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GABELLI EQUITY TRUST INC  
Form N-CSRS  
September 05, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-04700

The Gabelli Equity Trust Inc.  
(Exact name of registrant as specified in charter)

One Corporate Center  
Rye, New York 10580-1422  
(Address of principal executive offices) (Zip code)

Bruce N. Alpert  
Gabelli Funds, LLC  
One Corporate Center  
Rye, New York 10580-1422  
(Name and address of agent for service)

registrant's telephone number, including area code: 1-800-422-3554

Date of fiscal year end: December 31

Date of reporting period: June 30, 2008

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

(THE GABELLI EQUITY TRUST INC. LOGO)

THE GABELLI EQUITY TRUST INC.

Semi-Annual Report

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June 30, 2008

TO OUR SHAREHOLDERS,

The Gabelli Equity Trust's (the "Fund") net asset value ("NAV") total return declined 15.1% during the first half of 2008, compared with decreases of 11.9% and 13.3% for the Standard & Poor's ("S&P") 500 Index and the Dow Jones Industrial Average, respectively. The total return for the Fund's publicly traded shares declined 7.8% during the first half of the year. On June 30, 2008, the Fund's NAV per share was \$7.45, while the price of the publicly traded shares closed at \$8.15 on the New York Stock Exchange.

## COMPARATIVE RESULTS

### AVERAGE ANNUAL RETURNS THROUGH JUNE 30, 2008 (a)

|                                   | Quarter<br>----- | Year to<br>Date<br>----- | 1 Year<br>----- | 5 Year<br>----- | 10 Year<br>----- | 20 Year<br>----- | In<br>(08<br>---- |
|-----------------------------------|------------------|--------------------------|-----------------|-----------------|------------------|------------------|-------------------|
| <b>GABELLI EQUITY TRUST</b>       |                  |                          |                 |                 |                  |                  |                   |
| NAV TOTAL RETURN (b) .....        | (3.80)%          | (15.05)%                 | (14.65)%        | 13.58%          | 7.57%            | 10.85%           | 1                 |
| INVESTMENT TOTAL RETURN (c) ..... | (1.72)           | (7.78)                   | (8.24)          | 13.27           | 8.67             | 11.80            | 1                 |
| S&P 500 Index .....               | (2.72)           | (11.90)                  | (13.11)         | 7.58            | 2.88             | 10.43            | 1                 |
| Dow Jones Industrial Average .... | (6.84)           | (13.29)                  | (13.27)         | 7.23            | 4.54             | 11.45            | 1                 |
| Nasdaq Composite Index .....      | 0.61             | (13.55)                  | (11.92)         | 7.16            | 1.93             | 9.20             |                   |

- (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 REPRESENTED. VISIT [WWW.GABELLI.COM](http://WWW.GABELLI.COM) FOR PERFORMANCE INFORMATION AS OF THE MOST RECENT MONTH END. PERFORMANCE RETURNS FOR PERIODS 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 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 NEW YORK STOCK EXCHANGE, 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.

We have separated the portfolio manager's commentary from the financial statements and investment portfolios due to corporate governance regulations

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stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. The financial statements and investment portfolios are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolios of investments, will be available on our website at [www.gabelli.com/funds](http://www.gabelli.com/funds).

### THE GABELLI EQUITY TRUST INC. SUMMARY OF PORTFOLIO HOLDINGS (UNAUDITED)

The following tables present portfolio holdings as a percent of total investments as of June 30, 2008:

| LONG POSITIONS                                       |        |
|--|--------|
| Food and Beverage .....                              | 13.5%  |
| Energy and Utilities .....                           | 8.9%   |
| Financial Services .....                             | 7.7%   |
| Diversified Industrial .....                         | 6.8%   |
| Telecommunications .....                             | 5.8%   |
| Cable and Satellite .....                            | 5.2%   |
| Entertainment .....                                  | 5.0%   |
| Equipment and Supplies .....                         | 5.0%   |
| Consumer Products .....                              | 4.8%   |
| Health Care .....                                    | 4.5%   |
| Publishing .....                                     | 3.4%   |
| Business Services .....                              | 2.7%   |
| Automotive: Parts and Accessories .....              | 2.4%   |
| Machinery .....                                      | 2.0%   |
| Specialty Chemicals .....                            | 1.8%   |
| Aviation: Parts and Services .....                   | 1.6%   |
| Metals and Mining .....                              | 1.6%   |
| Retail .....   | 1.6%   |
| Hotels and Gaming .....                              | 1.5%   |
| Aerospace .....                                      | 1.4%   |
| Consumer Services .....                              | 1.4%   |
| Communications Equipment .....                       | 1.3%   |
| Environmental Services .....                         | 1.3%   |
| Agriculture .....                                    | 1.3%   |
| Broadcasting .....                                   | 1.2%   |
| Electronics .....                                    | 1.1%   |
| Wireless Communications .....                        | 1.1%   |
| U.S. Government Obligations .....                    | 1.1%   |
| Automotive .....                                     | 0.9%   |
| Transportation .....                                 | 0.5%   |
| Computer Software and Services .....                 | 0.5%   |
| Real Estate .....                                    | 0.5%   |
| Closed-End Funds .....                               | 0.4%   |
| Manufactured Housing and Recreational Vehicles ..... | 0.1%   |
| Real Estate Investment Trusts .....                  | 0.1%   |
|  | -----  |
|  | 100.0% |
|  | =====  |

THE FUND FILES A COMPLETE SCHEDULE OF PORTFOLIO HOLDINGS WITH THE SECURITIES AND EXCHANGE COMMISSION (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 MARCH 31, 2008. SHAREHOLDERS MAY OBTAIN THIS INFORMATION AT [WWW.GABELLI.COM](http://WWW.GABELLI.COM) OR BY CALLING THE FUND AT 800-GABELLI (800-422-3554). THE FUND'S

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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 12 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](http://www.sec.gov).

### SHAREHOLDER MEETING - FINAL RESULTS

The Annual Meeting of Shareholders was held on May 19, 2008 at the Greenwich Library in Greenwich, Connecticut. At that meeting, common and preferred shareholders, voting together as a single class, voted in favor of Proposal 1 to elect Frank J. Fahrenkopf, Jr. and Salvatore J. Zizza as Directors of the Fund. A total of 124,272,022 votes and 124,607,183 votes were cast in favor of each Director and a total of 3,584,339 votes and 3,249,178 votes were withheld for each Director, respectively. In addition, preferred shareholders, voting as a separate class, elected Anthony J. Colavita as a Director of the Fund. A total of 5,918,389 votes were cast in favor of this Director and a total of 193,408 votes were withheld for this Director. Mario J. Gabelli, Thomas E. Bratter, James P. Conn, Arthur V. Ferrara and Anthony R. Pustorino continue to serve in their capacities as Directors of the Fund.

The Annual Meeting was adjourned to June 9, 2008 solely in regards to Proposal 2, which concerned an amendment to the fundamental investment restriction regarding borrowing, due to insufficient shareholder votes. The reconvened meeting held on June 9, 2008 was adjourned with respect to Proposal 2 to June 30, 2008 and subsequently to July 15, 2008. On that date, common and preferred shareholders, voting together as a single class, and preferred shareholders, voting as a separate class, voted on Proposal 2. A total of 93,305,721 votes and 3,875,264 votes were cast in favor of the proposal, 6,242,574 votes and 321,785 votes were cast against the proposal, and 4,093,988 votes and 318,971 votes abstained, respectively. The requisite shareholder vote was not obtained with respect to Proposal 2. The meeting was concluded after the tabulation of the shareholder votes.

We thank you for your participation and appreciate your continued support.

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THE GABELLI EQUITY TRUST INC.  
PORTFOLIO CHANGES  
QUARTER ENDED JUNE 30, 2008 (UNAUDITED)

NET PURCHASES

|        | OWNERSHIP AT<br>JUNE 30,<br>2008 |
|--------|----------------------------------|
| SHARES |                                  |
| -----  | -----                            |

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### COMMON STOCKS

|   |         |         |
|---|---------|---------|
| Advanced Micro Devices Inc. ....                  | 1,000   | 6,000   |
| AutoNation Inc. ....                              | 100,000 | 200,000 |
| Bel Fuse Inc., Cl. A ....                         | 1,200   | 14,000  |
| BHP Billiton Ltd. ....                            | 20,000  | 20,000  |
| BPW Acquisition Corp. ....                        | 10,000  | 310,000 |
| Brookfield Asset Management Inc., Cl. A ....      | 2,000   | 2,000   |
| Cadbury plc (a) ....                              | 70,400  | 70,400  |
| Cadbury plc, ADR (b) ....                         | 115,200 | 115,200 |
| Cephalon Inc. ....                                | 1,000   | 1,000   |
| ChoicePoint Inc. ....                             | 20,000  | 235,000 |
| Cincinnati Bell Inc. ....                         | 8,300   | 908,300 |
| Clear Channel Outdoor Holdings Inc., Cl. A ....   | 8,700   | 110,000 |
| CNH Global NV ....                                | 2,000   | 17,000  |
| CVS Caremark Corp. ....                           | 5,000   | 75,000  |
| Dean Foods Co. ....                               | 75,000  | 115,000 |
| Diebold Inc. ....                                 | 30,000  | 110,000 |
| Dr. Pepper Snapple Group Inc. (a) (b) ....        | 99,600  | 99,600  |
| FairPoint Communications Inc. (c) ....            | 3,394   | 3,394   |
| Fanuc Ltd. ....                                   | 1,000   | 14,000  |
| Finmeccanica SpA ....                             | 30,000  | 30,000  |
| Galp Energia SGPS SA, Cl. B ....                  | 45,000  | 45,000  |
| General Motors Corp. ....                         | 60,000  | 210,000 |
| Home Inns & Hotels Management Inc., ADR ....      | 2,000   | 22,000  |
| Invitrogen Corp. (d) ....                         | 40,000  | 80,000  |
| Japan Tobacco Inc. ....                           | 25      | 200     |
| JPMorgan Chase & Co. (e) ....                     | 9,788   | 61,788  |
| Keyence Corp. ....                                | 1,000   | 5,920   |
| Legg Mason Inc. ....                              | 3,000   | 58,000  |
| Liberty Media Corp. - Entertainment, Cl. A ....   | 122,000 | 430,000 |
| Lin TV Corp., Cl. A ....                          | 5,000   | 90,000  |
| Macrovision Solutions Corp. (f) ....              | 65,341  | 65,341  |
| Macy's Inc. ....                                  | 5,000   | 140,000 |
| MGM Mirage ....                                   | 1,000   | 136,788 |
| Mitsui & Co. Ltd. ....                            | 40,000  | 40,000  |
| Modine Manufacturing Co. ....                     | 12,500  | 330,000 |
| NCR Corp. ....                                    | 50,000  | 50,000  |
| Nestle SA (g) ....                                | 50,000  | 55,000  |
| Nobel Biocare Holding AG (h) ....                 | 8,000   | 10,000  |
| Northrop Grumman Corp. (i) ....                   | 24,600  | 102,600 |
| Och-Ziff Capital Management Group LLC, Cl. A .... | 1,000   | 3,000   |
| O'Reilly Automotive Inc. ....                     | 45,000  | 155,000 |

|  | SHARES  | OWNERSHIP AT<br>JUNE 30,<br>2008 |
|--|---------|----------------------------------|
|  | -----   | -----                            |
| Petroleo Brasileiro SA, ADR (d) ....         | 27,000  | 54,000                           |
| Pfizer Inc. ....                             | 20,000  | 470,000                          |
| Rockwell Automation Inc. ....                | 24,000  | 24,000                           |
| Sulzer AG (g) ....                           | 17,000  | 19,000                           |
| Syngenta AG ....                             | 1,500   | 5,000                            |
| Telephone & Data Systems Inc. ....           | 11,000  | 265,000                          |
| Telmex Internacional SAB de CV, ADR (j) .... | 60,000  | 60,000                           |
| The DIRECTV Group Inc. ....                  | 150,000 | 450,000                          |
| The Interpublic Group of Companies Inc. .... | 195,000 | 235,000                          |
| United States Cellular Corp. ....            | 15,400  | 115,400                          |
| UnitedHealth Group Inc. ....                 | 30,000  | 130,000                          |

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|   |           |         |
|---|-----------|---------|
| Walgreen Co. ....                               | 5,000     | 70,000  |
| Wells Fargo & Co. ....                          | 50,000    | 280,000 |
| Whole Foods Market Inc. ....                    | 5,000     | 25,000  |
| Wm. Wrigley Jr. Co. ....                        | 10,000    | 180,000 |
| NET SALES                                       |           |         |
| COMMON STOCKS                                   |           |         |
| America Movil SAB de CV, Cl. L, ADR .....       | (1,000)   | 95,000  |
| AMETEK Inc. ....                                | (8,000)   | 257,000 |
| Ampco-Pittsburgh Corp. ....                     | (1,000)   | 162,000 |
| Archer-Daniels-Midland Co. ....                 | (85,000)  | 405,000 |
| Aviva plc .....                                 | (80,000)  | --      |
| BCE Inc. ....                                   | (15,000)  | 70,000  |
| BEA Systems Inc. (k) .....                      | (450,000) | --      |
| Berkshire Hathaway Inc., Cl. A .....            | (1)       | 142     |
| Boston Scientific Corp. ....                    | (5,000)   | 155,000 |
| Cadbury Schweppes plc (a) .....                 | (110,000) | --      |
| Cadbury Schweppes plc, ADR (b) .....            | (180,000) | --      |
| CLARCOR Inc. ....                               | (1,000)   | 181,000 |
| CMS Energy Corp. ....                           | (5,000)   | 65,000  |
| Comcast Corp., Cl. A .....                      | (13,000)  | 52,000  |
| Comcast Corp., Cl. A, Special .....             | (7,500)   | 120,000 |
| Corn Products International Inc. ....           | (5,000)   | 50,000  |
| Crown Ltd. ....                                 | (100,000) | --      |
| Davide Campari-Milano SpA .....                 | (10,000)  | 290,000 |
| Donaldson Co. Inc. ....                         | (900)     | 194,000 |
| Duke Energy Corp. ....                          | (10,000)  | 220,000 |
| Fomento Economico Mexicano SAB de CV, ADR ..... | (2,000)   | 97,000  |
| Fortune Brands Inc. ....                        | (2,000)   | 58,000  |
| Gemstar-TV Guide International Inc. (f) .....   | (600,603) | --      |
| Greif Inc., Cl. A .....                         | (10,000)  | 200,000 |
| Groupe Danone .....                             | (8,000)   | 360,000 |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO CHANGES (CONTINUED)  
 QUARTER ENDED JUNE 30, 2008 (UNAUDITED)

|                                    | SHARES    | OWNERSHIP AT<br>JUNE 30,<br>2008 |
|------------------------------------|-----------|----------------------------------|
|                                    | -----     | -----                            |
| NET SALES (CONTINUED)              |           |                                  |
| COMMON STOCKS (CONTINUED)          |           |                                  |
| Grupo Bimbo SAB de CV, Cl. A ..... | (20,000)  | 980,000                          |
| Grupo Televisa SA, ADR .....       | (5,000)   | 695,000                          |
| Il Sole 24 Ore .....               | (20,000)  | 1,980,000                        |
| Johnson Controls Inc. ....         | (5,000)   | 200,000                          |
| Kellogg Co. ....                   | (4,000)   | 86,000                           |
| Lenox Group Inc. ....              | (35,000)  | --                               |
| Lockheed Martin Corp .....         | (1,000)   | 9,000                            |
| MasterCard Inc., Cl. A .....       | (14,000)  | 40,000                           |
| Mediaset SpA .....                 | (120,000) | --                               |

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|   |           |           |
|---|-----------|-----------|
| News Corp., Cl. A .....                         | (15,000)  | 1,525,000 |
| Next plc .....                                  | (27,000)  | --        |
| PepsiCo Inc. ....                               | (15,000)  | 300,000   |
| PRIMEDIA Inc. ....                              | (3,666)   | 60,000    |
| Rank Group plc .....                            | (20,000)  | 480,000   |
| Telecom Italia SpA .....                        | (10,000)  | 1,440,000 |
| Telefonica SA, ADR .....                        | (3,000)   | 225,000   |
| Telemig Celular Participacoes SA, ADR (1) ..... | (3,263)   | 5,087     |
| Tenaris SA, ADR .....                           | (5,000)   | 75,000    |
| The Bear Stearns Companies Inc. (e) .....       | (50,000)  | --        |
| The E.W. Scripps Co., Cl. A .....               | (30,000)  | 130,000   |
| The Midland Co. (m) .....                       | (188,000) | --        |
| The Mosaic Co .....                             | (6,500)   | 10,500    |
| The Walt Disney Co .....                        | (15,000)  | 50,000    |
| The Weir Group plc .....                        | (5,000)   | 95,000    |
| Tootsie Roll Industries Inc. ....               | (1)       | 122,384   |
| Trinity Industries Inc. ....                    | (5,000)   | 70,000    |
| Vivo Participacoes SA .....                     | (270)     | --        |
| Vivo Participacoes SA, ADR .....                | (4,112)   | 170,010   |

|  | SHARES   | OWNERSHIP AT<br>JUNE 30,<br>2008 |
|--|----------|----------------------------------|
|  | -----    | -----                            |
| Vivo Participacoes SA, Preference .....                      | (5,845)  | --                               |
| Westpac Banking Corp. ....                                   | (50,000) | --                               |
| Zimmer Holdings Inc. ....                                    | (500)    | 3,000                            |
| CONVERTIBLE PREFERRED STOCKS                                 |          |                                  |
| Northrop Grumman Corp.,<br>7.000% Cv. Pfd., Ser. B (i) ..... | (13,500) | --                               |

- 
- (a) Merger - 0.64 share of Cadbury plc and 0.12 share of Dr. Pepper Snapple Group Inc. for 1 share of Cadbury Schweppes plc
  - (b) Merger - 0.64 share of Cadbury plc, ADR and 0.48 share of Dr. Pepper Snapple Group Inc. for 1 share of Cadbury Schweppes plc, ADR
  - (c) Spin-off - 0.0189 share of FairPoint Communications Inc. for every 1 share of Verizon Communications Inc.
  - (d) 2 for 1 stock split
  - (e) Merger - 0.21753 share of JPMorgan Chase & Co. for 1 share of The Bear Stearns Companies Inc.
  - (f) Exchange - \$3.6387 cash plus 0.1088 share of Macrovision Solutions Corp. for every 1 share of Gemstar-TV Guide International Inc.
  - (g) 10 for 1 stock split
  - (h) 5 for 1 stock split
  - (i) Conversion - 1.822267 share of Northrop Grumman Corp. for every share of Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B
  - (j) Spin-off - 1 share of Telmex Internacional SAB de CV, ADR for every 1 share

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of Telefonos de Mexico SAB de CV, Cl. L, ADR

- (k) Cash Merger - \$19.375 for every 1 share
- (l) Partial Tender Offer - 39.0754951% of shares held at \$76.44594 for every 1 share
- (m) Cash Merger - \$65 for every 1 share

See accompanying notes to financial statements.

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### THE GABELLI EQUITY TRUST INC. SCHEDULE OF INVESTMENTS JUNE 30, 2008 (UNAUDITED)

| SHARES  |   | COST       | MARKET<br>VALUE |
|---------|---|------------|-----------------|
| -----   |   | -----      | -----           |
|         | COMMON STOCKS -- 98.6%                            |            |                 |
|         | FOOD AND BEVERAGE -- 13.5%                        |            |                 |
| 85,000  | Ajinomoto Co. Inc.....                            | \$ 998,444 | \$ 803,692      |
| 40,000  | Anheuser-Busch Companies Inc...                   | 1,816,269  | 2,484,800       |
| 36,000  | ARIAKE JAPAN Co. Ltd. ....                        | 857,851    | 552,281         |
| 24,000  | Brown-Forman Corp., Cl. A.....                    | 1,586,639  | 1,824,480       |
| 70,400  | Cadbury plc.....                                  | 806,916    | 886,923         |
| 115,200 | Cadbury plc, ADR.....                             | 5,525,885  | 5,796,864       |
| 80,000  | Campbell Soup Co.....                             | 2,204,647  | 2,676,800       |
| 32,000  | Cermaq ASA.....                                   | 483,179    | 381,685         |
| 40,000  | China Mengniu Dairy Co. Ltd....                   | 127,345    | 113,373         |
| 20,000  | Coca-Cola Enterprises Inc.....                    | 376,514    | 346,000         |
| 57,000  | Coca-Cola Hellenic Bottling<br>Co. SA.....        | 492,259    | 1,552,571       |
| 104,000 | Constellation Brands Inc.,<br>Cl. A+.....         | 2,519,496  | 2,065,440       |
| 50,000  | Corn Products<br>International Inc.....           | 693,731    | 2,455,500       |
| 290,000 | Davide Campari-Milano SpA .....                   | 3,034,727  | 2,424,505       |
| 115,000 | Dean Foods Co.+.....                              | 2,655,941  | 2,256,300       |
| 60,000  | Del Monte Foods Co.....                           | 564,374    | 426,000         |
| 80,000  | Diageo plc.....                                   | 1,174,064  | 1,472,363       |
| 224,000 | Diageo plc, ADR.....                              | 9,660,541  | 16,546,880      |
| 99,600  | Dr. Pepper Snapple<br>Group Inc.+.....            | 2,586,637  | 2,089,608       |
| 90,000  | Flowers Foods Inc.....                            | 658,030    | 2,550,600       |
| 97,000  | Fomento Economico Mexicano SAB<br>de CV, ADR..... | 1,332,725  | 4,414,470       |
| 180,000 | General Mills Inc.....                            | 8,693,258  | 10,938,600      |
| 360,000 | Groupe Danone.....                                | 17,945,141 | 25,279,466      |
| 980,000 | Grupo Bimbo SAB de CV, Cl. A...                   | 2,664,370  | 6,452,182       |
| 100,000 | H.J. Heinz Co.....                                | 3,532,093  | 4,785,000       |
| 20,000  | Hain Celestial Group Inc.+.....                   | 267,662    | 469,600         |
| 25,000  | Heineken NV.....                                  | 1,274,538  | 1,276,097       |
| 200,000 | ITO EN Ltd.....                                   | 4,714,194  | 3,149,221       |
| 60,000  | ITO EN Ltd., Preference.....                      | 1,329,645  | 638,508         |
| 86,000  | Kellogg Co.....                                   | 3,095,861  | 4,129,720       |



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|         |   |           |           |
|---------|---|-----------|-----------|
| 75,000  | Kerry Group plc, Cl. A.....                 | 860,877   | 2,229,399 |
| 200,000 | Kraft Foods Inc., Cl. A.....                | 6,312,501 | 5,690,000 |
| 12,100  | LVMH Moet Hennessy Louis<br>Vuitton SA..... | 419,052   | 1,268,410 |
| 10,000  | Meiji Seika Kaisha Ltd.....                 | 50,608    | 42,661    |
| 70,000  | Morinaga Milk<br>Industry Co. Ltd.....      | 299,202   | 181,947   |

| SHARES  |   | COST         | MARKET<br>VALUE |
|---------|---|--------------|-----------------|
| 55,000  | Nestle SA.....                          | \$ 1,872,691 | \$ 2,485,243    |
| 300,000 | Nissin Food Products Co. Ltd...         | 10,746,621   | 10,057,918      |
| 600,000 | PepsiAmericas Inc.....                  | 11,494,293   | 11,868,000      |
| 300,000 | PepsiCo Inc.....                        | 15,248,155   | 19,077,000      |
| 51,200  | Pernod-Ricard SA.....                   | 5,251,206    | 5,259,943       |
| 68,200  | Ralcorp Holdings Inc.+.....             | 1,308,415    | 3,371,808       |
| 26,000  | Remy Cointreau SA.....                  | 1,673,518    | 1,421,702       |
| 330,000 | Sara Lee Corp.....                      | 5,273,525    | 4,042,500       |
| 110,000 | Tesco plc.....                          | 965,257      | 809,142         |
| 200,000 | The Coca-Cola Co.....                   | 8,929,955    | 10,396,000      |
| 70,000  | The Hershey Co.....                     | 2,941,476    | 2,294,600       |
| 2,000   | The J.M. Smucker Co.....                | 52,993       | 81,280          |
| 122,384 | Tootsie Roll Industries Inc....         | 1,562,907    | 3,075,510       |
| 180,000 | Wm. Wrigley Jr. Co.....                 | 9,027,115    | 14,000,400      |
| 42,500  | Wm. Wrigley Jr. Co., Cl. B....          | 2,191,580    | 3,306,500       |
| 550,000 | YAKULT HONSHA Co. Ltd.....              | 15,388,597   | 15,487,122      |
|         |   | 185,543,520  | 227,686,614     |
|         | ENERGY AND UTILITIES -- 8.9%            |              |                 |
| 5,000   | AGL Resources Inc.....                  | 88,898       | 172,900         |
| 68,000  | Allegheny Energy Inc.....               | 1,081,525    | 3,407,480       |
| 70,000  | Apache Corp.....                        | 2,728,670    | 9,730,000       |
| 800,000 | Aquila Inc.+.....                       | 3,203,330    | 3,016,000       |
| 100,000 | BP plc.....                             | 1,238,539    | 1,161,737       |
| 247,000 | BP plc, ADR.....                        | 15,155,797   | 17,183,790      |
| 105,000 | CH Energy Group Inc.....                | 4,342,243    | 3,734,850       |
| 65,000  | CMS Energy Corp.....                    | 416,572      | 968,500         |
| 315,000 | ConocoPhillips.....                     | 19,291,860   | 29,732,850      |
| 8,000   | Constellation Energy<br>Group Inc ..... | 449,608      | 656,800         |
| 2,000   | Diamond Offshore<br>Drilling Inc .....  | 234,464      | 278,280         |
| 60,000  | DPL Inc.....                            | 1,411,620    | 1,582,800       |
| 14,000  | DTE Energy Co.....                      | 619,460      | 594,160         |
| 220,000 | Duke Energy Corp.....                   | 3,981,986    | 3,823,600       |
| 270,000 | El Paso Corp.....                       | 3,253,601    | 5,869,800       |
| 280,000 | El Paso Electric Co.+.....              | 4,523,624    | 5,544,000       |
| 50,000  | Energy East Corp.....                   | 1,065,733    | 1,236,000       |
| 80,000  | Exxon Mobil Corp.....                   | 2,750,108    | 7,050,400       |
| 25,000  | FPL Group Inc.....                      | 951,662      | 1,639,500       |
| 45,000  | Galp Energia SGPS SA, Cl. B....         | 1,197,484    | 1,003,243       |
| 210,000 | Halliburton Co.....                     | 3,809,429    | 11,144,700      |
| 32,000  | Imperial Oil Ltd.....                   | 1,248,749    | 1,762,401       |
| 20,000  | Marathon Oil Corp.....                  | 242,414      | 1,037,400       |
| 10,000  | Mirant Corp.+.....                      | 192,014      | 391,500         |
| 140,000 | Mirant Corp., Escrow+ (a).....          | 0            | 0               |

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2,000 Niko Resources Ltd., New York.. 110,842 191,703

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2008 (UNAUDITED)

| SHARES  |   | COST       | MARKET<br>VALUE |
|---------|---|------------|-----------------|
| -----   |   | -----      | -----           |
|         | COMMON STOCKS (CONTINUED)                       |            |                 |
|         | ENERGY AND UTILITIES (CONTINUED)                |            |                 |
| 1,000   | Niko Resources Ltd., Toronto ..                 | \$ 55,421  | \$ 95,852       |
| 10,000  | NiSource Inc.....                               | 215,500    | 179,200         |
| 240,000 | Northeast Utilities.....                        | 4,631,542  | 6,127,200       |
| 19,000  | Oceaneering<br>International Inc.+.....         | 512,207    | 1,463,950       |
| 1,300   | PetroChina Co. Ltd., ADR .....                  | 94,298     | 167,518         |
| 54,000  | Petroleo Brasileiro SA, ADR....                 | 949,398    | 3,824,820       |
| 100,000 | Progress Energy Inc.,<br>CVO+ (a).....          | 52,000     | 33,000          |
| 200,000 | Rowan Companies Inc.....                        | 7,527,869  | 9,350,000       |
| 65,000  | Saipem SpA.....                                 | 1,284,362  | 3,052,792       |
| 5,000   | SJW Corp.....                                   | 68,704     | 132,000         |
| 20,000  | Southwest Gas Corp.....                         | 451,132    | 594,600         |
| 120,000 | Spectra Energy Corp.....                        | 3,113,666  | 3,448,800       |
| 60,000  | The AES Corp.+.....                             | 342,618    | 1,152,600       |
| 24,128  | Total SA.....                                   | 1,468,664  | 2,058,975       |
| 3,000   | Transocean Inc.+.....                           | 409,400    | 457,170         |
| 270,000 | Westar Energy Inc.....                          | 4,552,840  | 5,807,700       |
|         |   | -----      | -----           |
|         |   | 99,319,853 | 150,860,571     |
|         |   | -----      | -----           |
|         | FINANCIAL SERVICES -- 7.7%                      |            |                 |
| 2,800   | Allianz SE.....                                 | 552,300    | 493,309         |
| 575,000 | American Express Co.....                        | 27,278,920 | 21,660,250      |
| 60,000  | American International<br>Group Inc.....        | 3,819,505  | 1,587,600       |
| 8,000   | Ameriprise Financial Inc.....                   | 232,843    | 325,360         |
| 19,452  | Argo Group International<br>Holdings Ltd.+..... | 752,879    | 652,809         |
| 158,600 | AXA Asia Pacific<br>Holdings Ltd.....           | 948,512    | 711,558         |
| 90,000  | Banco Santander SA, ADR.....                    | 322,130    | 1,637,100       |
| 142     | Berkshire Hathaway Inc.,<br>Cl. A+.....         | 419,028    | 17,146,500      |
| 7,500   | Calamos Asset<br>Management Inc., Cl. A.....    | 135,000    | 127,725         |
| 350,000 | Citigroup Inc.....                              | 16,094,034 | 5,866,000       |
| 155,000 | Commerzbank AG, ADR.....                        | 3,145,338  | 4,608,243       |
| 148,000 | Deutsche Bank AG.....                           | 12,989,137 | 12,631,800      |
| 40,000  | Federal National Mortgage                       |            |                 |

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|         |  |           |  |           |
|---------|--|-----------|--|-----------|
|         | Association.....                               | 1,340,436 |  | 780,400   |
| 20,000  | Fortress Investment Group<br>LLC, Cl. A.....   | 303,268   |  | 246,400   |
| 20,000  | H&R Block Inc.....                             | 329,930   |  | 428,000   |
| 20,000  | Interactive Brokers Group<br>Inc., Cl. A+..... | 577,120   |  | 642,600   |
| 180,000 | Janus Capital Group Inc.....                   | 3,245,221 |  | 4,764,600 |

| SHARES  |   | COST         |    | MARKET<br>VALUE |
|---------|---|--------------|----|-----------------|
| 61,788  | JPMorgan Chase & Co.....                              | \$ 1,741,026 | \$ | 2,119,946       |
| 58,000  | Legg Mason Inc.....                                   | 4,958,770    |    | 2,527,060       |
| 133,000 | Leucadia National Corp.....                           | 1,662,878    |    | 6,243,020       |
| 5,000   | Loews Corp .....                                      | 214,164      |    | 234,500         |
| 265,000 | Marsh & McLennan<br>Companies Inc.....                | 8,158,378    |    | 7,035,750       |
| 65,000  | Moody's Corp.....                                     | 3,285,357    |    | 2,238,600       |
| 3,000   | Och-Ziff Capital Management<br>Group LLC, Cl. A ..... | 68,636       |    | 57,030          |
| 2,500   | Prudential Financial Inc.....                         | 68,750       |    | 149,350         |
| 45,000  | Schroders plc.....                                    | 1,132,014    |    | 819,241         |
| 45,000  | Standard Chartered plc.....                           | 1,002,768    |    | 1,281,744       |
| 80,000  | State Street Corp.....                                | 4,001,480    |    | 5,119,200       |
| 20,000  | SunTrust Banks Inc.....                               | 419,333      |    | 724,400         |
| 150,000 | T. Rowe Price Group Inc.....                          | 4,610,820    |    | 8,470,500       |
| 5,000   | The Allstate Corp.....                                | 209,064      |    | 227,950         |
| 146,038 | The Bank of New York<br>Mellon Corp.....              | 5,010,363    |    | 5,524,618       |
| 5,000   | The Blackstone Group LP.....                          | 111,313      |    | 91,050          |
| 44,500  | The Charles Schwab Corp.....                          | 650,256      |    | 914,030         |
| 18,000  | The Dun & Bradstreet Corp.....                        | 395,898      |    | 1,577,520       |
| 135,000 | The Phoenix Companies Inc.....                        | 1,924,073    |    | 1,027,350       |
| 3,000   | The Travelers Companies Inc....                       | 113,277      |    | 130,200         |
| 100,000 | Waddell & Reed Financial<br>Inc., Cl. A.....          | 2,058,579    |    | 3,501,000       |
| 280,000 | Wells Fargo & Co.....                                 | 8,659,774    |    | 6,650,000       |
|         |   | 122,942,572  |    | 130,974,313     |
|         | DIVERSIFIED INDUSTRIAL -- 6.8%                        |              |    |                 |
| 9,000   | Acuity Brands Inc.....                                | 229,522      |    | 432,720         |
| 162,000 | Ampco-Pittsburgh Corp.....                            | 2,124,696    |    | 7,205,760       |
| 155,000 | Baldor Electric Co.....                               | 5,270,000    |    | 5,421,900       |
| 24,000  | Bayer AG.....   | 1,009,688    |    | 2,020,090       |
| 25,000  | Bouygues SA .....                                     | 1,244,322    |    | 1,659,477       |
| 245,000 | Cooper Industries Ltd.,<br>Cl. A.....                 | 6,743,377    |    | 9,677,500       |
| 260,000 | Crane Co.....   | 5,942,015    |    | 10,017,800      |
| 77,500  | CRH plc .....   | 1,027,655    |    | 2,281,780       |
| 300,000 | Enodis plc.....                                       | 1,055,126    |    | 1,903,196       |
| 150,000 | General Electric Co.....                              | 5,455,245    |    | 4,003,500       |
| 200,000 | Greif Inc., Cl. A.....                                | 2,401,677    |    | 12,806,000      |
| 18,000  | Greif Inc., Cl. B.....                                | 559,808      |    | 1,021,860       |
| 450,000 | Honeywell International Inc....                       | 15,285,048   |    | 22,626,000      |
| 253,000 | ITT Corp.....   | 6,660,852    |    | 16,022,490      |
| 40,000  | Mitsui & Co. Ltd.....                                 | 924,238      |    | 883,364         |

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See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2008 (UNAUDITED)

| SHARES/<br>UNITS |   | COST         | MARKET<br>VALUE |
|------------------|---|--------------|-----------------|
| -----            |   | -----        | -----           |
|                  | COMMON STOCKS (CONTINUED)   |              |                 |
|                  | DIVERSIFIED INDUSTRIAL (CONTINUED)                                  |              |                 |
| 100,000          | Park-Ohio Holdings Corp.+.....                                      | \$ 1,062,045 | \$ 1,476,000    |
| 1,000            | Pentair Inc.....  | 31,908       | 35,020          |
| 19,000           | Sulzer AG.....  | 403,775      | 2,412,315       |
| 69,000           | Swire Pacific Ltd., Cl. A.....                                      | 777,910      | 705,729         |
| 30,000           | Technip SA.....   | 2,101,417    | 2,776,868       |
| 70,000           | Trinity Industries Inc.....   | 899,679      | 2,428,300       |
| 200,000          | Tyco International Ltd.....   | 9,828,342    | 8,008,000       |
|                  |   | -----        | -----           |
|                  |   | 71,038,345   | 115,825,669     |
|                  |   | -----        | -----           |
|                  | TELECOMMUNICATIONS -- 5.7%  |              |                 |
| 70,000           | BCE Inc.....  | 2,672,084    | 2,436,700       |
| 1,000            | Bell Aliant Regional<br>Communications<br>Income Fund.....          | 28,950       | 28,518          |
| 16,000           | Bell Aliant Regional<br>Communications<br>Income Fund+ (a) (b)..... | 510,683      | 465,280         |
| 30,000           | Brasil Telecom<br>Participacoes SA, ADR.....                        | 1,743,257    | 2,201,100       |
| 1,700,000        | BT Group plc.....   | 7,029,679    | 6,768,846       |
| 4,440,836        | Cable & Wireless<br>Jamaica Ltd. (c).....                           | 101,639      | 48,210          |
| 908,300          | Cincinnati Bell Inc.+.....  | 6,219,001    | 3,615,034       |
| 90,000           | Citizens Communications Co.....                                     | 1,320,038    | 1,020,600       |
| 110,000          | Compania de<br>Telecomunicaciones de<br>Chile SA, ADR.....          | 1,634,846    | 633,600         |
| 168,000          | Deutsche Telekom AG, ADR.....                                       | 2,793,519    | 2,750,160       |
| 3,394            | FairPoint Communications Inc...                                     | 32,949       | 24,471          |
| 5,000            | France Telecom SA, ADR.....   | 146,305      | 148,150         |
| 100,000          | Koninklijke KPN NV.....   | 232,728      | 1,716,157       |
| 15,000           | Orascom Telecom<br>Holding SAE, GDR.....                            | 1,052,562    | 965,136         |
| 540,000          | Qwest Communications<br>International Inc.....                      | 1,920,386    | 2,122,200       |
| 700,000          | Sprint Nextel Corp.....   | 16,509,047   | 6,650,000       |
| 186,554          | Tele Norte Leste<br>Participacoes SA, ADR.....                      | 2,477,755    | 4,647,060       |
| 60,000           | Tele2 AB, Cl. B.....  | 1,005,048    | 1,175,601       |
| 48,000           | Telecom Argentina<br>SA, ADR+.....                                  | 369,540      | 684,000         |

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|           |   |            |            |
|-----------|---|------------|------------|
| 1,440,000 | Telecom Italia SpA.....                           | 5,890,798  | 2,902,037  |
| 225,000   | Telefonica SA, ADR.....                           | 11,203,712 | 17,905,500 |
| 60,000    | Telefonos de Mexico<br>SAB de CV, Cl. L, ADR..... | 269,512    | 1,420,800  |

| SHARES    |   | COST          | MARKET<br>VALUE |
|-----------|---|---------------|-----------------|
|           |   |               |                 |
| 265,000   | Telephone & Data Systems Inc...                     | \$ 12,354,090 | \$ 12,526,550   |
| 355,000   | Telephone & Data<br>Systems Inc., Special.....      | 15,604,660    | 15,655,500      |
| 60,000    | Telmex Internacional<br>SAB de CV, ADR+.....        | 187,288       | 966,000         |
| 15,000    | TELUS Corp.....                                     | 280,203       | 630,627         |
| 180,000   | Verizon Communications Inc....                      | 6,573,098     | 6,372,000       |
| 5,169     | Windstream Corp.....                                | 19,996        | 63,785          |
|           |   | 100,183,373   | 96,543,622      |
|           | CABLE AND SATELLITE -- 5.2%                         |               |                 |
| 1,550,000 | Cablevision Systems Corp.,<br>Cl. A+.....           | 33,168,055    | 35,030,000      |
| 52,000    | Comcast Corp., Cl. A.....                           | 1,055,528     | 986,440         |
| 120,000   | Comcast Corp., Cl. A,<br>Special.....               | 715,303       | 2,251,200       |
| 133,700   | DISH Network Corp., Cl. A+....                      | 3,833,237     | 3,914,736       |
| 26,740    | EchoStar Corp., Cl. A+.....                         | 841,442       | 834,823         |
| 156,770   | Liberty Global Inc., Cl. A+....                     | 2,194,421     | 4,927,281       |
| 139,001   | Liberty Global Inc., Cl. C+....                     | 2,941,276     | 4,220,070       |
| 500,690   | Rogers Communications Inc.,<br>Cl. B, New York..... | 4,303,427     | 19,356,675      |
| 19,310    | Rogers Communications Inc.,<br>Cl. B, Toronto.....  | 137,424       | 749,146         |
| 160,000   | Shaw Communications Inc.,<br>Cl. B, New York.....   | 329,198       | 3,257,600       |
| 40,000    | Shaw Communications Inc.,<br>Cl. B, Toronto.....    | 52,983        | 816,711         |
| 450,000   | The DIRECTV Group Inc.+.....                        | 11,454,958    | 11,659,500      |
|           |   | 61,027,252    | 88,004,182      |
|           | ENTERTAINMENT -- 5.0%                               |               |                 |
| 100,000   | Aruze Corp.....                                     | 3,267,519     | 2,966,521       |
| 32,000    | Canal+ Groupe.....                                  | 34,010        | 307,334         |
| 2,002     | Chestnut Hill Ventures+ (a)....                     | 54,500        | 56,356          |
| 269,000   | Discovery Holding Co.,<br>Cl. A+.....               | 4,351,029     | 5,907,240       |
| 3,000     | DreamWorks Animation<br>SKG Inc., Cl. A+.....       | 68,959        | 89,430          |
| 695,000   | Grupo Televisa SA, ADR.....                         | 8,080,952     | 16,415,900      |
| 430,000   | Liberty Media Corp. -<br>Entertainment, Cl. A+..... | 8,493,064     | 10,418,900      |
| 125       | Live Nation Inc.+.....                              | 1,296         | 1,322           |
| 65,341    | Macrovision Solutions Corp.+...                     | 1,341,728     | 977,501         |
| 50,000    | Pinnacle Entertainment Inc.+...                     | 1,414,859     | 524,500         |

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THE GABELLI EQUITY TRUST INC.  
 SCHEDULE OF INVESTMENTS (CONTINUED)  
 JUNE 30, 2008 (UNAUDITED)

| SHARES  |   | COST         | MARKET<br>VALUE |
|---------|---|--------------|-----------------|
| -----   |   | -----        | -----           |
|         | COMMON STOCKS (CONTINUED)                     |              |                 |
|         | ENTERTAINMENT (CONTINUED)                     |              |                 |
| 480,000 | Rank Group plc .....                          | \$ 3,392,366 | \$ 767,254      |
| 12,000  | Regal Entertainment Group,<br>Cl. A .....     | 161,111      | 183,360         |
| 75,000  | Six Flags Inc.+ .....                         | 360,725      | 86,250          |
| 50,000  | The Walt Disney Co .....                      | 799,578      | 1,560,000       |
| 920,000 | Time Warner Inc .....                         | 19,618,517   | 13,616,000      |
| 110,000 | Tokyo Broadcasting<br>System Inc .....        | 3,402,663    | 2,087,395       |
| 20,200  | Triple Crown Media Inc.+ .....                | 217,899      | 9,494           |
| 370,000 | Viacom Inc., Cl. A+ .....                     | 17,788,126   | 11,325,700      |
| 453,900 | Vivendi .....                                 | 14,205,500   | 17,222,959      |
|         |   | -----        | -----           |
|         |   | 87,054,401   | 84,523,416      |
|         |   | -----        | -----           |
|         | EQUIPMENT AND SUPPLIES -- 5.0%                |              |                 |
| 257,000 | AMETEK Inc .....                              | 4,331,123    | 12,135,540      |
| 4,000   | Amphenol Corp., Cl. A .....                   | 14,775       | 179,520         |
| 94,000  | CIRCOR International Inc. ....                | 974,241      | 4,605,060       |
| 194,000 | Donaldson Co. Inc .....                       | 2,985,328    | 8,660,160       |
| 50,000  | Fedders Corp.+ .....                          | 71,252       | 350             |
| 150,000 | Flowserve Corp .....                          | 5,544,523    | 20,505,000      |
| 23,000  | Franklin Electric Co. Inc. ....               | 250,434      | 891,940         |
| 90,000  | Gerber Scientific Inc.+ .....                 | 988,544      | 1,024,200       |
| 75,000  | GrafTech International Ltd.+ ..               | 785,966      | 2,012,250       |
| 320,000 | IDEX Corp .....                               | 7,694,243    | 11,788,800      |
| 40,000  | Ingersoll-Rand Co. Ltd.,<br>Cl. A .....       | 855,377      | 1,497,200       |
| 102,000 | Lufkin Industries Inc .....                   | 990,973      | 8,494,560       |
| 11,000  | Mueller Industries Inc .....                  | 485,034      | 354,200         |
| 2,000   | Sealed Air Corp .....                         | 17,404       | 38,020          |
| 75,000  | Tenaris SA, ADR .....                         | 3,425,248    | 5,587,500       |
| 4,000   | The Manitowoc Co. Inc .....                   | 25,450       | 130,120         |
| 95,000  | The Weir Group plc .....                      | 399,750      | 1,774,922       |
| 190,000 | Watts Water Technologies<br>Inc., Cl. A ..... | 2,957,983    | 4,731,000       |
|         |   | -----        | -----           |
|         |   | 32,797,648   | 84,410,342      |
|         |   | -----        | -----           |
|         | CONSUMER PRODUCTS -- 4.8%                     |              |                 |
| 84,000  | Avon Products Inc .....                       | 2,420,145    | 3,025,680       |
| 25,000  | British American<br>Tobacco plc .....         | 944,285      | 865,949         |
| 42,000  | Christian Dior SA .....                       | 3,082,702    | 4,331,329       |
| 15,000  | Church & Dwight Co. Inc. ....                 | 99,536       | 845,250         |
| 30,000  | Clorox Co .....                               | 1,664,986    | 1,566,000       |

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|           |   |              |                 |
|-----------|---|--------------|-----------------|
| 69,000    | Compagnie Financiere<br>Richemont SA, Cl. A .....   | 2,879,288    | 3,843,277       |
| 112,000   | Energizer Holdings Inc.+ .....                      | 4,856,276    | 8,186,080       |
| 58,000    | Fortune Brands Inc .....                            | 3,995,824    | 3,619,780       |
| 2,000     | Givaudan SA .....                                   | 550,742      | 1,787,480       |
|           |   |              |                 |
| SHARES    |   | COST         | MARKET<br>VALUE |
| -----     |   | -----        | -----           |
| 60,000    | Hanesbrands Inc.+ .....                             | \$ 1,376,148 | \$ 1,628,400    |
| 32,000    | Harley-Davidson Inc .....                           | 1,486,605    | 1,160,320       |
| 200       | Japan Tobacco Inc .....                             | 1,123,054    | 853,228         |
| 2,000     | Jarden Corp.+ .....                                 | 65,069       | 36,480          |
| 15,000    | Matsushita Electric<br>Industrial Co. Ltd., ADR ... | 178,325      | 321,300         |
| 15,000    | Mattel Inc .....                                    | 270,000      | 256,800         |
| 21,000    | National Presto<br>Industries Inc .....             | 711,533      | 1,347,780       |
| 2,000     | Nintendo Co. Ltd .....                              | 620,613      | 1,128,220       |
| 10,000    | Oil-Dri Corp. of America .....                      | 171,255      | 179,500         |
| 112,000   | Pactiv Corp.+ .....                                 | 1,176,060    | 2,377,760       |
| 300,000   | Procter & Gamble Co .....                           | 15,983,165   | 18,243,000      |
| 60,000    | Reckitt Benckiser Group plc ...                     | 1,849,650    | 3,041,529       |
| 30,000    | Svenska Cellulosa AB, Cl. B ..                      | 423,932      | 424,661         |
| 1,000,000 | Swedish Match AB .....                              | 11,131,012   | 20,506,604      |
| 37,500    | The Swatch Group AG .....                           | 2,105,126    | 1,754,687       |
|           |   | -----        | -----           |
|           |   | 59,165,331   | 81,331,094      |
|           |   | -----        | -----           |
|           | HEALTH CARE -- 4.5%                                 |              |                 |
| 8,000     | Abbott Laboratories .....                           | 313,458      | 423,760         |
| 130,000   | Advanced Medical<br>Optics Inc.+ .....              | 4,241,837    | 2,436,200       |
| 14,046    | Allergan Inc .....                                  | 655,380      | 731,094         |
| 7,000     | Alpharma Inc., Cl. A+ .....                         | 182,379      | 157,710         |
| 52,000    | Amgen Inc.+ .....                                   | 3,039,863    | 2,452,320       |
| 19,146    | AstraZeneca plc .....                               | 949,527      | 813,851         |
| 17,000    | Baxter International Inc .....                      | 996,870      | 1,086,980       |
| 2,000     | Becton Dickinson & Co .....                         | 174,354      | 162,600         |
| 35,000    | Biogen Idec Inc.+ .....                             | 806,669      | 1,956,150       |
| 155,000   | Boston Scientific Corp.+ .....                      | 2,170,555    | 1,904,950       |
| 135,000   | Bristol-Myers Squibb Co. ....                       | 3,485,673    | 2,771,550       |
| 1,000     | Cephalon Inc.+ .....                                | 62,382       | 66,690          |
| 12,000    | Cochlear Ltd .....                                  | 530,192      | 502,142         |
| 20,000    | Covidien Ltd .....                                  | 876,365      | 957,800         |
| 45,036    | GlaxoSmithKline plc .....                           | 1,292,245    | 998,408         |
| 4,000     | GlaxoSmithKline plc, ADR .....                      | 216,096      | 176,880         |
| 5,000     | Greatbatch Inc.+ .....                              | 94,920       | 86,500          |
| 30,000    | Henry Schein Inc.+ .....                            | 764,324      | 1,547,100       |
| 18,000    | Hospira Inc.+ .....                                 | 635,417      | 721,980         |
| 80,000    | Invitrogen Corp.+ .....                             | 2,065,234    | 3,140,800       |
| 120,000   | Johnson & Johnson .....                             | 7,766,038    | 7,720,800       |
| 95,000    | Merck & Co. Inc .....                               | 3,625,481    | 3,580,550       |
| 10,000    | Nobel Biocare Holding AG .....                      | 286,712      | 326,563         |
| 39,000    | Novartis AG .....                                   | 2,076,654    | 2,147,472       |
| 102,000   | Novartis AG, ADR .....                              | 4,514,518    | 5,614,080       |
| 470,000   | Pfizer Inc .....                                    | 12,733,287   | 8,210,900       |
| 16,400    | Roche Holding AG .....                              | 2,587,332    | 2,953,942       |

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See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2008 (UNAUDITED)

| SHARES/<br>UNITS |  | COST       | MARKET<br>VALUE |
|------------------|--|------------|-----------------|
| -----            |  | -----      | -----           |
|                  | COMMON STOCKS (CONTINUED)              |            |                 |
|                  | HEALTH CARE (CONTINUED)                |            |                 |
| 10,000           | Sanofi-Aventis .....                   | \$ 896,390 | \$ 668,042      |
| 110,000          | Schering-Plough Corp .....             | 2,062,138  | 2,165,900       |
| 80,000           | Smith & Nephew plc .....               | 752,722    | 882,780         |
| 50,000           | SSL International plc .....            | 439,178    | 444,428         |
| 5,250            | Straumann Holding AG .....             | 1,087,318  | 1,258,088       |
| 12,500           | Synthes Inc .....                      | 1,494,687  | 1,722,872       |
| 19,000           | Takeda Pharmaceutical<br>Co. Ltd ..... | 909,016    | 966,238         |
| 130,000          | UnitedHealth Group Inc .....           | 6,146,582  | 3,412,500       |
| 82,000           | William Demant Holding A/S+ ...        | 3,730,842  | 5,401,343       |
| 100,000          | Wyeth .....                            | 4,105,470  | 4,796,000       |
| 3,000            | Zimmer Holdings Inc.+ .....            | 186,132    | 204,150         |
|                  |  | -----      | -----           |
|                  |  | 78,954,237 | 75,572,113      |
|                  |  | -----      | -----           |
|                  | PUBLISHING -- 3.4%                     |            |                 |
| 4,000            | Idearc Inc .....                       | 14,637     | 9,400           |
| 1,980,000        | Il Sole 24 Ore .....                   | 16,608,451 | 11,557,845      |
| 348,266          | Independent News & Media plc ..        | 663,968    | 855,394         |
| 9,000            | McClatchy Co., Cl. A .....             | 139,243    | 61,020          |
| 320,000          | Media General Inc., Cl. A .....        | 19,151,873 | 3,824,000       |
| 122,000          | Meredith Corp .....                    | 5,066,964  | 3,451,380       |
| 1,525,000        | News Corp., Cl. A .....                | 19,970,954 | 22,936,000      |
| 20,000           | News Corp., Cl. B .....                | 186,274    | 307,000         |
| 60,000           | PRIMEDIA Inc .....                     | 1,496,475  | 279,600         |
| 66,585           | Seat Pagine Gialle SpA+ .....          | 177,139    | 6,951           |
| 130,000          | The E.W. Scripps Co., Cl. A ...        | 4,530,747  | 5,400,200       |
| 182,000          | The McGraw-Hill<br>Companies Inc ..... | 7,122,447  | 7,301,840       |
| 55,000           | The New York Times Co.,<br>Cl. A ..... | 2,056,884  | 846,450         |
|                  |  | -----      | -----           |
|                  |  | 77,186,056 | 56,837,080      |
|                  |  | -----      | -----           |
|                  | BUSINESS SERVICES -- 2.7%              |            |                 |
| 7,050            | ACCO Brands Corp.+ .....               | 126,069    | 79,172          |
| 14,000           | Avis Budget Group Inc.+ .....          | 265,087    | 117,180         |
| 310,000          | BPW Acquisition Corp.+ .....           | 3,097,250  | 3,053,500       |
| 30,500           | Canon Inc .....                        | 1,330,244  | 1,568,301       |
| 235,000          | ChoicePoint Inc.+ .....                | 11,040,474 | 11,327,000      |
| 110,000          | Clear Channel Outdoor                  |            |                 |



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|         |                                 |           |           |
|---------|---------------------------------|-----------|-----------|
|         | Holdings Inc., Cl. A+ .....     | 2,226,712 | 1,961,300 |
| 186,554 | Contax Participacoes SA, ADR .. | 76,632    | 268,600   |
| 110,000 | Diebold Inc .....               | 4,234,878 | 3,913,800 |
| 200,000 | G4S plc .....                   | 0         | 806,692   |

| SHARES  |  | COST         | MARKET<br>VALUE |
|---------|--|--------------|-----------------|
| 57,000  | Jardine Matheson Holdings Ltd .....            | \$ 1,401,441 | \$ 1,767,000    |
| 94,000  | Landauer Inc .....                             | 2,511,653    | 5,286,560       |
| 40,000  | MasterCard Inc., Cl. A .....                   | 1,614,000    | 10,620,800      |
| 50,000  | Monster Worldwide Inc.+ .....                  | 1,246,430    | 1,030,500       |
| 72,500  | Nashua Corp.+ .....                            | 656,627      | 725,000         |
| 25,000  | Secom Co. Ltd .....                            | 1,095,891    | 1,214,861       |
| 235,000 | The Interpublic Group of Companies Inc.+ ..... | 2,262,652    | 2,021,000       |
| 8,000   | Visa Inc., Cl. A+ .....                        | 352,000      | 650,480         |
|         |  | 33,538,040   | 46,411,746      |
|         | AUTOMOTIVE: PARTS AND ACCESSORIES -- 2.4%      |              |                 |
| 2,000   | BERU AG .....                                  | 210,290      | 235,539         |
| 86,000  | BorgWarner Inc .....                           | 1,126,424    | 3,816,680       |
| 181,000 | CLARCOR Inc .....                              | 1,482,324    | 6,353,100       |
| 82,500  | Earl Scheib Inc.+ .....                        | 644,854      | 245,437         |
| 340,000 | Genuine Parts Co .....                         | 12,607,736   | 13,491,200      |
| 200,000 | Johnson Controls Inc .....                     | 4,137,496    | 5,736,000       |
| 130,000 | Midas Inc.+ .....                              | 1,805,604    | 1,755,000       |
| 330,000 | Modine Manufacturing Co. ....                  | 8,213,644    | 4,082,100       |
| 155,000 | O'Reilly Automotive Inc.+ .....                | 4,528,336    | 3,464,250       |
| 160,000 | Proliance International Inc.+ .....            | 1,186,898    | 152,000         |
| 175,000 | Standard Motor Products Inc ...                | 1,873,526    | 1,428,000       |
| 35,000  | Superior Industries International Inc .....    | 822,800      | 590,800         |
|         |  | 38,639,932   | 41,350,106      |
|         | MACHINERY -- 2.0%                              |              |                 |
| 20,000  | Caterpillar Inc .....                          | 136,559      | 1,476,400       |
| 17,000  | CNH Global NV .....                            | 897,929      | 577,490         |
| 425,000 | Deere & Co .....                               | 12,378,317   | 30,655,250      |
| 8,000   | SMC Corp .....                                 | 1,033,311    | 876,207         |
|         |  | 14,446,116   | 33,585,347      |
|         | SPECIALTY CHEMICALS -- 1.8%                    |              |                 |
| 41,000  | Ashland Inc .....                              | 2,587,129    | 1,976,200       |
| 5,400   | Ciba Holding AG, ADR .....                     | 4,285        | 78,249          |
| 30,000  | E.I. du Pont de Nemours and Co .....           | 1,263,365    | 1,286,700       |
| 350,000 | Ferro Corp .....                               | 7,353,490    | 6,566,000       |
| 4,000   | FMC Corp .....                                 | 136,430      | 309,760         |
| 45,000  | H.B. Fuller Co .....                           | 620,163      | 1,009,800       |
| 175,000 | Hercules Inc .....                             | 2,087,983    | 2,962,750       |
| 70,000  | International Flavors &                        |              |                 |

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|         |                              |           |           |
|---------|------------------------------|-----------|-----------|
|         | Fragrances Inc .....         | 3,296,486 | 2,734,200 |
| 230,000 | Omnova Solutions Inc.+ ..... | 1,861,571 | 639,400   |
| 40,000  | Rohm & Haas Co .....         | 1,950,695 | 1,857,600 |

See accompanying notes to financial statements.

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### THE GABELLI EQUITY TRUST INC. SCHEDULE OF INVESTMENTS (CONTINUED) JUNE 30, 2008 (UNAUDITED)

| SHARES                                  |   | COST         | MARKET<br>VALUE |
|---|---|--------------|-----------------|
| COMMON STOCKS (CONTINUED)               |   |              |                 |
| SPECIALTY CHEMICALS (CONTINUED)         |   |              |                 |
| 275,000                                 | Sensient Technologies Corp ....                   | \$ 5,034,936 | \$ 7,744,000    |
| 165,000                                 | Tokai Carbon Co. Ltd .....                        | 677,815      | 1,679,757       |
| 4,032                                   | Tronox Inc., Cl. B .....                          | 44,467       | 12,176          |
| 100,000                                 | Zep Inc .....                                     | 1,293,508    | 1,488,000       |
|   |   | 28,212,323   | 30,344,592      |
| AVIATION: PARTS AND<br>SERVICES -- 1.6% |   |              |                 |
| 350,000                                 | Curtiss-Wright Corp .....                         | 4,965,900    | 15,659,000      |
| 200,000                                 | GenCorp Inc.+ .....                               | 2,572,011    | 1,432,000       |
| 96,500                                  | Precision Castparts Corp. ....                    | 4,962,391    | 9,299,705       |
| 160,000                                 | The Fairchild Corp., Cl. A+ ...                   | 543,870      | 337,600         |
|   |   | 13,044,172   | 26,728,305      |
| METALS AND MINING -- 1.6%               |   |              |                 |
| 22,000                                  | Alcoa Inc .....                                   | 811,737      | 783,640         |
| 30,030                                  | Anglo American plc .....                          | 1,187,718    | 2,109,068       |
| 89,148                                  | Barrick Gold Corp .....                           | 2,610,253    | 4,056,234       |
| 20,000                                  | BHP Billiton Ltd .....                            | 842,223      | 837,863         |
| 52,500                                  | Harmony Gold<br>Mining Co. Ltd.+ .....            | 256,625      | 636,973         |
| 35,000                                  | Harmony Gold<br>Mining Co. Ltd., ADR+ .....       | 460,008      | 428,750         |
| 75,000                                  | Ivanhoe Mines Ltd.+ .....                         | 560,208      | 818,250         |
| 52,000                                  | New Hope Corp. Ltd .....                          | 70,252       | 266,697         |
| 155,000                                 | Newmont Mining Corp .....                         | 4,747,145    | 8,084,800       |
| 23,000                                  | Rio Tinto plc .....                               | 1,324,709    | 2,752,853       |
| 69,666                                  | Xstrata plc .....                                 | 1,525,449    | 5,583,825       |
|   |   | 14,396,327   | 26,358,953      |
| HOTELS AND GAMING -- 1.5%               |   |              |                 |
| 1,200                                   | Accor SA .....                                    | 103,072      | 80,165          |
| 190,000                                 | Gaylord Entertainment Co.+ ....                   | 5,061,984    | 4,552,400       |
| 22,000                                  | Home Inns & Hotels<br>Management Inc., ADR+ ..... | 633,289      | 418,220         |

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|           |  |            |            |
|-----------|--|------------|------------|
| 46,160    | InterContinental<br>Hotels Group plc .....       | 1,184,541  | 618,777    |
| 1,247,116 | Ladbrokes plc .....                              | 13,435,929 | 6,377,790  |
| 6,000     | Las Vegas Sands Corp.+ .....                     | 221,279    | 284,640    |
| 3,811,000 | Mandarin Oriental<br>International Ltd .....     | 7,176,694  | 6,631,140  |
| 136,788   | MGM Mirage+ .....                                | 10,106,751 | 4,635,745  |
| 16,000    | Orient-Express Hotels Ltd.,<br>Cl. A .....       | 715,224    | 695,040    |
| 34,000    | Starwood Hotels & Resorts<br>Worldwide Inc ..... | 520,597    | 1,362,380  |
|           |  | -----      | -----      |
|           |  | 39,159,360 | 25,656,297 |
|           |  | -----      | -----      |

| SHARES      |   | COST         | MARKET<br>VALUE |
|-------------|---|--------------|-----------------|
| -----       |   | -----        | -----           |
|             | AEROSPACE -- 1.4%                                   |              |                 |
| 105,000     | Boeing Co .....                                     | \$ 6,475,976 | \$ 6,900,600    |
| 30,000      | Finmeccanica SpA .....                              | 945,547      | 787,858         |
| 25,899      | Kaman Corp .....                                    | 586,549      | 589,461         |
| 9,000       | Lockheed Martin Corp .....                          | 527,310      | 887,940         |
| 102,600     | Northrop Grumman Corp. ....                         | 5,905,321    | 6,863,940       |
| 1,200,000   | Rolls-Royce Group plc+ .....                        | 9,166,092    | 8,162,532       |
| 107,520,000 | Rolls-Royce Group plc, Cl. B ..                     | 213,558      | 214,162         |
|             |   | -----        | -----           |
|             |   | 23,820,353   | 24,406,493      |
|             |   | -----        | -----           |
|             | RETAIL -- 1.4%                                      |              |                 |
| 200,000     | AutoNation Inc.+ .....                              | 2,282,834    | 2,004,000       |
| 4,000       | AutoZone Inc.+ .....                                | 351,780      | 484,040         |
| 40,000      | Coldwater Creek Inc.+ .....                         | 157,162      | 211,200         |
| 40,000      | Costco Wholesale Corp .....                         | 1,868,913    | 2,805,600       |
| 75,000      | CVS Caremark Corp .....                             | 2,887,662    | 2,967,750       |
| 10,108      | Denny's Corp.+ .....                                | 14,358       | 28,707          |
| 21,500      | Hennes & Mauritz AB, Cl. B ....                     | 919,237      | 1,165,597       |
| 140,000     | Macy's Inc .....                                    | 3,579,684    | 2,718,800       |
| 50,000      | Sally Beauty Holdings Inc.+ ...                     | 416,928      | 323,000         |
| 50,000      | SUPERVALU Inc .....                                 | 1,453,171    | 1,544,500       |
| 115,000     | The Great Atlantic &<br>Pacific Tea Co. Inc.+ ..... | 3,570,394    | 2,624,300       |
| 50,000      | Wal-Mart Stores Inc .....                           | 2,439,001    | 2,810,000       |
| 70,000      | Walgreen Co .....                                   | 2,660,042    | 2,275,700       |
| 25,000      | Whole Foods Market Inc. ....                        | 952,518      | 592,250         |
| 73,000      | Woolworths Ltd .....                                | 1,058,044    | 1,711,052       |
|             |   | -----        | -----           |
|             |   | 24,611,728   | 24,266,496      |
|             |   | -----        | -----           |
|             | CONSUMER SERVICES -- 1.4%                           |              |                 |
| 200,000     | IAC/InterActiveCorp+ .....                          | 5,436,750    | 3,856,000       |
| 210,000     | Liberty Media Corp. -<br>Interactive, Cl. A+ .....  | 4,593,199    | 3,099,600       |
| 1,110,000   | Rollins Inc .....                                   | 11,375,362   | 16,450,200      |
|             |   | -----        | -----           |
|             |   | 21,405,311   | 23,405,800      |
|             |   | -----        | -----           |
|             | COMMUNICATIONS                                      |              |                 |

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|                                |                              |            |            |
|--------------------------------|------------------------------|------------|------------|
| EQUIPMENT -- 1.3%              |                              |            |            |
| 480,000                        | Corning Inc .....            | 4,124,295  | 11,064,000 |
| 90,000                         | Motorola Inc .....           | 1,024,871  | 660,600    |
| 180,000                        | Nortel Networks Corp.+ ..... | 4,239,217  | 1,479,600  |
| 235,000                        | Thomas & Betts Corp.+ .....  | 7,911,594  | 8,894,750  |
|                                |                              | -----      | -----      |
|                                |                              | 17,299,977 | 22,098,950 |
|                                |                              | -----      | -----      |
| ENVIRONMENTAL SERVICES -- 1.3% |                              |            |            |
| 97,500                         | Republic Services Inc .....  | 875,761    | 2,895,750  |
| 500,000                        | Waste Management Inc .....   | 12,972,510 | 18,855,000 |
|                                |                              | -----      | -----      |
|                                |                              | 13,848,271 | 21,750,750 |
|                                |                              | -----      | -----      |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2008 (UNAUDITED)

| SHARES                    |  | COST         | MARKET VALUE  |
|---------------------------|--|--------------|---------------|
| -----                     |  | -----        | -----         |
| COMMON STOCKS (CONTINUED) |  |              |               |
| AGRICULTURE -- 1.3%       |  |              |               |
| 405,000                   | Archer-Daniels - Midland Co ...                    | \$ 9,315,328 | \$ 13,668,750 |
| 30,000                    | Monsanto Co .....                                  | 1,342,681    | 3,793,200     |
| 5,000                     | Syngenta AG .....                                  | 1,485,073    | 1,626,205     |
| 15,000                    | Syngenta AG, ADR .....                             | 189,981      | 970,500       |
| 10,500                    | The Mosaic Co.+ .....                              | 184,854      | 1,519,350     |
|                           |  | -----        | -----         |
|                           |  | 12,517,917   | 21,578,005    |
|                           |  | -----        | -----         |
| BROADCASTING -- 1.2%      |  |              |               |
| 95,000                    | British Sky Broadcasting<br>Group plc .....        | 1,094,351    | 893,138       |
| 433,000                   | CBS Corp., Cl. A .....                             | 13,810,173   | 8,434,840     |
| 10,343                    | Citadel Broadcasting Corp. ....                    | 25,591       | 12,618        |
| 174,000                   | Clear Channel Communications<br>Inc .....          | 6,395,741    | 6,124,800     |
| 2,000                     | Cogeco Inc .....                                   | 39,014       | 60,802        |
| 25,334                    | Corus Entertainment Inc.,<br>Cl. B, New York ..... | 46,981       | 453,479       |
| 6,666                     | Corus Entertainment Inc.,<br>Cl. B, Toronto .....  | 12,406       | 118,912       |
| 120,000                   | Gray Television Inc .....                          | 1,060,168    | 344,400       |
| 27,000                    | Gray Television Inc., Cl. A ...                    | 317,211      | 121,500       |
| 77,000                    | Liberty Media Corp. - Capital,<br>Cl. A+ .....     | 990,182      | 1,108,800     |
| 90,000                    | Lin TV Corp., Cl. A+ .....                         | 1,234,661    | 536,400       |
| 29,000                    | Modern Times Group MTG AB,<br>Cl. B .....          | 1,754,858    | 1,707,029     |
| 100,000                   | Television Broadcasts Ltd. ....                    | 396,239      | 577,127       |

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|         |   |              |              |
|---------|---|--------------|--------------|
| 100,000 | Young Broadcasting Inc.,<br>Cl. A+ .....          | 758,541      | 14,000       |
|         |   | 27,936,117   | 20,507,845   |
|         | ELECTRONICS -- 1.1%                               |              |              |
| 6,000   | Advanced Micro<br>Devices Inc.+ .....             | 57,915       | 34,980       |
| 14,000  | Bel Fuse Inc., Cl. A .....                        | 465,400      | 392,000      |
| 14,000  | Fanuc Ltd .....                                   | 1,430,146    | 1,367,236    |
| 5,000   | Hitachi Ltd., ADR .....                           | 347,376      | 358,400      |
| 180,000 | Intel Corp .....                                  | 3,637,892    | 3,866,400    |
| 5,920   | Keyence Corp .....                                | 1,187,370    | 1,409,962    |
| 80,000  | LSI Corp.+ .....                                  | 474,386      | 491,200      |
| 20,000  | Molex Inc., Cl. A .....                           | 519,697      | 458,200      |
| 7,500   | NEC Corp., ADR .....                              | 43,625       | 39,338       |
| 38,000  | Royal Philips Electronics<br>NV .....             | 52,354       | 1,284,400    |
| 265,000 | Texas Instruments Inc .....                       | 6,407,535    | 7,462,400    |
| 62,000  | Tyco Electronics Ltd .....                        | 2,392,821    | 2,220,840    |
|         |   | 17,016,517   | 19,385,356   |
|         |   |              |              |
|         |   |              | MARKET       |
| SHARES  |   | COST         | VALUE        |
|         |   |              |              |
|         | WIRELESS COMMUNICATIONS -- 1.1%                   |              |              |
| 95,000  | America Movil SAB de CV,<br>Cl. L, ADR .....      | \$ 1,335,987 | \$ 5,011,250 |
| 65,000  | China Mobile Ltd .....                            | 796,681      | 873,641      |
| 14,000  | Clearwire Corp., Cl. A+ .....                     | 250,896      | 181,440      |
| 2,000   | NTT DoCoMo Inc .....                              | 4,368,481    | 2,938,268    |
| 3,340   | Tele Norte Celular<br>Participacoes SA, ADR ..... | 51,601       | 64,796       |
| 5,087   | Telemig Celular<br>Participacoes SA, ADR .....    | 147,017      | 302,676      |
| 32,165  | Tim Participacoes SA, ADR .....                   | 390,212      | 914,451      |
| 115,400 | United States Cellular<br>Corp.+ .....            | 5,343,392    | 6,525,870    |
| 170,010 | Vivo Participacoes SA, ADR+ ...                   | 2,238,980    | 1,081,264    |
| 50,000  | Vodafone Group plc, ADR .....                     | 1,359,194    | 1,473,000    |
|         |   | 16,282,441   | 19,366,656   |
|         |   |              |              |
|         | AUTOMOTIVE -- 0.9%                                |              |              |
| 210,000 | General Motors Corp .....                         | 5,412,011    | 2,415,000    |
| 125,000 | Navistar International<br>Corp.+ .....            | 3,272,936    | 8,227,500    |
| 96,750  | PACCAR Inc .....                                  | 431,444      | 4,047,053    |
|         |   | 9,116,391    | 14,689,553   |
|         |   |              |              |
|         | TRANSPORTATION -- 0.5%                            |              |              |
| 100,000 | AMR Corp.+ .....                                  | 1,924,248    | 512,000      |
| 165,000 | GATX Corp .....                                   | 4,548,661    | 7,314,450    |
| 15,000  | Grupo TMM SA, Cl. A, ADR+ .....                   | 80,460       | 28,050       |
| 70,000  | Toll Holdings Ltd .....                           | 747,842      | 403,976      |

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|  |   | 7,301,211 | 8,258,476 |
|--|---|-----------|-----------|
| COMPUTER SOFTWARE AND SERVICES -- 0.5% |   |           |           |
| 8,000                                  | Alibaba.com Ltd.+ .....                       | 13,935    | 11,286    |
| 10,000                                 | Check Point Software Technologies Ltd.+ ..... | 169,874   | 236,700   |
| 50,000                                 | NCR Corp.+ .....                              | 1,282,708 | 1,260,000 |
| 24,000                                 | Rockwell Automation Inc. ....                 | 1,253,465 | 1,049,520 |
| 24,100                                 | Square Enix Co. Ltd .....                     | 648,849   | 712,662   |
| 25,256                                 | Telecom Italia Media SpA+ .....               | 26,868    | 3,877     |
| 190,000                                | Yahoo! Inc.+ .....                            | 5,769,336 | 3,925,400 |
| 2,000                                  | Yahoo! Japan Corp .....                       | 754,815   | 770,354   |
|  |   | 9,919,850 | 7,969,799 |
| REAL ESTATE -- 0.5%                    |   |           |           |
| 2,000                                  | Brookfield Asset Management Inc., Cl. A ..... | 70,671    | 65,080    |
| 70,000                                 | Cheung Kong (Holdings) Ltd ....               | 815,521   | 943,538   |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2008 (UNAUDITED)

| SHARES   |  | COST       | MARKET VALUE |
|--|--|------------|--------------|
| COMMON STOCKS (CONTINUED)                              |  |            |              |
| REAL ESTATE (CONTINUED)                                |  |            |              |
| 55,500   | Griffin Land & Nurseries Inc ..              | \$ 529,368 | \$ 1,703,850 |
| 145,000  | The St. Joe Co .....                         | 8,275,384  | 4,976,400    |
|  |  | 9,690,944  | 7,688,868    |
| CLOSED-END FUNDS -- 0.4%                               |  |            |              |
| 31,500   | Royce Value Trust Inc .....                  | 388,298    | 493,920      |
| 104,000  | The Central Europe and Russia Fund Inc ..... | 2,391,965  | 5,484,960    |
| 70,000   | The New Germany Fund Inc .....               | 754,518    | 1,142,400    |
|  |  | 3,534,781  | 7,121,280    |
| MANUFACTURED HOUSING AND RECREATIONAL VEHICLES -- 0.1% |  |            |              |
| 70,000   | Champion Enterprises Inc.+ ....              | 659,503    | 409,500      |
| 50,000   | Fleetwood Enterprises Inc.+ ...              | 535,045    | 131,000      |
| 31,000   | Huttig Building Products Inc.+ .....         | 78,168     | 56,110       |
| 7,000  | Martin Marietta Materials Inc .....          | 144,225    | 725,130      |
| 10,000   | Nobility Homes Inc .....                     | 195,123    | 159,500      |

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|              |  |               |                 |
|--------------|--|---------------|-----------------|
| 20,000       | Skyline Corp .....   | 794,437       | 470,000         |
|              |  | -----         | -----           |
|              |  | 2,406,501     | 1,951,240       |
|              |  | -----         | -----           |
|              | REAL ESTATE INVESTMENT TRUSTS -- 0.1%  |               |                 |
| 2,000        | Camden Property Trust .....  | 37,490        | 88,520          |
| 2,187        | Prosperity REIT .....  | 616           | 421             |
| 24,984       | Rayonier Inc .....   | 798,811       | 1,060,820       |
|              |  | -----         | -----           |
|              |  | 836,917       | 1,149,761       |
|              |  | -----         | -----           |
|              | TOTAL COMMON STOCKS .....  | 1,374,194,085 | 1,668,599,690   |
|              |  | -----         | -----           |
|              | CONVERTIBLE PREFERRED STOCKS -- 0.1%   |               |                 |
|              | TELECOMMUNICATIONS -- 0.1%   |               |                 |
| 25,000       | Cincinnati Bell Inc.,<br>6.750% Cv. Pfd., Ser. B ....                        | 787,113       | 1,005,000       |
|              |  | -----         | -----           |
|              |  |               |                 |
|              | PRINCIPAL<br>AMOUNT<br>-----   |               |                 |
|              | CONVERTIBLE CORPORATE BONDS -- 0.2%  |               |                 |
|              | RETAIL -- 0.2%   |               |                 |
| \$ 3,000,000 | The Great Atlantic & Pacific<br>Tea Co. Inc., Cv.,<br>5.125%, 06/15/11 ..... | 3,000,000     | 2,816,250       |
|              |  | -----         | -----           |
|              |  |               |                 |
|              | PRINCIPAL<br>AMOUNT<br>-----   |               |                 |
|              |  | COST          | MARKET<br>VALUE |
|              |  | -----         | -----           |
|              | AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.0%                                    |               |                 |
| \$ 1,000,000 | Standard Motor Products Inc.,<br>Sub. Deb. Cv.,<br>6.750%, 07/15/09 .....    | \$ 985,974    | \$ 957,500      |
|              |  | -----         | -----           |
|              |  |               |                 |
|              | CONSUMER PRODUCTS -- 0.0%  |               |                 |
| 1,000,000    | Pillowtex Corp., Sub. Deb. Cv.,<br>9.000%, 12/15/17+ (a) .....               | 0             | 0               |
|              |  | -----         | -----           |
|              |  |               |                 |
|              | TOTAL CONVERTIBLE CORPORATE<br>BONDS .....                                   | 3,985,974     | 3,773,750       |
|              |  | -----         | -----           |
|              |  |               |                 |
|              | SHARES<br>-----  |               |                 |
|              | WARRANTS -- 0.0%   |               |                 |
|              | ENERGY AND UTILITIES -- 0.0%   |               |                 |

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|  |  |                 |                 |
|--|--|-----------------|-----------------|
| 12,183                                   | Mirant Corp., Ser. A, expire<br>01/03/11+ .....                            | 36,354          | 218,441         |
|  |  | -----           | -----           |
| PRINCIPAL AMOUNT                         |  |                 |                 |
| -----                                    |  |                 |                 |
|  | U.S. GOVERNMENT OBLIGATIONS -- 1.1%  |                 |                 |
| \$18,309,000                             | U.S. Treasury Bills,<br>1.132% to 1.874%+,<br>07/31/08 to 10/02/08 (d) ... | 18,269,182      | 18,262,154      |
|  |  | -----           | -----           |
| TOTAL INVESTMENTS -- 100.0% .....        |  | \$1,397,272,708 | 1,691,859,035   |
|  |  | =====           |                 |
| FUTURES CONTRACTS                        |  |                 |                 |
|  | (Unrealized appreciation) .....  |                 | 3,637,784       |
| OTHER ASSETS AND LIABILITIES (NET) ..... |  |                 | 3,013,177       |
| PREFERRED STOCK                          |  |                 |                 |
|  | (8,956,900 preferred shares outstanding) ..                                |                 | (403,742,500)   |
|  |  |                 | -----           |
| NET ASSETS -- COMMON STOCK               |  |                 |                 |
|  | (173,862,271 common shares outstanding) ...                                |                 | \$1,294,767,496 |
|  |  |                 | =====           |
| NET ASSET VALUE PER COMMON SHARE         |  |                 |                 |
|  | (\$1,294,767,496 / 173,862,271 shares<br>outstanding) .....                |                 | \$ 7.45         |
|  |  |                 | =====           |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2008 (UNAUDITED)

| NUMBER OF<br>CONTRACTS              | EXPIRATION<br>DATE | UNREALIZED<br>APPRECIATION |
|-------------------------------------|--------------------|----------------------------|
| -----                               | -----              | -----                      |
| FUTURES CONTRACTS -- SHORT POSITION |                    |                            |
| 128                                 | S & P 500 Index    |                            |
|                                     | Futures .....      | \$ 3,637,784               |
|                                     |                    | =====                      |

-----

(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 June 30, 2008, the market value of fair valued securities amounted to \$554,636 or 0.03% of



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total investments.

- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2008, the market value of the Rule 144A security amounted to \$465,280 or 0.03% of total investments.
- (c) At June 30, 2008, the Fund held an investment in a restricted security amounting to \$48,210 or 0.00% of total investments, which was valued under methods approved by the Board of Directors as follows:

| ACQUISITION<br>SHARES | ISSUER                                | ACQUISITION<br>DATE | ACQUISITION<br>COST | 06/30/08<br>CARRYING VALUE<br>PER UNIT |
|-----------------------|---------------------------------------|---------------------|---------------------|--|
| 4,440,836             | Cable & Wireless<br>Jamaica Ltd. .... | 03/29/01            | \$101,639           | \$0.0109                               |

- (d) At June 30, 2008, \$4,200,000 of the principal amount was pledged as collateral for futures contracts.

+ Non-income producing security.

++ Represents annualized yield at date of purchase.

ADR American Depositary Receipt  
CVO Contingent Value Obligation  
GDR Global Depositary Receipt

| GEOGRAPHIC DIVERSIFICATION | % OF<br>MARKET<br>VALUE | MARKET VALUE    |
|----------------------------|-------------------------|-----------------|
| LONG POSITIONS             |                         |                 |
| North America .....        | 73.9%                   | \$1,250,047,173 |
| Europe .....               | 17.6                    | 297,233,213     |
| Latin America .....        | 4.8                     | 81,678,195      |
| Japan .....                | 3.1                     | 53,055,379      |
| Asia/Pacific .....         | 0.5                     | 7,814,216       |
| South Africa .....         | 0.1                     | 2,030,859       |
| Total Investments .....    | 100.0%                  | \$1,691,859,035 |

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ASSETS:

|   |                  |
|---|------------------|
| Investments, at value (cost \$1,397,272,708) .....  | \$ 1,691,859,035 |
| Foreign currency, at value (cost \$6,872,302) ..... | 7,139,632        |
| Cash .....  | 153,115          |
| Receivable for investments sold .....               | 804,480          |
| Dividends and interest receivable .....             | 2,275,454        |
| Deferred offering expense .....                     | 98,869           |
| Prepaid expense .....                               | 24,844           |
|   | -----            |
| TOTAL ASSETS .....                                  | 1,702,355,429    |
|   | -----            |

LIABILITIES:

|   |           |
|---|-----------|
| Payable to brokers .....                              | 171       |
| Payable for investments purchased .....               | 1,467,553 |
| Unrealized depreciation on swap contracts .....       | 112,425   |
| Distributions payable .....                           | 277,166   |
| Payable for investment advisory fees .....            | 1,140,682 |
| Payable for payroll expenses .....                    | 105,697   |
| Payable for accounting fees .....                     | 3,731     |
| Payable for shareholder communications expenses ..... | 267,142   |
| Payable for auction agent fees .....                  | 157,920   |
| Variation margin payable .....                        | 34,432    |
| Other accrued expenses .....                          | 278,514   |
|   | -----     |
| TOTAL LIABILITIES .....                               | 3,845,433 |
|   | -----     |

PREFERRED STOCK:

|  |             |
|--|-------------|
| Series C Cumulative Preferred Stock (Auction Rate,<br>\$25,000 liquidation value, \$0.001 par value, 5,200<br>shares authorized with 5,200 shares issued<br>and outstanding) ..... | 130,000,000 |
| Series D Cumulative Preferred Stock (5.875%, \$25<br>liquidation value, \$0.001 par value, 3,000,000 shares<br>authorized with 2,949,700 shares issued<br>and outstanding) .....   | 73,742,500  |
| Series E Cumulative Preferred Stock (Auction Rate,<br>\$25,000 liquidation value, \$0.001 par value, 2,000<br>shares authorized with 2,000 shares issued<br>and outstanding) ..... | 50,000,000  |
| Series F Cumulative Preferred Stock (6.200%, \$25<br>liquidation value, \$0.001 par value, 6,000,000 shares<br>authorized with 6,000,000 shares issued<br>and outstanding) .....   | 150,000,000 |
|  | -----       |
| TOTAL PREFERRED STOCK .....  | 403,742,500 |
|  | -----       |

|  |                  |
|--|------------------|
| NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS ..... | \$ 1,294,767,496 |
|  | =====            |

NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS CONSIST OF:

|  |                  |
|--|------------------|
| Paid-in capital, at \$0.001 par value .....  | \$ 1,003,533,083 |
| Accumulated distributions in excess of net investment<br>income .....  | (771,203)        |
| Accumulated distributions in excess of net realized gain<br>on investments, written options, futures contracts,<br>swap contracts, and foreign currency transactions ... | (6,359,945)      |
| Net unrealized appreciation on investments .....   | 294,586,327      |
| Net unrealized depreciation on swap contracts .....  | (112,425)        |
| Net unrealized appreciation on futures .....   | 3,637,784        |
| Net unrealized appreciation on foreign currency  |                  |

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|  |                  |
|--|------------------|
| translations .....   | 253,875          |
|  | -----            |
| NET ASSETS .....   | \$ 1,294,767,496 |
|  | =====            |
| NET ASSET VALUE PER COMMON SHARE   |                  |
| (\$1,294,767,496 / 173,862,271 shares outstanding;<br>246,000,000 shares authorized) ..... | \$ 7.45          |
|  | =====            |

STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2008 (UNAUDITED)

|   |               |
|---|---------------|
| INVESTMENT INCOME:  |               |
| Dividends (net of foreign taxes of \$1,126,765) .....   | \$ 18,690,364 |
| Interest .....  | 911,021       |
|   | -----         |
| TOTAL INVESTMENT INCOME .....   | 19,601,385    |
|   | -----         |
| EXPENSES:   |               |
| Investment advisory fees .....  | 9,079,580     |
| Shareholder communications expenses .....   | 381,464       |
| Auction agent fees .....  | 224,620       |
| Custodian fees .....  | 162,416       |
| Payroll expenses .....  | 100,083       |
| Shareholder services fees .....   | 54,566        |
| Directors' fees .....   | 71,091        |
| Legal and audit fees .....  | 65,931        |
| Accounting fees .....   | 22,500        |
| Interest expense .....  | 1,682         |
| Miscellaneous expenses .....  | 175,222       |
|   | -----         |
| TOTAL EXPENSES .....  | 10,339,155    |
| LESS:   |               |
| Advisory fee reduction .....  | (2,007,681)   |
| Custodian fee credits .....   | (3,178)       |
|   | -----         |
| NET EXPENSES .....  | 8,328,296     |
|   | -----         |
| NET INVESTMENT INCOME .....   | 11,273,089    |
|   | -----         |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS,<br>WRITTEN OPTIONS, SWAP CONTRACTS, FUTURES CONTRACTS,<br>AND FOREIGN CURRENCY: |               |
| Net realized gain on investments .....  | 20,245,320    |
| Net realized gain on written options .....  | 11,985        |
| Net realized loss on swap contracts .....   | (723,443)     |
| Net realized gain on futures contracts .....  | 683,158       |
| Net realized gain on foreign currency transactions .....  | 31,111        |
|   | -----         |
| Net realized gain on investments, written options,<br>swap contracts, futures contracts, and foreign<br>currency transactions .....     | 20,248,131    |
|   | -----         |
| Net change in unrealized appreciation/depreciation:   |               |
| on investments .....  | (260,649,115) |
| on written options .....  | 15            |
| on swap contracts .....   | (119,590)     |
| on futures contracts .....  | 2,549,498     |
| on foreign currency translations .....  | 168,928       |

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|  |                  |
|--|------------------|
| Net change in unrealized appreciation/depreciation on investments, written options, swap contracts, futures contracts, and foreign currency translations ..... | (258,050,264)    |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, WRITTEN OPTIONS, SWAP CONTRACTS, FUTURES CONTRACTS, AND FOREIGN CURRENCY .....                         | (237,802,133)    |
| NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS .....   | (226,529,044)    |
| Total Distributions to Preferred Shareholders .....  | (10,307,389)     |
| NET DECREASE IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS .....   | \$ (236,836,433) |

See accompanying notes to financial statements.

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

|  | SIX MONTHS ENDED<br>JUNE 30, 2008<br>(UNAUDITED) | YEAR END<br>DECEMBER 31, |
|--|--|--------------------------|
| OPERATIONS:  |  |                          |
| Net investment income .....  | \$ 11,273,089                                    | \$ 19,06                 |
| Net realized gain on investments, written options, swap contracts, futures contracts, and foreign currency transactions .....                                  | 20,248,131                                       | 118,02                   |
| Net change in unrealized appreciation/depreciation on investments, written options, swap contracts, futures contracts, and foreign currency translations ..... | (258,050,264)                                    | 75,14                    |
| NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS .....  | (226,529,044)                                    | 212,23                   |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS:   |  |                          |
| Net investment income .....  | (3,686,282) *                                    | (3,51                    |
| Net realized short-term gains on investments, written options, swap contracts, futures contracts, and foreign currency transactions .....                      | --   | (1,82                    |
| Net realized long-term gains on investments, written options, swap contracts, futures contracts, and foreign currency transactions .....                       | (6,621,107) *                                    | (18,02                   |
| TOTAL DISTRIBUTIONS TO PREFERRED SHAREHOLDERS .....  | (10,307,389)                                     | (23,36                   |
| NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS .....  | (236,836,433)                                    | 188,86                   |

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### DISTRIBUTIONS TO COMMON SHAREHOLDERS:

|   |                |         |
|---|----------------|---------|
| Net investment income .....   | (7,586,807) *  | (20,15  |
| Net realized short-term gains on investments, written options, swap contracts, futures contracts, and foreign currency transactions ..... | --             | (8,89   |
| Net realized long-term gains on investments, written options, swap contracts, futures contracts, and foreign currency transactions .....  | (13,627,024) * | (88,05  |
| Return of capital .....   | (47,798,045) * | (103,66 |
|   | -----          | -----   |
| TOTAL DISTRIBUTIONS TO COMMON SHAREHOLDERS .....  | (69,011,876)   | (220,77 |
|   | -----          | -----   |

### FUND SHARE TRANSACTIONS:

|  |                  |             |
|--|------------------|-------------|
| Net increase in net assets from common shares issued upon reinvestment of distributions .....    | 14,234,192       | 31,37       |
| Adjustment to offering costs for preferred shares charged to paid-in capital .....               | 650              |             |
|  | -----            | -----       |
| NET INCREASE IN NET ASSETS FROM FUND SHARE TRANSACTIONS ...                                      | 14,234,842       | 31,37       |
|  | -----            | -----       |
| NET DECREASE IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS .....                             | (291,613,467)    | (52         |
| NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS:  |                  |             |
| Beginning of period .....  | 1,586,380,963    | 1,586,90    |
|  | -----            | -----       |
| End of period (including undistributed net investment income of \$0 and \$0, respectively) ..... | \$ 1,294,767,496 | \$ 1,586,38 |
|  | =====            | =====       |

-----  
 \* Based on fiscal year to date book income. Amounts are subject to change and recharacterization at fiscal year end.

See accompanying notes to financial statements.

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### THE GABELLI EQUITY TRUST INC. FINANCIAL HIGHLIGHTS

| SELECTED DATA FOR A COMMON SHARE<br>OUTSTANDING THROUGHOUT EACH PERIOD: | SIX MONTHS ENDED<br>JUNE 30, 2008<br>(UNAUDITED) | 2007    | 2006    | YEAR ENDED D<br>20 |
|---|--|---------|---------|--------------------|
|   | -----  | -----   | -----   | -----              |
| OPERATING PERFORMANCE:  |  |         |         |                    |
| Net asset value, beginning of period .....                              | \$ 9.22  | \$ 9.40 | \$ 8.10 | \$                 |
|   | -----  | -----   | -----   | -----              |
| Net investment income .....   | 0.07   | 0.14    | 0.18    |                    |
| Net realized and unrealized gain on investments .....                   | (1.38)   | 1.12    | 2.18    |                    |
|   | -----  | -----   | -----   | -----              |
| Total from investment operations .....                                  | (1.31)   | 1.26    | 2.36    |                    |
|   | -----  | -----   | -----   | -----              |
| DISTRIBUTIONS TO PREFERRED  |  |         |         |                    |

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|  |           |         |            |       |
|--|-----------|---------|------------|-------|
| SHAREHOLDERS: (A)  |           |         |            |       |
| Net investment income .....  | (0.02) *  | (0.02)  | (0.03)     |       |
| Net realized gain on investments .....   | (0.04) *  | (0.12)  | (0.12)     |       |
|  | -----     | -----   | -----      | ----- |
| Total distributions to preferred<br>shareholders .....   | (0.06)    | (0.14)  | (0.15)     |       |
|  | -----     | -----   | -----      | ----- |
| NET INCREASE IN NET ASSETS ATTRIBUTABLE<br>TO COMMON SHAREHOLDERS RESULTING FROM<br>OPERATIONS ..... | (1.37)    | 1.12    | 2.21       |       |
|  | -----     | -----   | -----      | ----- |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS:  |           |         |            |       |
| Net investment income .....  | (0.04) *  | (0.12)  | (0.16)     |       |
| Net realized gain on investments .....   | (0.08) *  | (0.57)  | (0.72)     |       |
| Return of capital .....  | (0.28) *  | (0.61)  | --         |       |
|  | -----     | -----   | -----      | ----- |
| Total distributions to common<br>shareholders .....  | (0.40)    | (1.30)  | (0.88)     |       |
|  | -----     | -----   | -----      | ----- |
| FUND SHARE TRANSACTIONS:   |           |         |            |       |
| Increase (decrease) in net asset value<br>from common stock share<br>transactions .....              | --        | --      | --         |       |
| Decrease in net asset value from<br>shares issued in rights<br>offering .....                        | --        | --      | --         |       |
| Increase in net asset value from<br>repurchase of preferred shares ....                              | --        | --      | --         |       |
| Offering costs for preferred shares<br>charged to paid-in capital .....                              | 0.00 (e)  | --      | (0.03)     |       |
| Offering costs for issuance of rights<br>charged to paid-in capital .....                            | --        | --      | (0.00) (e) |       |
|  | -----     | -----   | -----      | ----- |
| Total fund share transactions .....  | 0.00      | --      | (0.03)     |       |
|  | -----     | -----   | -----      | ----- |
| NET ASSET VALUE ATTRIBUTABLE TO COMMON<br>SHAREHOLDERS, END OF PERIOD .....                          | \$ 7.45   | \$ 9.22 | \$ 9.40    | \$    |
|  | =====     | =====   | =====      | ===== |
| Net Asset Value Total Return + .....   | (15.16) % | 12.14%  | 28.17%     |       |
|  | =====     | =====   | =====      | ===== |
| Market Value, End of Period .....  | \$ 8.15   | \$ 9.28 | \$ 9.41    | \$    |
|  | =====     | =====   | =====      | ===== |
| Total Investment Return ++ .....   | (7.78) %  | 12.75%  | 29.42%     |       |
|  | =====     | =====   | =====      | ===== |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.  
FINANCIAL HIGHLIGHTS (CONTINUED)

SELECTED DATA FOR A COMMON SHARE

SIX MONTHS ENDED  
JUNE 30, 2008

YEAR ENDED D

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| OUTSTANDING THROUGHOUT EACH PERIOD:  | (UNAUDITED) | 2007         | 2006        | 2005        |
|--|-------------|--------------|-------------|-------------|
|  | -----       | -----        | -----       | -----       |
| <b>RATIOS AND SUPPLEMENTAL DATA:</b>   |             |              |             |             |
| Net assets including liquidation value of preferred shares, end of period (in 000's) .....                                       | \$1,698,510 | \$ 1,990,123 | \$2,114,399 | \$1,760,000 |
| Net assets attributable to common shares, end of period (in 000's) ..  | \$1,294,767 | \$ 1,586,381 | \$1,586,906 | \$1,340,000 |
| Ratio of net investment income to average net assets attributable to common shares before preferred distributions .....          | 1.59% (f)   | 1.16%        | 2.12%       |             |
| Ratio of operating expenses to average net assets attributable to common shares net of fee reduction (b) ...                     | 1.17% (f)   | 1.46%        | 1.43%       |             |
| Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction (b) ..... | 0.92% (f)   | 1.17%        | 1.11%       |             |
| Portfolio turnover rate +++ .....  | 3.2%        | 17.2%        | 29.5%       |             |
| <b>PREFERRED STOCK:</b>  |             |              |             |             |
| 7.20% SERIES B CUMULATIVE PREFERRED STOCK  |             |              |             |             |
| Liquidation value, end of period (in 000's) .....  | --          | --           | \$ 123,750  | \$ 160,000  |
| Total shares outstanding (in 000's) ..   | --          | --           | 4,950       |             |
| Liquidation preference per share .....   | --          | --           | \$ 25.00    | \$ 25.00    |
| Average market value (c) .....   | --          | --           | \$ 25.27    | \$ 25.00    |
| Asset coverage per share .....   | --          | --           | \$ 100.21   | \$ 100.00   |
| AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK   |             |              |             |             |
| Liquidation value, end of period (in 000's) .....  | \$ 130,000  | \$ 130,000   | \$ 130,000  | \$ 130,000  |
| Total shares outstanding (in 000's) ..   | 5           | 5            | 5           |             |
| Liquidation preference per share .....   | \$ 25,000   | \$ 25,000    | \$ 25,000   | \$ 25,000   |
| Average market value (c) .....   | \$ 25,000   | \$ 25,000    | \$ 25,000   | \$ 25,000   |
| Asset coverage per share .....   | \$ 105.173  | \$ 123.230   | \$ 100.211  | \$ 100.000  |
| 5.875% SERIES D CUMULATIVE PREFERRED STOCK   |             |              |             |             |
| Liquidation value, end of period (in 000's) .....  | \$ 73,743   | \$ 73,743    | \$ 73,743   | \$ 73,743   |
| Total shares outstanding (in 000's) ..   | 2,950       | 2,950        | 2,950       |             |
| Liquidation preference per share .....   | \$ 25.00    | \$ 25.00     | \$ 25.00    | \$ 25.00    |
| Average market value (c) .....   | \$ 23.65    | \$ 23.86     | \$ 23.98    | \$ 23.98    |
| Asset coverage per share .....   | \$ 105.16   | \$ 123.23    | \$ 100.21   | \$ 100.00   |
| AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK   |             |              |             |             |
| Liquidation value, end of period (in 000's) .....  | \$ 50,000   | \$ 50,000    | \$ 50,000   | \$ 50,000   |
| Total shares outstanding (in 000's) ..   | 2           | 2            | 2           |             |
| Liquidation preference per share .....   | \$ 25,000   | \$ 25,000    | \$ 25,000   | \$ 25,000   |
| Average market value (c) .....   | \$ 25,000   | \$ 25,000    | \$ 25,000   | \$ 25,000   |
| Asset coverage per share .....   | \$ 105.173  | \$ 123.230   | \$ 100.211  | \$ 100.000  |
| 6.200% SERIES F CUMULATIVE PREFERRED STOCK   |             |              |             |             |
| Liquidation value, end of period (in 000's) .....  | \$ 150,000  | \$ 150,000   | \$ 150,000  |             |
| Total shares outstanding (in 000's) ..   | 6,000       | 6,000        | 6,000       |             |
| Liquidation preference per share .....   | \$ 25.00    | \$ 25.00     | \$ 25.00    |             |
| Average market value (c) .....   | \$ 24.70    | \$ 24.69     | \$ 25.12    |             |
| Asset coverage per share .....   | \$ 105.17   | \$ 123.23    | \$ 100.21   |             |

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ASSET COVERAGE (D) ..... 421% 493% 401%

- 
- + 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. Total return for a period of less than one year is not annualized.
  - ++ 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. Total return for a period of less than one year is not annualized.
  - +++ Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate. Had this policy been adopted retroactively, the portfolio turnover rate for the fiscal years ended December 31, 2007, 2006, 2005, and 2004 would have been 27.3%, 33.1%, 27.0%, and 29.9%, respectively. The portfolio turnover rate for the fiscal year ended 2003 would have been as shown.
  - \* Based on fiscal year to date book income. Amounts are subject to change and recharacterization at fiscal year end.
- (a) Calculated based upon average common shares outstanding on the record dates throughout the periods.
  - (b) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. For the six months ended June 30, 2008 and the fiscal years ended December 31, 2007, 2006, 2005, 2004, and 2003, the effect of the custodian fee credits was minimal.
  - (c) Based on weekly prices.
  - (d) Asset coverage is calculated by combining all series of preferred stock.
  - (e) Amount represents less than \$0.005 per share.
  - (f) Annualized.

See accompanying notes to financial statements.

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

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



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2. SIGNIFICANT ACCOUNTING POLICIES. The preparation of financial statements in accordance with United States ("U.S.") generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. 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 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 60 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 60 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 to the valuation and changes in valuation of similar securities, including a comparison of foreign securities to 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.

On January 1, 2008, the Fund adopted Statement of Financial Accounting Standard No. 157, "Fair Value Measurements" ("SFAS 157") that clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under SFAS 157 are described below:

- Level 1 - quoted prices in active markets for identical securities;

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NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

- 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 inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of inputs used to value the Fund's net assets as of June 30, 2008 is as follows:

| VALUATION INPUTS<br>-----                         | INVESTMENTS IN<br>SECURITIES<br>(MARKET VALUE)<br>----- | OTHER FINANCIAL<br>INSTRUMENTS (UNREALIZED<br>APPRECIATION/DEPRECIATION) *<br>----- |
|---|---|---|
| Level 1 - Quoted Prices .....                     | \$1,670,691,275   | \$3,637,784   |
| Level 2 - Other Significant Observable Inputs ... | 21,078,404  | (112,425)   |
| Level 3 - Significant Unobservable Inputs .....   | 89,356  | --  |
| TOTAL .....                                       | \$1,691,859,035<br>=====                                | \$3,525,359<br>=====  |

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

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

|  | INVESTMENTS<br>IN SECURITIES<br>(MARKET VALUE)<br>----- |
|--|---|
| BALANCE AS OF 12/31/07 .....                       | \$89,356  |
| 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 06/30/08 .....                       | \$89,356<br>=====                                       |

In March 2008, The Financial Accounting Standards Board (The "FASB") issued Statement of Financial Accounting Standard No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161") that is effective for fiscal years beginning after November 15, 2008. SFAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments

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affect an entity's results of operations and financial position. Management is currently evaluating the implications of SFAS 161 on the Fund's financial statement disclosures.

**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. The Fund will always receive and maintain securities as collateral whose market value, including accrued interest, will be at least equal to 102% of the dollar amount invested by the Fund in each agreement.

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### THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

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 June 30, 2008, 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 six months ended June 30, 2008, the Fund's pro rata portion of the periodic expenses charged by the Acquired Funds was less than one basis point.

**OPTIONS.** The Fund may purchase or write call or put options on securities or indices. 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 call option is exercised, the premium is added to the proceeds from the sale of underlying security in determining whether there has been a realized gain or loss. If a 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

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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.

SWAP AGREEMENTS. The Fund may enter into equity, contract for difference, and interest rate swap or cap transactions. The use of swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. A swap agreement may involve, to varying degrees, elements of market and counterparty risk and exposure to loss in excess of the related amounts reflected in the Statement of Assets and Liabilities. In an interest rate swap, the Fund would agree to pay to the other party to the interest rate swap (which is known as the "counterparty") periodically a fixed rate payment in exchange for the counterparty agreeing to pay

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### THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

to the Fund periodically a variable rate payment that is intended to approximate the Fund's variable rate payment obligation on Series C Preferred Stock and Series E 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. In a swap, a set of future cash flows are 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. 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. If there is a default by the counterparty to a swap contract, the Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that the swap contract counterparties will be able to meet their obligations pursuant to a swap contract or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to a swap contract. The creditworthiness of the swap contract counterparties is closely monitored in order to minimize this risk. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at that point in time, such a default could negatively affect the Fund's ability to make dividend payments. In addition, at the time a swap or cap transaction reaches its scheduled termination date, there is a risk

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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.

The use of derivative instruments involves, to varying degrees, elements of market and counterparty risk in excess of the amount recognized below.

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 gains or losses 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.

At June 30, 2008, there were no open interest rate swap agreements.

The Fund has entered into a contract for difference swap agreement with Bear, Stearns International Limited. Details of the swap at June 30, 2008 are as follows:

| NOTIONAL<br>AMOUNT           | EQUITY SECURITY<br>RECEIVED                               | INTEREST RATE/<br>EQUITY SECURITY PAID   | TERMINAT<br>DATE |
|------------------------------|---|--|------------------|
| -----                        | -----   | -----  | -----            |
| \$1,471,231 (200,000 Shares) | Market Value<br>Appreciation on:<br>Rolls-Royce Group plc | Overnight LIBOR plus 40 bps plus<br>Market Value Depreciation on:<br>Rolls-Royce Group plc | 09/15/           |

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.

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

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. Open futures contracts at June 30, 2008 are reflected within the Schedule of Investments.

FORWARD FOREIGN EXCHANGE CONTRACTS. The Fund may engage in forward foreign exchange contracts for 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

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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. At June 30, 2008, there were no open forward foreign exchange contracts.

**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 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 ability 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

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### NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

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 shown as "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 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 distributions, swap investments and non-deductible spin off expenses. These reclassifications have no impact on the NAV of the Fund.

On June 28, 2007, the Fund contributed \$67,695,672 in cash in exchange for shares of the Gabelli Healthcare & Wellness(Rx) Trust, and on the same date distributed such shares to holders of the Fund on record as of June 21, 2007 at the rate of one share of the Gabelli Healthcare & Wellness(Rx) Trust for every twenty shares of the Fund's common stock.

Distributions to shareholders of the Fund's 7.20% Series B Cumulative Preferred Stock, 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 tax character of distributions paid during the fiscal year ended December 31, 2007 was as follows:

| COMMON | PREFERRED |
|--------|-----------|
|--------|-----------|

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DISTRIBUTIONS PAID FROM:

|   |               |              |
|---|---------------|--------------|
| Ordinary income                             |               |              |
| (inclusive of short-term capital gains) ... | \$ 27,039,757 | \$ 5,395,128 |
| Net long-term capital gains .....           | 90,066,646    | 17,970,617   |
| Return of capital .....                     | 103,665,340   | --           |
|   | -----         | -----        |
| Total distributions paid .....              | \$220,771,743 | \$23,365,745 |
|   | =====         | =====        |

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

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, 2007, the components of accumulated earnings/(losses) on a tax basis were as follows:

|  |               |
|--|---------------|
| Net unrealized appreciation on investments .....   | \$549,772,485 |
| Net unrealized appreciation on foreign currency<br>translations, futures, and swap contracts ..... | 1,180,383     |
| Other temporary differences* .....   | (1,668,191)   |
|  | -----         |
| TOTAL .....  | \$549,284,677 |
|  | =====         |

\* Other temporary differences are primarily due to mark-to-market adjustments on capital gains (losses).

The following summarizes the tax cost of investments, swap contracts, and the related unrealized appreciation/(depreciation) at June 30, 2008:

|                       | COST          | GROSS<br>UNREALIZED<br>APPRECIATION | GROSS<br>UNREALIZED<br>DEPRECIATION | NET UNREALIZED<br>APPRECIATION<br>(DEPRECIATION) |
|-----------------------|---------------|-------------------------------------|-------------------------------------|--|
|                       | -----         | -----                               | -----                               | -----  |
| Investments .....     | \$140,745,461 | \$471,455,992                       | \$ (182,342,418)                    | \$289,113,574                                    |
| Swap contracts .....  | --            | --                                  | (112,425)                           | (112,425)  |
| Futures contracts ... | --            | 3,637,784                           | --                                  | 3,637,784  |
|                       | -----         | -----                               | -----                               | -----  |
|                       | \$140,745,461 | \$475,093,776                       | \$ (182,454,843)                    | \$292,638,933                                    |
|                       | =====         | =====                               | =====                               | =====  |



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FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" (the "Interpretation") established a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether the Fund is taxable in a particular jurisdiction) and required certain expanded tax disclosures.

For the six months ended June 30, 2008, the Fund did not have any liability for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expenses in the Statement of Operations. The Fund is not subject to examination by U.S. federal tax authorities for tax years before 2004 and by state tax authorities for tax years before 2003.

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 fiscal year.

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### THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

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 six months ended June 30, 2008, the Fund's total return on the NAV of the common shares did not exceed the stated dividend rate or the corresponding swap rate on any of the series of Preferred Stock. Thus, management fees with respect to the liquidation value of the preferred stock assets were reduced by \$2,007,681.

During the six months ended June 30, 2008, the Fund paid brokerage commissions on security trades of \$100,760 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 six months ended June 30, 2008, the Fund paid or accrued \$22,500 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 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 six months ended June 30, 2008, the Fund paid \$100,083, which is included in payroll expenses in the Statement of Operations.

The Fund pays each Director who is not considered to be an affiliated

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person an annual retainer of \$12,000 plus \$1,500 for each Board meeting attended in person and \$500 per telephonic meeting, and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended. 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, the Nominating Committee Chairman receives an annual fee of \$2,000, and the Lead Director receives an annual fee of \$1,000. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. PORTFOLIO SECURITIES. Purchases and proceeds from the sales of securities for the six months ended June 30, 2008, other than short-term securities and U.S. Government obligations, aggregated \$131,715,651 and \$56,744,942, respectively.

Written options activity for the Fund for the six months ended June 30, 2008 was as follows:

|  | NUMBER OF<br>CONTRACTS<br>----- | PREMIUMS<br>----- |
|--|---------------------------------|-------------------|
| Options outstanding at December 31, 2007 ... | 10                              | \$ 11,985         |
| Options expired .....                        | (10)                            | (11,985)          |
|  | ---                             | -----             |
| Options outstanding at June 30, 2008 .....   | --                              | --                |
|  | ===                             | =====             |

5. 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 New York Stock Exchange ("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 six months ended June 30, 2008, the Fund did not repurchase any shares of its common stock in the open market.

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

Transactions in common shares were as follows:

|  | SIX MONTHS ENDED<br>JUNE 30, 2008<br>(UNAUDITED) |                          | YEAR ENDED<br>DECEMBER 31, 2007 |                          |
|--|--|--------------------------|---------------------------------|--------------------------|
|  | -----<br>SHARES<br>-----                         | -----<br>AMOUNT<br>----- | -----<br>SHARES<br>-----        | -----<br>AMOUNT<br>----- |
| Net increase from shares issued upon<br>reinvestment of distributions..... | 1,757,981  | \$14,234,192             | 3,348,018                       | \$31,379,440             |

The Fund's Articles of Incorporation, as amended, authorizes the issuance

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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.

At the Fund's August 15, 2007 Board meeting, the Board approved the filing of a shelf registration with the SEC, to give the Fund the ability to offer additional preferred shares. The shelf registration was declared effective by the SEC on March 20, 2008.

On June 20, 2001, the Fund received net proceeds of \$159,329,175 (after underwriting discounts of \$5,197,500 and offering expenses of \$473,325) from the public offering of 6,600,000 shares of 7.20% Series B Cumulative Preferred Stock. The Series B Preferred Shares were callable at any time at the liquidation value plus accrued dividends following the expiration of the five year call protection on June 20, 2006. On June 26, 2006, the Fund, as authorized by the Board, redeemed 25% (1,650,000 shares) of its outstanding 7.20% Stock B Cumulative Preferred Stock at the redemption price of \$25.00 per share (the liquidation value). On January 8, 2007, the Fund, as authorized by the Board, redeemed the balance (4,950,000 shares) of its outstanding 7.20% Series B Cumulative Preferred Stock at the redemption price of \$25.00 per share, plus accumulated and unpaid dividends through the redemption date of \$0.06 per share.

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. 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. If the number of Series C Auction Rate Cumulative Preferred Stock subject to bid orders by potential holders is less than the number of Series C Auction Rate Cumulative Preferred Stock subject to sell orders, then the auction is considered to be a failed auction, and the dividend rate will be the maximum rate. In that event, holders that have submitted sell orders may not be able to sell any or all of the Series C Auction Rate Cumulative Preferred 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 Auction Rate Cumulative Preferred Stock ranged from 2.926% to 5.350% for

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hold, bid, or sell such shares on each auction date. Series C Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Fund, at its option, may redeem the Series C Auction Rate Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the six months ended June 30, 2008, the Fund did not redeem any shares of Series C Auction Rate Cumulative Preferred Stock. At June 30, 2008, 5,200 shares of Series C Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 3.211% and accrued dividends amounted to \$69,572.

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. Commencing October 7, 2008 and thereafter, the Fund, at its option, may redeem the 5.875% Series D Cumulative Preferred Stock in whole or in part at the redemption price at any time. At June 30, 2008, 2,949,700 shares of 5.875% Series D Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$60,172.

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. 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. If the number of Series E Auction Rate Cumulative Preferred Stock subject to bid orders by potential holders is less than the number of Series E Auction Rate Cumulative Preferred Stock subject to sell orders, then the auction is considered to be a failed auction, and the dividend rate will be the maximum rate. In that event, holders that have submitted sell orders may not be able to sell any or all of the Series E Auction Rate Cumulative Preferred 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 Auction Rate Cumulative Preferred Stock ranged from 2.956% to 5.510% for the six months ended June 30, 2008. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series E Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Fund, at its option, may redeem the Series E Auction Rate Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the six months ended June 30, 2008, the Fund did not redeem any shares of Series E Auction Rate Cumulative Preferred Stock. At June 30, 2008, 2,000 shares of Series E Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 3.286% and accrued dividends amounted to \$18,255.

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. Commencing November 10, 2011 and thereafter, the Fund, at its option, may redeem the 6.20% Series F Cumulative Preferred Stock in whole or in part at the redemption price at any time. At June 30, 2008, 6,000,000 shares of 6.20% Series F Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$129,167.

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

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

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.

6. 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.

7. 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 to be 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. 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 Adviser or its ability to fulfill its obligations under the Advisory Agreement.

On a separate matter, in August 2008, the Adviser made an offer to the staff of the SEC to settle a previously disclosed matter concerning compliance with Section 19(a) and Rule 19a-1 of the 1940 Act by two closed-end funds managed by the Adviser. These provisions require registered investment companies to provide written statements to shareholders when a distribution is made in the nature of a dividend from a source other than net investment income. While the two funds sent annual statements and provided other materials containing this information, the funds did not send the notices required by Rule 19a-1 to shareholders with each distribution in 2002 and 2003. The Adviser believes that the funds have been in compliance with Rule 19a-1 since that time. The Adviser believes that the settlement would have no effect on the funds or any material adverse effect on the Adviser or its ability to manage the funds. This offer of settlement is subject to final agreement regarding the specific language of the SEC's administrative order and other settlement documents and approval by the

SEC.

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THE GABELLI EQUITY TRUST INC.

BOARD CONSIDERATION AND RE-APPROVAL OF INVESTMENT ADVISORY AGREEMENT (UNAUDITED)

Section 15(c) of the Investment Company Act of 1940, as amended (the "1940 Act"), contemplates that the Board of Directors (the "Board") of The Gabelli Equity Trust Inc. (the "Fund"), including a majority of the Directors who have no direct or indirect interest in the investment advisory agreement and are not "interested persons" of the Fund, as defined in the 1940 Act (the "Independent Board Members"), are required to annually review and re-approve the terms of the Fund's existing investment advisory agreement and approve any newly proposed terms therein. In this regard, the Board reviewed and re-approved, during the most recent six month period covered by this report, the Investment Advisory Agreement (the "Advisory Agreement") with Gabelli Funds, LLC (the "Adviser") for the Fund.

More specifically, at a meeting held on May 22, 2008, the Board, including the Independent Board Members, considered the factors and reached the conclusions described below relating to the selection of the Adviser and the re-approval of the Advisory Agreement.

NATURE, EXTENT, AND QUALITY OF SERVICES. The Independent Board Members considered the nature, quality, and extent of administrative and shareholder services performed by the Adviser, including portfolio management, supervision of Fund operations and compliance and regulatory filings and disclosures to shareholders, general oversight of other service providers, review of Fund legal issues, assisting the Independent Board Members in their capacity as directors, and other services. The Independent Board Members concluded that the services are extensive in nature and that the Adviser consistently delivered a high level of service.

INVESTMENT PERFORMANCE OF THE FUND AND ADVISER. The Independent Board Members considered short-term and long-term investment performance for the Fund over various periods of time as compared to relevant equity indices and the performance, and concluded that the Adviser was delivering good performance results consistent with the investment strategies being pursued by the Fund.

COSTS OF SERVICES AND PROFITS REALIZED BY THE ADVISER.

(A) COSTS OF SERVICES TO FUND: FEES AND EXPENSES. The Independent Board Members considered the Fund's management fee rate and expense ratio relative to industry averages for the Fund's peer group category and the advisory fees charged by the Adviser and its affiliates to other fund and non-fund clients. The Independent Board Members noted that the mix of services under the Advisory Agreement are much more extensive than those under the advisory agreements for non-fund clients. The Independent Board Members recognized that the investment advisory fee paid by the Fund and the Fund's overall expense ratio is higher than average for its peer group, but concluded that the fee is acceptable based upon the qualifications, experience, reputation, and performance of the Adviser.

(B) PROFITABILITY AND COSTS OF SERVICES TO ADVISER. The Independent Board Members considered the Adviser's overall profitability and costs, and proforma estimates of the Adviser's profitability and costs attributable to the Fund: (i) as part of the Fund complex; and (ii) assuming the Fund constituted the Adviser's only investment company under its management. The Independent Board

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Members also considered whether the amount of profit is a fair entrepreneurial profit for the management of the Fund and noted that the Adviser has substantially increased its resources devoted to Fund matters in response to recently enacted regulatory requirements and new or enhanced Fund policies and procedures. The Independent Board Members concluded that the Adviser's profitability was at an acceptable level. The Independent Board Members also noted that a substantial portion of the Fund's portfolio transactions were executed by an affiliated broker, and that the affiliated broker received commissions from the Fund. The Adviser received a moderate amount of soft dollar benefits (but no third party research services) from unaffiliated brokers through the Fund's portfolio brokerage.

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### THE GABELLI EQUITY TRUST INC.

#### BOARD CONSIDERATION AND RE-APPROVAL OF INVESTMENT ADVISORY AGREEMENT (CONTINUED) (UNAUDITED)

**EXTENT OF ECONOMIES OF SCALE AS FUND GROWS.** The Independent Board Members considered whether there have been economies of scale with respect to the management of the Fund and whether the Fund has appropriately benefited from any economies of scale. The Independent Board Members noted that economies of scale may develop for certain funds as their assets increase and their fund level expenses decline as a percentage of assets, but that fund level economies of scale may not necessarily result in Adviser-level economies of scale. They also recognized that the Adviser has agreed to reduce the management fee on incremental assets attributable to the preferred shares if the total return of the common shares does not exceed a specified amount (e.g., the dividend rate paid on preferred shares). The Independent Board Members concluded that there was an appropriate sharing of economies of scale.

**WHETHER FEE LEVELS REFLECT ECONOMIES OF SCALE.** The Independent Board Members also considered whether the management fee rate is reasonable in relation to the asset size of the Fund and any economies of scale that may exist and concluded that the Fund's current fee schedule (without breakpoint) was considered reasonable.

#### OTHER RELEVANT CONSIDERATIONS.

(A) **ADVISER PERSONNEL AND METHODS.** The Independent Board Members considered the size, education, and experience of the Adviser's staff, the Adviser's fundamental research capabilities, and the Adviser's approach to recruiting, training, and retaining portfolio managers and other research and management personnel, and concluded that in each of these areas the Adviser was structured in such a way to support the high level of services being provided to the Fund.

(B) **OTHER BENEFITS TO THE ADVISER.** The Independent Board Members also considered the character and amount of other incidental benefits received by the Adviser and its affiliates from its association with the Fund. The Independent Board Members considered the brokerage commissions paid to an affiliate of the Adviser. The Independent Board Members concluded that potential "fall-out" benefits that the Adviser and its affiliates may receive, such as affiliated brokerage commissions, greater name recognition, or increased ability to obtain research services, appear to be reasonable.

**CONCLUSIONS.** In considering the Advisory Agreement, the Independent Board Members did not identify any factor as all important or all controlling, and instead considered these factors collectively in light of the Fund's surrounding

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circumstances. Based on this review, it was the judgment of the Independent Board Members that shareholders had received, over the long term, good absolute and relative performance at reasonable fees and, therefore, re-approval of the Advisory Agreement was in the best interests of the Fund and its shareholders. As a part of its decision making process, the Independent Board Members noted that the Adviser has managed the Fund since its inception, and the Independent Board Members believe that a long term relationship with a capable, conscientious adviser is in the best interests of the Fund. The Independent Board Members considered, generally, that shareholders invested in the Fund knowing that the Adviser managed the Fund and knowing its investment management fee schedule. As such, the Independent Board Members considered, in particular, whether the Adviser managed the Fund in accordance with its investment objectives and policies as disclosed to shareholders. The Independent Board Members concluded that the Fund was managed by the Adviser consistent with its investment objectives and policies.

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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

ATTORNEY-AT-LAW,  
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



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VICE PRESIDENT

Peter D. Goldstein  
CHIEF COMPLIANCE OFFICER

Agnes Mullady  
TREASURER AND 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

|                     | Common      | 5.875%<br>Preferred | 6.20%<br>Preferred |
|---------------------|-------------|---------------------|--------------------|
|                     | -----       | -----               | -----              |
| NYSE-Symbol:        | GAB         | GAB PrD             | GABPrF             |
| Shares Outstanding: | 173,862,271 | 2,949,700           | 6,000,000          |

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](http://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](http://WWW.GABELLI.COM), or e-mail us at: [closedend@gabelli.com](mailto: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.

THE GABELLI EQUITY TRUST INC.  
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SEMI ANNUAL REPORT  
JUNE 30, 2008

GAB Q2/2008

ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. INVESTMENTS.

(a) Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form.

(b) Not applicable.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

There has been no change, as of the date of this filing, in any of the portfolio managers identified in response to paragraph (a)(1) of this Item in the registrant's most recently filed annual report on Form N-CSR.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

REGISTRANT PURCHASES OF EQUITY SECURITIES

| PERIOD | (A) TOTAL NUMBER OF<br>SHARES (OR UNITS)<br>PURCHASED | (B) AVERAGE PRICE PAID<br>PER SHARE (OR UNIT) | (C) TOTAL NUMBER OF<br>SHARES (OR UNITS)<br>PURCHASED AS PART OF<br>PUBLICLY ANNOUNCED PLANS<br>OR PROGRAMS | (D)<br>APP<br>SHAR<br>BE |
|--------|---|---|---|--------------------------|
| =====  |   |   |   |                          |

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|   |                          |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Month #1<br>01/01/08<br>through<br>01/31/08 | Common - N/A             | Common - N/A             | Common - N/A             | Common - N/A             |
|   | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |
|   | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A |
| Month #2<br>02/01/08<br>through<br>02/28/08 | Common - N/A             | Common - N/A             | Common - N/A             | Common - N/A             |
|   | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |
|   | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A |
| Month #3<br>03/01/08<br>through<br>03/31/08 | Common - N/A             | Common - N/A             | Common - N/A             | Common - N/A             |
|   | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |
|   | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A |
| Month #4<br>04/01/08<br>through<br>04/30/08 | Common - N/A             | Common - N/A             | Common - N/A             | Common - N/A             |
|   | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |
|   | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A |
| Month #5<br>05/01/08<br>through<br>05/31/08 | Common - N/A             | Common - N/A             | Common - N/A             | Common - N/A             |
|   | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |
|   | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A |
| Month #6<br>06/01/08<br>through<br>06/30/08 | Common - N/A             | Common - N/A             | Common - N/A             | Common - N/A             |
|   | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |
|   | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A |
| Total                                       | Common - N/A             | Common - N/A             | Common - N/A             | N/A                      |
|   | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |
|   | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A | Preferred Series F - N/A |

Footnote columns (c) and (d) of the table, by disclosing the following information in the aggregate for all plans or programs publicly announced:

- a. The date each plan or program was announced - The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund's quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended.
- b. The dollar amount (or share or unit amount) approved - Any or all common shares outstanding may be repurchased when the Fund's common shares are trading at a discount of 10% or more from the net asset value of the shares. Any or all preferred shares outstanding may be repurchased when the Fund's preferred shares are trading at a discount to the liquidation value of \$25.00.

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- c. The expiration date (if any) of each plan or program - The Fund's repurchase plans are ongoing.
- d. Each plan or program that has expired during the period covered by the table - The Fund's repurchase plans are ongoing.
- e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. - The Fund's repurchase plans are ongoing.

### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's Board of Directors, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by Item 22(b)(15) of Schedule 14A (17 CFR 240.14a-101)), or this Item.

### ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

### ITEM 12. EXHIBITS.

- (a)(1) Not applicable.
- (a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.
- (a)(3) Not applicable.
- (b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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(registrant) The Gabelli Equity Trust Inc.  
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By (Signature and Title)\* /s/ Bruce N. Alpert  
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Bruce N. Alpert, Principal Executive Officer

Date 9/3/08  
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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\* /s/ Bruce N. Alpert  
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Bruce N. Alpert, Principal Executive Officer

Date 9/3/08  
-----

By (Signature and Title)\* /s/ Agnes Mullady  
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Agnes Mullady,  
Principal Financial Officer and Treasurer

Date 9/3/08  
-----

\* Print the name and title of each signing officer under his or her signature.