred"), (iii) 5.875% Series D Cumulative Preferred Stock ("Series D Preferred"), and (iv) Series E Auction Rate Cumulative Preferred Stock ("Series E Preferred"), each having a

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par value of \$0.001 per share (together, the "Preferred Stock" and together with the Common Stock, the "Shares"). The holders of the Common Stock and Preferred Stock are each entitled to one vote for each full share held and an appropriate fraction of a vote for each fractional share held. On the record date, there were 166,079,270 shares of Common Stock, 6,600,000 shares of Series B Preferred Stock, 5,200 shares of Series C Preferred Stock, 2,949,700 shares of Series D Preferred Stock, and 2,000 shares of Series E Preferred Stock outstanding.

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

SUMMARY OF VOTING RIGHTS ON PROXY PROPOSALS

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

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

PROPOSAL 1: TO ELECT TWO (2) DIRECTORS OF THE TRUST

NOMINEES FOR THE BOARD OF DIRECTORS

The Board of Directors is divided into three classes, each class having a term of three years. Each year the term of office of one class will expire. James P. Conn and Anthony R. Pustorino have each been nominated by the Board of Directors for a three-year term to expire at the Trust's 2009 Annual Meeting of Shareholders or until their successors are duly elected and qualified. James P. Conn has been nominated by the Board of Directors for election by the holders of the Trust's Preferred Stock for a three-year term to expire at the Trust's 2009 Annual Meeting of Shareholders or until his successor is duly elected and qualified. Each of the Directors of the Trust has served in that capacity since the July 14, 1986 organizational meeting of the Trust with the exception of (i) Mr. Conn, who became a Director of the Trust on May 15, 1989, (ii) Mr. Fahrenkopf, who became a Director of the Trust on May 11, 1998, (iii) Mr. Colavita, who became a Director of the Trust on November 17, 1999, and (iv) Mr. Ferrara, who became a Director of the Trust on August 15, 2001. All of the Directors of the Trust are also directors or trustees of other investment companies for which Gabelli Funds, LLC (the "Adviser") or its affiliates serve as investment adviser. The classes of Directors are indicated below:

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NOMINEES TO SERVE UNTIL 2009 ANNUAL MEETING OF SHAREHOLDERS

-----  
 James P. Conn  
 Anthony R. Pustorino

DIRECTORS SERVING UNTIL 2008 ANNUAL MEETING OF SHAREHOLDERS

-----  
 Anthony J. Colavita  
 Frank J. Fahrenkopf, Jr.  
 Salvatore J. Zizza

DIRECTORS SERVING UNTIL 2007 ANNUAL MEETING OF SHAREHOLDERS

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

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

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

INFORMATION ABOUT DIRECTORS AND OFFICERS

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

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

INTERESTED DIRECTORS/NOMINEES 3:  
 -----

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|   |               |   |                         |
|---|---------------|---|-------------------------|
| MARIO J. GABELLI<br>Director and<br>Chief Investment Officer<br>Age: 63 | Since 1986*** | Chairman of the Board and Chief Executive Officer of GAMCO Investors, Inc. and Chief Investment Officer - Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Chairman and Chief Executive Officer of Lynch Interactive Corporation (multimedia and services) | Direc<br>Holdi<br>compa |
|---|---------------|---|-------------------------|

NON-INTERESTED DIRECTORS/NOMINEES:  
-----

|   |               |  |                                  |
|---|---------------|--|----------------------------------|
| THOMAS E. BRATTER<br>Director<br>Age: 66        | Since 1986*** | Director, President and Founder of The John Dewey Academy (residential college preparatory therapeutic high school)  |                                  |
| ANTHONY J. COLAVITA 4<br>Director<br>Age: 70    | Since 1999**  | Partner in the law firm of Anthony J. Colavita, P.C.   |                                  |
| JAMES P. CONN 4<br>Director<br>Age: 68          | Since 1989*   | Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (insurance holding company) (1992-1998)  | Direc<br>(bank                   |
| FRANK J. FAHRENKOPF, JR.<br>Director<br>Age: 66 | Since 1998**  | President and Chief Executive Officer of the American Gaming Association; Co-Chairman of the Commission on Presidential Debates; Chairman of the Republican National Committee (1983-1989) | Direc<br>(bank                   |
| ARTHUR V. FERRARA<br>Director<br>Age: 75        | Since 2001*** | Former Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America (1993-1995)   | Direc<br>Spons                   |
| ANTHONY R. PUSTORINO<br>Director<br>Age: 80     | Since 1986*   | Certified Public Accountant; Professor Emeritus, Pace University   | Direc<br>(dive                   |
| SALVATORE J. ZIZZA<br>Director<br>Age: 60       | Since 1986**  | Chairman of Hallmark Electrical Supplies Corp.   | Direc<br>Pharm<br>and E<br>servi |

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

OFFICERS:  
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|   |            |   |
|---|------------|---|
| BRUCE N. ALPERT<br>President<br>Age: 54                               | Since 1988 | Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Director and President of Gabelli Advisers, Inc. since 1998; Officer of all registered investment companies in the Gabelli Funds complex.  |
| CARTER W. AUSTIN<br>Vice President<br>Age: 39                         | Since 2000 | Vice President of the Trust since 2000; Vice President of The Gabelli Dividend & Income Trust since 2003 and The Gabelli Global Gold, Natural Resources & Income Trust since 2005; Vice President of Gabelli Funds, LLC since 1996.   |
| DAWN M. DONATO<br>Assistant Vice President<br>Age: 38                 | Since 2004 | Assistant Vice President of the Trust since 2004; Assistant Vice President of Gabelli & Company, Inc. since 2004; Registered Representative for Gabelli & Company, Inc. since 2002; Senior Sales Representative for Manulife WoodLogan, Inc. prior to 2002.   |
| PETER D. GOLDSTEIN<br>Chief Compliance Officer<br>Age: 52             | Since 2004 | Director of Regulatory Affairs for GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all registered investment companies in the Gabelli Funds complex; Vice President of Goldman Sachs Asset Management from 2000-2004.   |
| JAMES E. MCKEE<br>Secretary<br>Age: 42                                | Since 1995 | Vice President, General Counsel and Secretary of GAMCO Investors, Inc. since 1999 and GAMCO Asset Management Inc. since 1993; Secretary of all registered investment companies advised by Gabelli Advisers, Inc. and Gabelli Funds, LLC.  |
| AGNES MULLADY<br>Treasurer and Principal Financial Officer<br>Age: 47 | Since 2006 | Officer of all registered investment companies in the Gabelli Funds complex; Senior Vice President U.S. Trust Company, N.A. and Treasurer and Chief Financial Officer of Excelsior Funds from 2004-2005 Chief Financial Officer of AMIC Distribution Partne 2002-2004; Controller of Reserve Management, Inc. and Reserve Partners, Inc. and Treasurer of Reserve from 2000-2002. |

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

Set forth in the table below is the dollar range of equity securities in the Trust beneficially owned by each Director and Nominee for election as Director and the aggregate dollar range of equity securities in the Fund complex beneficially owned by each Director and Nominee for election as Director.

| NAME OF DIRECTOR/NOMINEE | DOLLAR RANGE OF EQUITY | AGGREGATE DOLLAR RANGE OF EQUITY |
|--------------------------|------------------------|----------------------------------|
|--------------------------|------------------------|----------------------------------|



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|   | SECURITIES HELD<br>IN THE TRUST* (1) | SECURITIES HELD<br>IN FUND COMPLEX* (1) (2) |
|---|--------------------------------------|---|
| INTERESTED DIRECTOR/NOMINEE:<br>-----       |                                      |   |
| Mario J. Gabelli                            | E                                    | E   |
| NON-INTERESTED DIRECTORS/NOMINEES:<br>----- |                                      |   |
| Thomas E. Bratter                           | E                                    | E   |
| Anthony J. Colavita**                       | C                                    | E   |
| James P. Conn                               | E                                    | E   |
| Frank J. Fahrenkopf, Jr.                    | A                                    | B   |
| Arthur V. Ferrara                           | A                                    | E   |
| Anthony R. Pustorino**                      | E                                    | E   |
| Salvatore J. Zizza                          | E                                    | E   |

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Set forth in the table below is the amount of shares beneficially owned by each Director of the Trust.

| NAME OF DIRECTOR/NOMINEE<br>-----           | AMOUNT AND NATURE OF<br>BENEFICIAL OWNERSHIP (1)<br>----- | PERCENT OF SHARES<br>OUTSTANDING (2)<br>----- |
|---|---|---|
| INTERESTED DIRECTOR/NOMINEE:<br>-----       |   |   |
| Mario J. Gabelli                            | 1,827,970 (3)   | 1.1%  |
| NON-INTERESTED DIRECTORS/NOMINEES:<br>----- |   |   |
| Thomas E. Bratter                           | 27,177<br>500 Series B Preferred                          | *<br>*  |
| Anthony J. Colavita                         | 2,835 (4)<br>1,000 Series B Preferred (5)                 | *<br>*  |
| James P. Conn                               | 40,603<br>1,000 Series B Preferred                        | *<br>*  |
| Frank J. Fahrenkopf, Jr.                    | 0   | *   |
| Arthur V. Ferrara                           | 0   | *   |
| Anthony R. Pustorino                        | 13,620 (6)  | *   |
| Salvatore J. Zizza                          | 54,043 (7)  | *   |

(1) This information has been furnished by each Director and Nominee for election as Director as of December 31, 2005. "Beneficial Ownership" is determined in accordance with Section 16a-1(a) (2) of the 1934 Act. Reflects ownership of common shares unless otherwise noted.

(2) An asterisk indicates that the ownership amount constitutes less than 1% of the total shares outstanding.

(3) Includes 947,963 shares owned directly by Mr. Gabelli, 37,358 shares owned by a family partnership for which Mr. Gabelli serves as general partner,

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and 842,649 shares owned by GAMCO Investors, Inc. or its affiliates. Mr. Gabelli disclaims beneficial ownership of the shares held by the discretionary accounts and by the entities named except to the extent of his interest in such entities.

- (4) Comprised of 2,835 common shares owned by Mr. Colavita's spouse for which he disclaims beneficial ownership.
- (5) Comprised of 1,000 preferred shares owned by Mr. Colavita's spouse for which he disclaims beneficial ownership.
- (6) Includes 2,632 common shares owned by Mr. Pustorino's spouse for which he disclaims beneficial ownership.
- (7) Includes 43,153 common shares owned by Mr. Zizza's sons for which he disclaims beneficial ownership.

The Trust pays each Director who is not affiliated with the Adviser or its affiliates a fee of \$12,000 per year plus \$1,500 per meeting attended in person, \$1,000 per Committee meeting attended in person, and \$500 per telephonic meeting, together with the Director's actual out-of-pocket expenses relating to his attendance at such meetings. In addition, the Audit Committee Chairman receives an annual fee of \$3,000, the Proxy Voting Committee Chairman receives an annual fee of \$1,500, and the Nominating Committee Chairman receives an annual fee of \$2,000. The aggregate remuneration (not including out-of-pocket expenses) paid by the Trust to such Directors during the year ended December 31, 2005 amounted to \$139,991. During the year ended December 31, 2005, the Directors of the Trust met seven times, three of which were special meetings of Directors. Each Director then serving in such capacity attended at least 75% of the meetings of Directors and of any Committee of which he is a member.

### AUDIT COMMITTEE REPORT

The role of the Trust's Audit Committee (the "Audit Committee") is to assist the Board of Directors in its oversight of (i) the quality and integrity of the Trust's financial statement reporting process and the independent audit and reviews thereof; (ii) the Trust's accounting and financial reporting policies and practices, its internal controls, and, as appropriate, the internal controls of certain of its service providers; (iii) the Trust's compliance with legal and regulatory requirements; and (iv) the independent registered public accounting firm's qualifications, independence, and performance. The Audit Committee also is required to prepare an audit committee report pursuant to the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Trust's annual proxy statement. The Audit Committee operates pursuant to the Audit Committee Charter (the "Charter") that was most recently reviewed and approved by the Board of Directors on February 15, 2006.

Pursuant to the Charter, the Audit Committee is responsible for conferring with the Trust's independent registered public accounting firm, reviewing annual financial statements, approving the selection of the Trust's independent registered public accounting firm, and overseeing the Trust's internal controls. The Charter also contains

provisions relating to the pre-approval by the Audit Committee of certain non-audit services to be provided by PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") to the Trust and to the Adviser and certain of its affiliates. The Audit Committee advises the full Board with respect to accounting, auditing, and financial matters affecting the Trust. As set forth in the Charter, management is responsible for maintaining appropriate systems for accounting and internal control, and the Trust's independent registered public accounting firm is responsible for planning and carrying out proper audits and reviews. The independent registered public accounting firm is ultimately

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accountable to the Board of Directors and to the Audit Committee, as representatives of shareholders. The independent registered public accounting firm for the Trust reports directly to the Audit Committee.

In performing its oversight function, at a meeting held on February 13, 2006, the Audit Committee reviewed and discussed with management of the Trust and PricewaterhouseCoopers the audited financial statements of the Trust as of and for the year ended December 31, 2005, and discussed the audit of such financial statements with the independent registered public accounting firm.

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

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

The members of the Audit Committee are not, and do not represent themselves to be, professionally engaged in the practice of auditing or accounting and are not employed by the Trust for accounting, financial management, or internal control purposes. Moreover, the Audit Committee relies on and makes no independent verification of the facts presented to it or representations made by management or independent verification of the facts presented to it or representations made by management or the Trust's independent registered public accounting firm. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and/or financial reporting principles and policies, or internal controls and procedures, designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not provide assurance that the audit of the Trust's financial statements has been carried out in accordance with the standards of the Public Company Accounting Oversight Board (United States) or that the financial statements are presented in accordance with generally accepted accounting principles (United States).

Based on its consideration of the audited financial statements and the discussions referred to above with management and the Trust's independent registered public accounting firm, and subject to the limitations on the responsibilities and role of the Audit Committee set forth in the Charter and those discussed above, the Audit Committee recommended to the Trust's Board of Directors that the Trust's audited financial statements be included in the Trust's Annual Report for the year ended December 31, 2005.

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

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

February 15, 2006

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The Audit Committee met twice during the year ended December 31, 2005. The Audit Committee is composed of three of the Trust's independent (as such term is defined by the New York Stock Exchange's listing standards (the "NYSE Listing Standards")) Directors, namely Messrs. Colavita, Pustorino, and Zizza. Each member of the Audit Committee has been determined by the Board of Directors to be financially literate.

### NOMINATING COMMITTEE

The Board of Directors has a Nominating Committee composed of three independent (as such term is defined by the NYSE Listing Standards) Directors, namely Messrs. Colavita, Ferrara, and Zizza. The Nominating Committee met once during the year ended December 31, 2005. The Nominating Committee is responsible for identifying and recommending to the Board of Directors individuals believed to be qualified to become Board members in the event that a position is vacated or created. The Nominating Committee will consider Director candidates recommended by shareholders. In considering candidates submitted by shareholders, the Nominating Committee will take into consideration the needs of the Board of Directors, the qualifications of the candidate, and the interests of shareholders. The Nominating Committee may also take into consideration the number of shares held by the recommending shareholder and the length of time that such shares have been held. To recommend a candidate for consideration by the Nominating Committee, a shareholder must submit the recommendation in writing and must include the following information:

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

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

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

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

### OTHER BOARD-RELATED MATTERS

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

### RECEIPT OF COMMUNICATIONS

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Shareholders and other interested parties may contact the Board or any member of the Board by mail or electronically. To communicate with the Board or any member of the Board, correspondence should be addressed to the Board or the Board member(s) with whom you wish to communicate by either name or title. All such correspondence should be sent c/o the Trust at One Corporate Center, Rye, NY 10580-1422. To communicate with the Board electronically, shareholders may send an e-mail to gabellifundsboard@gabelli.com.

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### FORWARDING THE COMMUNICATIONS

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

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

The following table sets forth certain information regarding the compensation of the Trust's Directors and officers for the year ended December 31, 2005. Ms. Donato is employed by the Trust and is not employed by the Adviser (although she may receive incentive-based variable compensation from affiliates of the Adviser). Officers of the Trust who are employed by the Adviser receive no compensation or expense reimbursement from the Trust.

COMPENSATION TABLE  
FOR THE YEAR ENDED DECEMBER 31, 2005

| NAME OF PERSON AND POSITION<br>-----                                      | AGGREGATE COMPENSATION<br>FROM THE TRUST<br>----- | AGGREGATE COMPENSATION FROM<br>THE TRUST AND FUND COMPLEX<br>PAID TO DIRECTORS AND OFFICERS*<br>----- |
|---|---|---|
| INTERESTED DIRECTORS/NOMINEES:<br>-----                                   |   |   |
| MARIO J. GABELLI<br>Chairman of the Board and<br>Chief Investment Officer | \$0   | \$0      (24) (diamond)   |
| KARL OTTO POHL**<br>Director  | \$0   | \$7,571      (35)+ (diamond)  |
| NON-INTERESTED DIRECTORS/NOMINEES:  |   |   |

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|  |          |                           |
|--|----------|---------------------------|
| -----<br>THOMAS E. BRATTER<br>Director     | \$18,333 | \$32,750 (3)              |
| ANTHONY J. COLAVITA<br>Director            | \$22,085 | \$212,473 (37)+ (diamond) |
| JAMES P. CONN<br>Director                  | \$17,538 | \$83,283 (14)             |
| FRANK J. FAHRENKOPF, JR.<br>Director       | \$18,225 | \$60,183 (5)              |
| ARTHUR V. FERRARA<br>Director              | \$18,063 | \$32,011 (9)+             |
| ANTHONY R. PUSTORINO<br>Director           | \$25,154 | \$147,261 (17)+           |
| SALVATORE J. ZIZZA<br>Director             | \$20,592 | \$143,962 (25) (diamond)  |
| OFFICER:<br>-----                          |          |                           |
| DAWN M. DONATO<br>Assistant Vice President | \$75,000 | \$75,000 (1)              |

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REQUIRED VOTE

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

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

ADDITIONAL INFORMATION

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers, 300 Madison Avenue, New York, NY 10017, has been selected to serve as the Trust's independent registered public accounting firm for the year ending December 31, 2006. PricewaterhouseCoopers acted as the Trust's independent registered public accounting firm for the year ended December 31, 2005. The Trust knows of no direct financial or material indirect financial interest of PricewaterhouseCoopers in the Trust. A representative of PricewaterhouseCoopers will not be present at the Meeting, but will be available by telephone and will have an opportunity to make a statement, if asked, and will be available to respond to appropriate questions.

Set forth in the table below are audit fees and non-audit related fees billed to the Trust by PricewaterhouseCoopers for professional services received during and for the years ended December 31, 2004 and 2005, respectively.

| YEAR ENDED | AUDIT-RELATED | ALL |
|------------|---------------|-----|
|------------|---------------|-----|

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| DECEMBER 31 | AUDIT FEES | FEES*    | TAX FEES** | OTHER FEES |
|-------------|------------|----------|------------|------------|
| -----       | -----      | -----    | -----      | -----      |
| 2004        | \$43,658   | \$20,600 | \$2,550    | --         |
| 2005        | \$85,700   | \$20,600 | \$2,880    | --         |

\* "Audit-Related Fees" are those fees billed to the Trust by PricewaterhouseCoopers in connection with the preparation of Preferred Shares Reports to Moody's Investors Service, Inc. and Standard & Poor's Ratings Services.

\*\* "Tax Fees" are those fees billed by PricewaterhouseCoopers in connection with tax compliance services, including primarily the review of the Trust's income tax returns.

The Trust's Audit Committee Charter requires that the Audit Committee pre-approve all audit and non-audit services to be provided by the independent registered public accounting firm to the Trust, and all non-audit services to be provided by the independent registered public accounting firm to the Trust's Adviser and service providers controlling, controlled by, or under common control with the Trust's Adviser ("affiliates") that provide on-going services to the Trust (a "Covered Services Provider"), if the engagement relates directly to the operations and financial reporting of the Trust. The Audit Committee may delegate its responsibility to pre-approve any such audit and permissible non-audit services to the Chairman of the Audit Committee, and the Chairman must report his decision(s) to the Audit Committee, at its next regularly scheduled meeting after the Chairman's pre-approval of such services. The Audit Committee may also establish detailed pre-approval policies and procedures for pre-approval of such services in accordance with applicable laws, including the delegation of some or all of the Audit Committee's pre-approval responsibilities to other persons (other than the Adviser or the Trust's officers). Pre-approval by the Audit Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Trust, the Adviser, and any Covered Services Provider constitutes not more than 5% of the total amount of revenues paid by the Trust to its independent registered public accounting firm during the year in which the permissible non-audit services are provided; (ii) the permissible non-audit services were not recognized by the Trust at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Audit Committee and approved by the Audit Committee or the Chairman prior to the completion of the audit. All of the audit, audit-related, and tax services described above for which PricewaterhouseCoopers billed the Trust fees for the years ended December 31, 2004 and December 31, 2005 were pre-approved by the Audit Committee.

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For the year ended December 31, 2005, PricewaterhouseCoopers has represented to the Trust that it did not provide any non-audit services (or bill any fees for such services) to the Adviser or any affiliates thereof that provide services to the Trust.

THE INVESTMENT ADVISER AND ADMINISTRATOR

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

COMPLIANCE WITH THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the 1934 Act and Section 30(h) of the 1940 Act, and the rules thereunder, require the Trust's executive officers and Directors, executive officers and directors of the Adviser, certain other affiliated persons of the Adviser, and persons who own more than 10% of a registered class

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of the Trust's securities to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange and to furnish the Trust with copies of all Section 16(a) forms they file. Based solely on the Trust's review of the copies of such forms it received for the year ended December 31, 2005, the Trust believes that during that year such persons complied with all such applicable filing requirements, except for two late Form 4 filings, one on behalf of Dr. Bratter and one on behalf of Mr. Zizza.

### BROKER NON-VOTES AND ABSTENTIONS

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

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

Shareholders of the Trust will be informed of the voting results of the Meeting in the Trust's Semi-Annual Report dated June 30, 2006.

### OTHER MATTERS TO COME BEFORE THE MEETING

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

### SHAREHOLDER PROPOSALS

All proposals by shareholders of the Trust which are intended to be presented at the Trust's next Annual Meeting of Shareholders to be held in 2007 must be received by the Trust for consideration for inclusion in the Trust's proxy statement and proxy relating to that meeting no later than December 18, 2006. There are additional requirements regarding proposals of shareholders, and a shareholder contemplating submission of a proposal is referred to Rule 14a-8 under the 1934 Act.

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

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ANNUAL MEETING PROXY CARD

COMMON SHAREHOLDER  
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THE GABELLI EQUITY TRUST INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Mario J. Gabelli, James E. McKee and Bruce N. Alpert, and each of them, attorneys and proxies of the undersigned, with full powers of substitution and revocation, to represent the undersigned and to vote on behalf of the undersigned all shares of The Gabelli Equity Trust Inc. (the "Trust") which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Trust to be held at The Cole Auditorium, The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut 06830 on Monday, May 15, 2006 at 9:00 a.m., and at any adjournments thereof. The undersigned hereby acknowledges receipt of the Notice of Meeting and Proxy Statement and hereby instructs said attorneys and proxies to vote said shares as indicated herein. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting.

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

This proxy, if properly executed, will be voted in the manner directed by the undersigned shareholder. If no direction is made, this proxy will be voted FOR the election of the nominee as Director and in the discretion of the proxy holder as to any other matter that may properly come before the Meeting. Please refer to the Proxy Statement for a discussion of Proposal No. 1.

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PLEASE VOTE, DATE AND SIGN BELOW AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.  
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A ELECTION OF DIRECTOR

1. To elect one (1) Director of the Trust:

01 - Anthony R. Pustorino, CPA                      FOR        WITHHOLD

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COMMENTS --  
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B AUTHORIZED SIGNATURES - SIGN HERE - THIS SECTION MUST BE COMPLETED FOR YOUR INSTRUCTIONS TO BE EXECUTED.

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

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Signature 2 - Please keep signature within the box  
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ANNUAL MEETING PROXY CARD

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THE GABELLI EQUITY TRUST INC.

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THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Mario J. Gabelli, James E. McKee and Bruce N. Alpert, and each of them, attorneys and proxies of the undersigned, with full powers of substitution and revocation, to represent the undersigned and to vote on behalf of the undersigned all shares of The Gabelli Equity Trust Inc. (the "Trust") which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Trust to be held at The Cole Auditorium, The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut 06830 on Monday, May 15, 2006 at 9:00 a.m., and at any adjournments thereof. The undersigned hereby acknowledges receipt of the Notice of Meeting and Proxy Statement and hereby instructs said attorneys and proxies to vote said shares as indicated herein. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting.

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

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

-----  
PLEASE VOTE, DATE AND SIGN BELOW AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.  
-----

A ELECTION OF DIRECTORS

1. To elect two (2) Directors of the Trust:

01 - James P. Conn FOR WITHHOLD  
02 - Anthony R. Pustorino, CPA FOR WITHHOLD

COMMENTS --  
Mark box at right if comments are noted below. --

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B AUTHORIZED SIGNATURES - SIGN HERE - THIS SECTION MUST BE COMPLETED FOR YOUR INSTRUCTIONS TO BE EXECUTED.

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

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ANNUAL MEETING PROXY CARD

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THE GABELLI EQUITY TRUST INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Mario J. Gabelli, James E. McKee and Bruce N. Alpert, and each of them, attorneys and proxies of the undersigned, with full powers of substitution and revocation, to represent the undersigned and to vote on behalf of the undersigned all shares of The Gabelli Equity Trust Inc. (the "Trust") which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Trust to be held at The Cole Auditorium, The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut 06830 on Monday, May 15, 2006 at 9:00 a.m., and at any adjournments thereof. The undersigned hereby acknowledges receipt of the Notice of Meeting and Proxy Statement and hereby instructs said attorneys and proxies to vote said shares as indicated herein. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting.

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PLEASE VOTE, DATE AND SIGN BELOW AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.  
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A ELECTION OF DIRECTORS

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- 01 - James P. Conn FOR WITHHOLD
- 02 - Anthony R. Pustorino, CPA FOR WITHHOLD

COMMENTS --  
Mark box at right if comments are noted below. --  
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B AUTHORIZED SIGNATURES - SIGN HERE - THIS SECTION MUST BE COMPLETED FOR

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YOUR INSTRUCTIONS TO BE EXECUTED.

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

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GABELLI FUNDS

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ANNUAL MEETING PROXY CARD

SERIES D PREFERRED  
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THE GABELLI EQUITY TRUST INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

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

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Shareholders of the Trust to be held at The Cole Auditorium, The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut 06830 on Monday, May 15, 2006 at 9:00 a.m., and at any adjournments thereof. The undersigned hereby acknowledges receipt of the Notice of Meeting and Proxy Statement and hereby instructs said attorneys and proxies to vote said shares as indicated herein. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting.

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A ELECTION OF DIRECTORS

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COMMENTS --  
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GABELLI FUNDS

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ANNUAL MEETING PROXY CARD

SERIES E PREFERRED  
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THE GABELLI EQUITY TRUST INC.

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|                                |     |          |
|--------------------------------|-----|----------|
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| 02 - Anthony R. Pustorino, CPA | FOR | WITHHOLD |

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