GABELLI EQUITY TRUST INC
Form N-30D
March 10, 2003

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PICTURE OF USA FLAG

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THE GABELLI
EQUITY TRUST INC.

ANNUAL REPORT
DECEMBER 31, 2002

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THE GABELLI
EQUITY TRUST INC.

Our cover icon represents the underpinnings of Gabelli. The Teton mountains in Wyoming represent what we believe in in America -- that creativity, ingenuity, hard work and a global uniqueness provide enduring values. They also stand out in an increasingly complex, interconnected and interdependent economic world.

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PICTURE OF FLAGS

ALABAMA ALASKA ARIZONA ARKANSAS CALIFORNIA COLORADO CONNECTICUT
DELAWARE FLORIDA GEORGIA HAWAII IDAHO ILLINOIS INDIANA IOWA
KANSAS KENTUCKY LOUISIANA MAINE MARYLAND MASSACHUSETTS MICHIGAN
MINNESOTA MISSISSIPPI MISSOURI MONTANA NEBRASKA NEVADA NEW HAMPSHIRE
NEW JERSEY NEW MEXICO NEW YORK N. CAROLINA N. DAKOTA OHIO
OKLAHOMA OREGON PENNSYLVANIA RHODE ISLANDS CAROLINA S. DAKOTA
TENNESSEE TEXAS UTAH VERMONT VIRGINIA WASHINGTON WEST VIRGINIA
WISCONSIN WYOMING

INVESTMENT OBJECTIVE:

The Gabelli Equity Trust Inc. is a closed-end, non-diversified management investment company whose primary objective is long-term growth of capital, with income as a secondary objective.

THIS REPORT IS PRINTED ON RECYCLED PAPER.

[GRAPHIC OMITTED]
PICTURE OF MARIO GABELLI

[LOGO OMITTED]
THE GABELLI
EQUITY TRUST INC.

TO OUR SHAREHOLDERS,

In the fourth quarter of 2002, the stock market enjoyed its first sustained rally of the year. The Dow Jones Industrial Average posted eight consecutive weekly gains and closed the quarter with a 10.48% return. The Standard & Poor's ("S&P") 500 Index and technology-dominated Nasdaq Composite Index also finished in the black. This was not nearly enough, however, to prevent a third consecutive year of declines for all of these indices. The Gabelli Equity Trust Inc. (the "Trust") lost ground by falling 20.54% for the year, behind the Dow, which dropped 15.04%, and finished ahead of the S&P 500 Index, which fell 22.09% during 2002.

COMMON STOCK 10% DISTRIBUTION POLICY

The Trust continues to maintain its 10% Distribution Policy whereby the Trust pays out to common stock shareholders 10% of its average net assets each year. The Trust distributed $0.14 per share on December 24, 2002.

Given the Fund's current net asset value, the Board of Directors intends to review the appropriate level of future quarterly payments. As a result of this review, subsequent interim quarterly distributions may be less than the current $0.27 per share level in an effort to provide our common stock shareholders consistent distributions throughout each year pursuant to our 10% Distribution Policy. Each quarter, the Board of Directors reviews the amount of any potential distribution based on the income, capital gains or capital available.

Under the policy, distributions are made at the annual rate of 10% of the average of the calendar quarter-end net assets of the Trust's common stock at December and March, June, and September. The Trust distributed $0.27 per share to common stock shareholders at quarter-end in March, June, and September of 2002. The fourth quarter distribution is a variable adjusting distribution in December. The adjusting distribution is the greater of the remaining portion of 10% of the average net assets to be distributed (10% of the average net assets less the cumulative $0.81 per share ($0.27 x 3) paid in March, June, and September) or the distribution required by IRS regulations.

As of December 2002, there was no requirement for a fourth quarter distribution to common stock shareholders. 10% of the Trust's average net assets using calendar quarter-end net assets of the Trust's common stock for the past four quarters equates to $0.78 per share. The distribution of $0.27 per share paid in September brought the total distribution for 2002 to $0.81 per share, thus satisfying the Trust's 10% Distribution Policy for 2002. The Board of Directors declared a $0.14 per share cash distribution to provide our common stock shareholders with consistent distributions throughout the year even though the policy had been satisfied. The Board also declared a $0.27 per share cash distribution to be paid in March 2003 to affirm its intention to maintain the 10% Distribution Policy.

COMPARATIVE RESULTS

AVERAGE ANNUAL RETURNS THROUGH DECEMBER 31, 2002 (A)

	QUARTER	SINCE INCEPTION (B)	10 YEAR	5 YEAR
Gabelli Equity Trust NAV Return (c)	10.84%	10.06%	8.27%	0.96%
Gabelli Equity Trust Investment Return (d) ...	(1.14)%	10.20%	9.38%	2.17%
S&P 500 Index	8.43%	10.69%	9.34%	(0.58)%
Dow Jones Industrial Average	10.48%	12.49%	12.05%	2.87%
Nasdaq Composite Index	13.95%	7.97%	7.03%	(3.19)%

(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. The Dow Jones Industrial Average is an unmanaged index of 30 large industrial 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). Performance for periods less than one year are not annualized.

(b) From commencement of investment operations on August 21, 1986.

(c) Total returns and average annual returns reflect changes in net asset value ("NAV"), 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 based on initial net asset value of $9.34.

(d) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange, reinvestment of distributions, adjustments for rights offerings, spin-offs and taxes paid on undistributed long-term capital gains. Since Inception return based on an initial offering price of $10.00.

PREMIUM / DISCOUNT DISCUSSION

As a refresher to our shareholders, the price of a closed-end mutual fund is determined in the open market by willing buyers and sellers. Shares of the Trust trade on the New York Stock Exchange and may trade at a premium to (higher than) net asset value ("NAV") (the market value of the Trust's underlying portfolio) or a discount to (lower than) net asset value. Of the 545 publicly-traded closed-end funds in the U.S., approximately 23% currently trade at premiums to NAV versus 32% five years ago and 49% ten years ago. For general equity funds such as the Trust, approximately 13% currently trade at premiums to NAV versus 30% five years ago and 38% ten years ago.

Ideally, the Trust's market price will generally track the NAV. The Trust's premium or discount to NAV fluctuates over time. Over our Trust's 16-year history, the range fluctuated from a 38% premium in June 2002 to a 27% discount in December 1987. The average variance from NAV for the Trust since inception is a 0.4% discount to NAV. Beginning in early 2001, the market price of the Trust exceeded the NAV and this premium gradually increased through June 2002. The Trust's premium was 9.08% at year-end 2002. The previous extended period in which a premium existed occurred during a 20-month period from August 1993 to March 1995.

"Mr. Market" often provides opportunities to invest at a discount. The Trust has undertaken various initiatives to narrow the discount when appropriate through distribution policies, rights offerings, share repurchase programs and use of leverage.

The Trust's long-term investment goal is to generate a real rate of return of 10%. We believe that our stock selection process adds to the investment equation. We have a successful history of investment providing shareholders average annual returns of 10% since inception. However, it is important to remember that "Mr. Market" is a pendulum that swings both ways. As the market moves away from momentum investing and back to basics, we believe that an excessive premium for the Trust is not likely to be sustainable.

PREMIUM/DISCOUNT SINCE INCEPTION

	DECEMBER 31, 2002
Net Asset Value	$6.28
Market Price	$6.85
Premium	9.08%

[GRAPH OMITTED]
PLOT POINTS FOLLOW:

9/30/86	0.0067
10/31/86	0.0046
11/30/86	-0.0390
12/31/86	-0.0661
1/31/87	-0.1363
2/28/87	-0.1323
3/31/87	-0.1555
4/30/87	-0.1393
5/31/87	-0.1788
6/30/87	-0.2028
7/31/87	-0.2000
8/31/87	-0.2052
9/30/87	-0.2128
10/31/87	-0.2074
11/30/87	-0.2154
12/31/87	-0.2061
1/31/88	-0.2235
2/29/88	-0.1145
3/31/88	-0.1523
4/30/88	-0.1477
5/31/88	-0.1906
6/30/88	-0.0819
7/31/88	-0.0984
8/31/88	-0.0942
9/30/88	-0.1097
10/31/88	-0.1256
11/30/88	-0.1104
12/31/88	-0.1113
1/31/89	-0.1214
2/28/89	-0.1108
3/31/89	-0.1006
4/30/89	-0.0925
5/31/89	-0.0699
6/30/89	-0.0468
7/31/89	-0.0854
8/31/89	-0.0243
9/30/89	-0.0385
10/31/89	-0.0257
11/30/89	-0.0217
12/31/89	0.0076
1/31/90	0.0534
2/28/90	-0.0156
3/31/90	0.0242
4/30/90	0.0033
5/31/90	-0.0056
6/30/90	-0.0049
7/31/90	-0.0176
8/31/90	-0.0180
9/30/90	-0.0348
10/31/90	-0.1187
11/30/90	-0.0327
12/31/90	0.0290
1/31/91	-0.0091
2/28/91	0.0269
3/31/91	0.0150
4/30/91	-0.0257
5/31/91	-0.0100
6/30/91	0.0138
7/31/91	-0.0032
8/31/91	-0.0009
9/30/91	-0.0298

10/31/91	-0.0083
11/30/91	-0.1014
12/31/91	-0.0366
1/31/92	-0.0077
2/29/92	0.0141
3/31/92	0.0045
4/30/92	0.0069
5/31/92	0.0092
6/30/92	0.0032
7/31/92	0.0165
8/31/92	0.0309
9/30/92	0.0427
10/31/92	-0.0068
11/30/92	-0.0461
12/31/92	-0.0257
1/31/93	-0.0312
2/28/93	-0.0046
3/31/93	0.0265
4/30/93	0.0436
5/31/93	0.0120
6/30/93	-0.0207
7/31/93	-0.0093
8/31/93	-0.0358
9/30/93	0.0088
10/31/93	0.0601
11/30/93	0.0659
12/31/93	0.0573
1/31/94	0.0797
2/28/94	0.0673
3/31/94	0.0733
4/30/94	-0.0270
5/31/94	0.0524
6/30/94	0.0542
7/31/94	0.0233
8/31/94	0.0597
9/30/94	0.0185
10/31/94	0.0375
11/30/94	0.0622
12/31/94	0.0121
1/31/95	0.0047
2/28/95	0.0300
3/31/95	0.0170
4/30/95	-0.0122
5/31/95	-0.0240
6/30/95	-0.0081
7/31/95	-0.0440
8/31/95	-0.0697
9/30/95	-0.0845
10/31/95	-0.1206
11/30/95	-0.0750
12/31/95	-0.0578
1/31/96	-0.0625
2/29/96	-0.0821
3/31/96	-0.0385
4/30/96	-0.0732
5/31/96	-0.0916
6/30/96	-0.0470
7/31/96	-0.0576
8/31/96	-0.0708
9/30/96	-0.0474
10/31/96	-0.0405
11/30/96	-0.0644

12/31/96	-0.0394
1/31/97	-0.0741
2/28/97	-0.0644
3/31/97	-0.0424
4/30/97	-0.0077
5/31/97	-0.0688
6/30/97	-0.0613
7/31/97	-0.0693
8/31/97	-0.0676
9/30/97	-0.0397
10/31/97	-0.0636
11/30/97	-0.0175
12/31/97	0.0316
1/31/98	0.0119
2/28/98	-0.0088
3/31/98	-0.0220
4/30/98	-0.0788
5/31/98	-0.0885
6/30/98	-0.0400
7/31/98	-0.0420
8/31/98	-0.0814
9/30/98	-0.0091
10/31/98	0.0025
11/30/98	0.0216
12/31/98	0.0026
1/31/99	0.0103
2/28/99	0.0264
3/31/99	0.0202
4/30/99	-0.0068
5/31/99	-0.0060
6/30/99	-0.0163
7/31/99	0.0070
8/31/99	0.0159
9/30/99	0.0126
10/31/99	-0.0045
11/30/99	-0.0178
12/31/99	-0.0147
1/31/00	-0.0331
2/29/00	-0.0835
3/31/00	-0.0438
4/30/00	-0.0780
5/31/00	-0.0460
6/30/00	0.0097
7/31/00	-0.0093
8/31/00	0.0073
9/30/00	-0.0179
10/31/00	-0.0298
11/30/00	0.0332
12/31/00	0.0493
1/31/01	-0.0450
2/28/01	-0.0067
3/31/01	0.1048
4/30/01	0.0937
5/31/01	0.1453
6/30/01	0.1596
7/31/01	0.1107
8/31/01	0.1614
9/30/01	0.2041
10/31/01	0.2241
11/30/01	0.2314
12/31/01	0.2029
1/31/02	0.2497

2/28/02	0.2463
3/30/02	0.2311
4/30/02	0.2480
5/30/02	0.2955
6/30/02	0.3215
7/31/02	0.3318
8/31/02	0.3392
9/30/02	0.2193
10/31/02	0.1400
11/30/02	0.1800
12/31/02	0.0800

COMMENTARY

THE YEAR IN REVIEW -- A CRISIS IN CONFIDENCE

The economy roared out of the recession with a 5.8% Gross Domestic Product ("GDP") gain in the first quarter of 2002. What followed was a year characterized by scandals: Enron -- the biggest bankruptcy in history (later trumped by WorldCom); the uncovering of accounting scandals, the demise of Arthur Andersen, as well as New York State Attorney General Eliot Spitzer's attempts to eliminate the conflicts of interest between banking and research by aggressively pursuing the large investment houses and the Grubmans and Blodgets of the world. While on the subject, let us not forget Tyco's Kozlowski's alleged personal tax avoidance schemes or the travails of Martha Stewart's alleged insider trading in ImClone stock. These traumas weighed heavily on the overall market. Anxiety about the vitality of our capital system spread to Securities and Exchange Commission ("SEC") Chairman Harvey Pitt who was eventually forced to resign because of his support of William Webster, who then also elected to withdraw his nomination.

These announcements spooked investors. They surfaced during a period of stalled earnings. In the same manner that the stock market boom encouraged optimism about the boundless opportunities for earnings and sales growth, any hint of wrongdoing was an excuse to ratchet down positive forecasts.

A RECOVERY WITHOUT RESPECT

The loss of investor confidence was at odds with the economic recovery that reflected a solid, if frustratingly slow, path to recovery. Consumer spending and confidence continued to hold up well. Individuals took advantage of low interest rates to buy or refinance their homes and to purchase autos. Beginning with the surprise 50 basis point rate cut in January of 2001, Federal Reserve Board ("Fed") Chairman Alan Greenspan made plain his intention to help the consumer sustain the economy until capital spending could resume to fuel a more lasting recovery. Today, we are more optimistic that capital spending -- this second leg of the recovery -- will resume in 2003.

The excess capacity and equipment that was built under the boom scenario is now getting rationalized out. This has been -- and continues to be -- a wrenching period for the economy, particularly for the companies (and investors) in telecommunications, media and utilities industries. However, Schumpeter's "creative destruction" is a requisite evil in capitalism to wind up with stronger companies that can compete well, maintain market share and produce new goods and services. At the same time, it gives us renewed respect for the self-regulating nature of the U.S. capital markets, and reminds us why it is the model for the world. Ultimately we believe that solid companies in the telecom industry such as Nextel, Telephone and Data Systems and AT&T Wireless will emerge with broader opportunities.

POSITIVES: DE-REGULATION, DEALS, AND QUALITY OF EARNINGS

The Federal Communications Commission ("FCC") is preparing to phase out rules that require the former "Baby Bells" to rent their networks to rivals at low mandated prices, thereby subsidizing competition. FCC Chairman Michael Powell believes that real competition can only come from those who own their own networks. He also is committed to ensuring that surviving telecommunications carriers will have the ability to generate good returns and cash flow to invest in new services. One goal of the Bush Administration and Powell's FCC is the proliferation of broadband. As the next economic cycle develops, demand for telephony will again grow at a multiple of GDP, as it had for the prior two decades.

Elsewhere, the limitations on cross ownership of media assets will be lifted or eliminated. Merger and acquisition activity will resume along with capital spending once companies begin to believe they are in a position of strength, and that spending is necessary to grow and compete. The government must encourage research and development to spur capital spending in conductivity and connectivity. As was the case at Vivendi, where management is putting Cegetel and SFR together, one favorable outcome is that the slowdown in wireless and wireline will end up energizing transactions. In the utilities industry, the 1992 Utilities Act encouraged the unbundling of generation and transmission lines. While this eventually led to the abuses at Enron, the Act creates the framework for transactions to occur.

Clearly, WorldCom and Adelphia created an air pocket for valuations. They also presented a delay in the catalyst for change. We do feel that the signal lights go from yellow to green in the spring of 2003. More TV stations owners will consolidate. A result of some of the recent mergers -- for example, Nestle buying Ralston -- is that a slew of new product introductions will require awareness. Bottom line, we anticipate a very good advertising market going forward. In the interim, we add opportunistically to the portfolio when we find distressed names such as Disney and Vivendi to buy.

In the mid-70's, we originated and focused a valuation methodology based on Private Market Value ("PMV"). The baseline was at what price would an industrialist be willing to pay for the assets of a given company and why? The next level below the PMV of a company is the price leveraged buy-out ("LBO") groups will pay, slightly less than a synergistic corporate buyer because of the lack of ability to eliminate redundancy. The prices of small companies do not have any room to go down. Indeed, managements want to own and families want to sell. Unfortunately, as was the case in 1992, you cannot get financing. Banks are not lending. Whereas years ago, banks would lend at six times, today banks are absent from the equation at two times cash flow, while stocks trade at five times cash flow. The result is that the next part of the consolidation process will be by the corporate buyer -- for example, HSBC acquiring Household. There are also a number of green lights including Financial Accounting Standards Board ("FASB") 142 in accounting that create an incredible stimulus for transactions.

While the stock market still has the overhang of the potential war with Iraq, and the burden of higher oil prices, there are some bright spots. One silver lining in the aftermath of accounting fraud and corporate scandals is increased transparency and higher quality in earnings and cash flow. Corporate America has been tagged with quality of earning concerns and has responded by promising to include more detailed information about profitability in the future. Companies that used to smooth quarterly earnings with accounting contrivances are pressured to take a more conservative approach to reporting. This overdue clarity and transparency will be good for investors. The Sarbanes-Oxley Act, requiring chief executives to personally certify their financial statements, will work to focus managements' attention on the connection between their job to create wealth for shareholders and the need for shareholders to understand what management is doing.

ECONOMIC STIMULUS

Our national priority is to get the economy stimulated. From a fiscal policy standpoint, the end goal for this Administration is to get Bush re-elected. In order to do this, the economy must start to improve by year-end 2003. Forty-three has learned from Forty-one. The Administration and Congress have proposed plans to stimulate growth. While not yet in final form, the plans include accelerating income tax rates that were approved two years ago, extending unemployment benefits, providing rebate checks to middle class parents, eliminating the tax on dividends for individuals, a tax incentive to spur capital investment by small and medium size businesses, and an increase in spending on infrastructure. There are a number of silver bullets that will result in giving the consumer money to spend which should stimulate the economy. The trial balloons launched in December resulted in more aggressive proposals for stimulus from the President's economic package. By addressing the taxability of dividends, it has helped the psychology of the market. In addition, the acceleration in the timing of the earlier tax cuts and perhaps a holiday in social security tax should encourage consumers to increase spending.

From a business standpoint, we need to jump start capital spending. Investment tax credits and the elimination of double taxation of dividends are powerful tools that will hopefully be approved. Meanwhile, the overriding drag on the economy is the price of oil. A price of $25 or more per barrel presents a challenge to consumption. Until action is taken to reduce consumption and alter habits, the high price of oil is like a pickpocket in Times Square, stealing the opportunity from consumers and businesses to reinvigorate the economy.

GROWTH OUTSIDE THE UNITED STATES

We expect better growth in Europe and its time may finally be coming. The European Central Bank ("ECB") made an unexpected 50 basis point cut in interest rates just at year-end. This was accompanied by remarks that the ECB would reassess the emphasis placed upon fighting inflation and would at least acknowledge the need for growth. Our holdings in companies with large European exposure such as Modine and Heinz will benefit from a stronger economy overseas.

BARRON'S 2003 ROUNDTABLE

Mario Gabelli, our Chief Investment Officer, has appeared in the prestigious BARRON'S Roundtable discussion annually since 1980. Many of our readers have enjoyed the inclusion of selected and edited comments from BARRON'S Roundtable in previous reports to shareholders. As is our custom, we are including selected comments of Mario Gabelli from BARRON'S 2003 Roundtable.

BARRON'S
ROUNDTABLE
MARIO GABELLI
CHAIRMAN AND CHIEF INVESTMENT OFFICER
GABELLI ASSET MANAGEMENT INC.

(THE FOLLOWING HAS BEEN EXCERPTED:)

On the Money

FOUR SAVVY INVESTORS, LOTS OF STOCKS AND ONE GOLD RULE
By LAUREN B. RUBLIN

DID SOMEONE SAY "THEME PARTY"? Naw, we didn't serve fondue, or dance to the hits of the 'Fifties, or come dressed as -- perish the thought -- our favorite hot-shot investors. Instead, we invited some of Wall Street's best and brightest to bring their favorite themes -- investment only, of course -- to the 35th annual BARRON'S Roundtable, which convened Jan. 6 in lower Manhattan.

It was quite a party. The worldly Marc Faber brought plenty of doom and gloom, along with animated talk of a boom -- in Asia's emerging markets. Abby Joseph Cohen, the scholar-in-residence at Goldman Sachs, brought a flawless memory for economic facts and financial figures, and a keen interpretation of same. And Mario Gabelli, sharp as ever, probably brought dozens of stock picks, as usual, but was kind enough to leave a few in the coatroom. After all, we had only nine hours, on that wintry day, to grill and drill this loquacious, provocative crowd.

BARRON'S: ALREADY, THIS NEW YEAR IS SHAPING UP DIFFERENTLY. THE PRESIDENT IS PROPOSING A BIG TAX-CUT PACKAGE, AND WE ARE LIKELY TO GO TO WAR WITH IRAQ, PROBABLY EARLY NEXT MONTH. MARIO, WILL IRAQ MAKE A DIFFERENCE TO THE ECONOMY, ASIDE FROM THE OBVIOUS -- OIL PRICES?

GABELLI: Oil is like a pickpocket in Times Square. As it goes over $30 a barrel, it robs my pocket. I am concerned about the unintended consequences of war. Somebody gets on an airplane with smallpox. We have another anthrax attack. Do the Iraqis dump scuds on Tel Aviv in a scorched-earth move as they're being taken out? Yet, I say it's worth the risk, because when I was growing up in the 1940s and '50s, I remember hearing about Prague. "Let them [the Nazis] have Prague."

Q: WE GAVE THEM PRAGUE.

GABELLI: Right. And then we had another seven years. There is an air pocket in the economy right now. You basically come in with massive fiscal stimulation. You are either in Baghdad or you're out after six weeks. If you're out, and oil doesn't go up to $50 and stay there but comes back down to $25 or less a barrel, then this president has done everything, will do everything to get re-elected in 2004. As a result, we're going to have an extraordinarily good economy in the fourth quarter of 2003 and the first half of 2004, and the market will follow suit.

Q: WHAT'S YOUR TAKE ON INTEREST RATES, MARIO?

GABELLI: If oil falls to the low $20s, consumers around the world will be helped dramatically. The stimulation package is going to happen, too. Strong demand from the absence of the energy pickpocket will drive rates materially higher by the end of the year. The 10-year note will yield more than 5%.

BIGGS: I'm with Mario. I think the 10-year Treasury will yield over 5%. The central banks of the world clearly have said they are committed to reflation.

GABELLI: If we get a 50% reduction in taxes on dividends, it's going to have an impact on municipal bonds. [Tuesday, as part of a $674 billion economic-stimulus plan, President Bush called for the elimination of all taxes on corporate dividends.] Finally, interest-rate spreads will improve dramatically between government and high-yield bonds as the economy starts to improve.

Q: OF COURSE, ELIMINATING TAXES ON DIVIDENDS IS BAD FOR THE STATES, AS IT COULD RAISE THEIR BORROWING COSTS WHILE LOWERING THEIR REVENUES. AND IT'S BAD FOR REAL-ESTATE INVESTMENT TRUSTS.

GABELLI: Rain is bad for the parade and great for the farmer. There are a lot of trade-offs. There's a good opportunity here to make money on the short side in munis.

Q: MARIO, CARE TO PREDICT THE MARKET?

GABELLI: Because the president will do all in his power to get himself re-elected, we are going to have a very good economy in the spring of 2004. Oil will be under $25, and we will be reflating the world. The market will be up 10%, with lots of volatility. However, if oil unexpectedly hits the $40s, the Dow will fall to 6000-6500. But it will bounce back, because $40 oil is not sustainable in the short run.

On a long-term basis I see a '68-'81 kind of environment, where the market moves sideways. Earnings grow 6% a year and price-earnings multiples get bumped by higher rates. The year will be characterized by the chase for dividends. It's also a year in which deals come back. HSBC's deal to buy Household International was a wake-up call. The leveraged buyout firms haven't been able to tap the debt market, and that's starting to loosen up. Large companies want to grow. In addition to the fiscal stimulus, specific sectors will benefit from changes in regulatory dynamics. For example, the FCC [Federal Communications Commission] is going to reform the telecom act, and there will be reforms in media, utility and energy regulations. Even more interesting, we're going to have tort reform. All these things will create an extraordinarily fertile environment for corporate love-making.

Along similar lines, the FCC announced today that it is going to re-examine the telecom industry in a way that would favor facilities-based companies -- namely, the Baby Bells. [Under the FCC's plan, now in draft form, competitors such as long-distance providers eventually would lose their discounted access to the Bells' network switches.] This is a big boon to Verizon, SBC Communications and the rest. So, if you want to compete in local service, you'll have to build your own facilities.

SAMBERG: What Mario is saying is that after the government set the telecom monster loose and let it screw up the economy, after it has killed itself on its own, the government is going to jump on the corpse and trash it some more. Terrific. That's a great investment theme.

GABELLI: What I'm saying is, the Verizons of the world will do better. They will begin to spend money on Cisco and Lucent and R&D.

BARRON'S: MARIO, WHAT STOCKS HAVE YOU BROUGHT US?

GABELLI: First, I want to talk about old age, dividends and inflation. There are approximately 200 million vehicles on the road in the United States. The average age of a passenger car is 9.3 years, up from 8.1 years at the beginning of the 1990s. Light trucks are getting older, too. When I was growing up in the Bronx, a car lasted for 50,000 miles. Fifteen or 20 years ago, it lasted 100,000. Today, a new car will last 170,000 miles. In addition, years ago you used to get a two- or three-year warranty. Now, it's five years. So cars between five and nine years old are the sweet spot for parts consumption. Between 1996 and 2001, cars in the sweet spot declined 2.2%, to 61 million units. In the next five years, they are going to grow 15%, to 70 million. This is good news for GENUINE PARTS.

Q: WE WONDERED WHERE YOU WERE GOING WITH THIS.

GABELLI: The stock sells for 31.50 or so. The company pays a dividend of $1.16 a share, and dividends have grown for the past 30 years. The current yield is around 4%. The payout ratio is about 50%. The balance sheet is terrific. Debt is about $775 million. Earnings for 2002 probably will be a bit more than $2.10 a share, rising to $2.30 in 2003 and around $2.50 in 2004. Revenues will grow

4%-5% and earnings about 7.5%-8%. Genuine Parts is a purveyor of expendable auto components. The company is a leader in its market. If inflation picks up, parts prices will rise, and its growth will rise more.

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Q: WHERE IS THE STOCK HEADED?

GABELLI: If you can find 8%-10% growers with good balance sheets and predictable earnings visibility, even with some quarterly earnings hiccups, a multiple of 20 times earnings isn't far-fetched. You could be looking at a $50 stock in a couple of years. Plus, you get the dividend.

NEFF: There is some evidence that Detroit is building a better car. Would that change the sweet spot any?

GABELLI: That's why the sweet spot moved from two to five years to six to 10.

BLACK: I owned Genuine Parts, but we sold it around 35 a share. The company's growing the top line by only 3%-4%. Formerly, it had been an 8%-9% grower.

GABELLI: We expect auto-parts sales to grow by 5% a year -- and that's with inflation of 1% -- over the next five years.

Now, to reiterate my view of the world, we're in a soft economy, but we'll get a bunch of fiscal stimulation in the form of tax cuts for the consumer and the business person, as well as something for the investor. We worry about higher oil prices acting like a pickpocket in Times Square. If the price of crude falls to under $25 a barrel, the world will reflate. Regulatory obstacles to business will be re-examined in 2003. No. 1, the Telecommunications Act of 1996 is re-examined. The opening salvo was launched today by the Federal Communications Commission, echoing a commitment made by [FCC Chairman Michael] Powell in the fall. The FCC is going to revisit the concept of unbundled networks, which would help the regional Bell companies by allowing only full, facilities-based competitors to enter the market. In the utilities area, the 1992 amendment to the PUHCA, or Public Utility Holding Company Act of 1935, which created all the opportunities for investment bankers to blow smoke up the portals of the utility companies, is going to be re-examined.

Q: HOW WILL THE ENERGY-TRADING SCANDALS AFFECT THE INDUSTRY?

GABELLI: Companies are going back to basics. They're going to return to a regulated monopoly business where they can earn 11%. But utility regulation is going to change. Institutions will be allowed to own more than 10% of the shares of any one utility. Then we're going to have an energy policy that will enable us to address the world of $90 oil that Marc commented on. [In the first installment of the Roundtable, Faber prophesied oil would hit $60-$90 a barrel in the next 10-15 years, as demand from Asia surges.] We're going to produce more, conserve more and find alternatives such as fuel cells and wind power.

Q: THERE'S BEEN A LOT OF THAT HERE TODAY.

GABELLI: We're also going to re-examine tort reform. And I want to talk about deals, deals and more deals. In the past year or two, acquisitions have been limited, because companies were concerned about being labeled serial acquirers like Tyco and WorldCom. HSBC's acquisition of Household International sounds the gong for a new wave of deals. This should benefit lots of my companies. Let's turn to your TV set. Advertiser-supported media is going to do quite well in 2003. And in 2004 we'll have the Olympics, the election and economic stimulation.

I'm recommending the small-television-station owners, because the FCC is going to change several rules. They're going to raise the ownership cap, making it possible for a given operator to own perhaps 50% of total households, versus the current 35%, at a given time. They will permit duopoly in small markets, meaning an operator will be able to own two TV stations. Third, they'll probably come out with a better ruling on whether cable operators must carry digital signals. Finally, television-station operators are finding new sources of revenues.

Q: WHICH STATION OWNERS DO YOU LIKE?

GABELLI: The first has done a pretty good job of damaging shareholder values. It's YOUNG BROADCASTING, YBTVA. It closed Friday at 13 a share. It has an equity market capitalization of approximately $260 million and net debt of about $600 million, for an enterprise value of $860 million. Young made an acquisition in San Francisco, taking a TV station away from NBC. Bob Wright [chairman of NBC] didn't forgive them, so he changed NBC's affiliation. Young paid about $750 million-$800 million for the station, and should sell it for $300 million-$400 million -- take a huge loss, sell it to NBC and apologize. That could drive the stock from 12 to 40. Right now Young has 11 television stations, reaching 6.1% of TV households -- six ABC affiliates, three CBS affiliates, one NBC affiliate and an independent in San Francisco, KRON. If you took the broadcasting cash flow of all of these stations except San Francisco, and applied it to all of the company's debt, you'd get the San Francisco station for free.

Q: WHAT'S YOUR NEXT PICK?

GABELLI: LIBERTY, not LIBERTY MEDIA, which I'll talk about in a minute. Liberty's symbol is LC. The stock trades on the New York Stock Exchange for 39, and there are 19.8 million shares outstanding. The company's got a $770 million market value, $60 million of cash, and $50 million of other assets which are being converted to cash. Thus, you're really paying $660 million. Liberty has 15 affiliated television stations. The company has not done a good job of managing shareholders' money, but they're generating significant cash flow. They will generate a couple of hundred million dollars over the next three or four years. Earnings will climb from $1.60 a share in 2002 to $2 to $3. The company is controlled by the Hipp family in South Carolina.

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Mario GABELLI'S PICKS

COMPANY	SYMBOL	1/6/03 PRICE
GENUINE PARTS	GPC	$31.88
YOUNG BROADCASTING	YBTVA	13.55
LIBERTY CORP	LC	39.31
TRIBUNE	TRB	47.79
DQE	DQE	16.50
WESTAR ENERGY	WR	10.26
VERIZON COMM	VZ	44.07
DEL MONTE FOODS	DLM	7.85
CAMPBELL SOUP	CPB	24.21
H.J. HEINZ	HNZ	33.91

VIVENDI UNIVERSAL	V	18.22
LIBERTY MEDIA	L	9.66
AOL TIME WARNER	AOL	14.09

SOURCE: BLOOMBERG

Q: WHAT DO YOU THINK OF LIBERTY MEDIA?

GABELLI: Be patient. Now, a kind word for TRIBUNE. The stock is 47. There are 330 million shares outstanding. Earnings of $2.20 a share are going to $3.50 a share. Dennis FitzSimons [the current CEO] is going to succeed John Madigan.

Among utilities, I like DQE, formerly known as Duquesne. DQE has 586,000 electric customers in the Pittsburgh area and a propane business that serves 70,000 customers. The company is shedding assets. It's selling most of its water-utility business to Philadelphia Suburban for $205 million. It's lowering debt, which will fall to $800 million in a couple of years from a current $1.3 billion. Management got spooked by the rating agencies, so the investment bankers convinced them to sell some stock. They sold 17 million shares last year at $13.50 a share. We bought a basketful, and we're still nibbling.

Q: WHAT'S THE STOCK PRICE?

GABELLI: Around 15.50. The company cut its dividend in October, to a dollar a share. As debt gets paid down, the dividend will rise. Plus, this is a consolidation play. Somebody will take them over.

NEFF: What's the P/E?

GABELLI: DQE probably earned $1.30 a share in 2002. It was a hot summer in Pittsburgh, so earnings may be flat in 2003, except for interest expense. The stock trades for 12-13 times earnings. At eight times Ebitda [earnings before interest, taxes, depreciation and amortization] I could do an LBO [leveraged buyout] of this company, but that will not happen now. It might take a year and a half to get a deal done. At that multiple, the stock is worth in the low $20s.

NEFF: Is this a 4%, 5%, 6% grower?

GABELLI: Yes. It's best to buy an index of utility stocks. The regulated business will grow by 5%. Payout ratios will return to more historic levels, and you could get a very good return on these stocks.

My next stock, WESTAR ENERGY, formerly Western Resources, is not without controversy. Its former CEO was indicted. The new CEO, Jim Haines, is a good chap. Westar, symbol WR, has 74 million shares outstanding. The stock trades for 10, giving the company a market value of $740 million. It pays a dividend of $1.20 a share. Westar has $3.6 billion of debt, but Kansas's regulatory commission has told the company to get that down to $1.8 billion. The company owns 45 million shares of Oneok, worth $1 billion. Somehow, they have to monetize it. They own Protection One, a protection company, which they will also sell or otherwise deconsolidate. I would then suggest to the chairman that he reduce the dividend to 60 cents, but pay shareholders a 60-cent stub. The company's regulated business has a book value of $16-$18 a share, on which it can earn 11%. The company can earn about $2 a share. Two years from now, you could double your money and Westar will be merged with someone else.

Q: MARIO, HAVE YOU ACTUALLY SUGGESTED THIS?

GABELLI: I haven't talked to Mr. Haines at all. He'll read it when this is published. The company doesn't have a debt problem, it has a cosmetic problem. By cutting the dividend to 60 cents, you throw a bone to the regulators, much as Con Edison did in New York in the 1970s. The regulators didn't like the former CEO, but Haines is a former regulator and has credibility.

BLACK: A lot of these electric utilities make about 13%-14% on book. They're leveraged roughly one-to-one on a debt-to-equity basis. They're making 6.5%-7% on total capital, but they've been destroying capital for years because their returns are below a normalized cost of capital, which is 8.5% or 9%. Maybe as stocks they go up, but as an industry this is a lousy play and it has been historically.

GABELLI: I don't know what you are talking about. I think you can make a lot of money in this area. Once the PUHCA rules are amended, guys like Warren Buffett and I are going to put tons of money into the group. And we're going to earn 20%-25% on our investment. Look, there's weakness in utilities if inflation goes to 6%-7%, because there's a lag effect for adjusting rates. But local distribution is still a terrific business, whether it's electric or gas.

Next, I've got a small-cap stock: VERIZON COMMUNICATIONS. It has only 2.7 billion shares, and trades for 40.50. However, the stock will be up today [indeed, Verizon closed up 3.62, to 44.07 on Jan. 6, although it has since backtracked]. The FCC has just proposed changes that will help the RBOCs [regional Bell operating companies]. The competition that was fueled by Wall Street's greed is dying, and the Bells are going to get stronger. Verizon can earn about $2.80 a share this year. It will probably grow by 6%-7%, maybe a little faster. The stock yields about 3.75% and sells below the S&P's price/earnings multiple. I could also make the same case for SBC Communications and BellSouth, but Verizon's enough for now.

Q: THAT'S RESTRAINT.

GABELLI: Barton talked about the attractiveness of consumer staples. [Last week's Roundtable installment featured Barton Biggs' stock picks, including Kraft Foods, PepsiCo, Coca-Cola and Colgate-Palmolive.] I've got three more names. DEL MONTE FOODS sells for 8. There are 210 million shares outstanding. So that's $1.6 billion in market value. The company has $1.8 billion of debt. Del Monte is a producer of consumables such as pet foods, tuna and vegetables. Revenues for the year ending April 2004 will be about $3.4 billion. Earnings will be 80 to 90 cents. The stock could trade for the same multiple as Ralcorp, a producer of non-branded staples. If that happens, it goes to 15-16 in two years.

CAMPBELL SOUP is another potential winner. The stock is 24, and the company has a $10 billion market cap and $3.5 billion of debt. They are getting themselves ready for a sale.

Q: WHAT IS GOING TO TURN THIS COMPANY AROUND?

GABELLI: It's got better management, better products. It's moving into Europe. The chairman, George Sherman, did a pretty decent job in his former life, running Danaher. Management is grooming Campbell for a takeover, which could happen in the low 30s. We think it will happen a year from now.

BLACK: The company's condensed soups have been losing share for a long time. This is a classic marketing problem.

GABELLI: It's a matter of execution. This is a terrific category, with seven or eight companies. There's Unilever and Nestle and PepsiCo in the

$100-billion-market-cap category. There are a whole bunch of companies in the $10 billion-$20 billion market. There is another round of consolidation occurring. Campbell is on my list.

My next stock is ketchup -- any color, any flavor, any price. Yes, H.J. HEINZ. The stock is 33, and the symbol is HNZ. Heinz has $4 billion of debt and a $15 billion market cap. After the spinoff of its SKF subsidiary, which was merged into a subsidiary of Del Monte, Heinz will have earnings of about $2 a share. That will grow by about 7%-8% a year, and cash flow is excellent. A good part of Heinz's business is in Europe, where earnings will benefit from a declining dollar.

Q: PLEASE TELL US ABOUT LIBERTY MEDIA.

GABELLI: There will be a lot of acquisitions and financial transactions in the world of entertainment. Walt Disney and VIVENDI UNIVERSAL are thinking about transactions. I'll start with Vivendi, because it is the least controversial [general laughter]. The stock is around 17. There are 1.1 billion shares outstanding. We think the company is worth about 35 euros a share. We like their strategy. Vivendi has a very good business in wireless telecom in France. They could always pick up the phone and sell it to Vodafone. Canal Plus, their cable business in France and elsewhere in Europe, is wonderful. There's the entertainment business in the United States, which is terrific, particularly the sci-fi and cable-channel networks. Jean-Rene Fourtou, who succeeded Jean-Marie Messier, is liquefying the company. We've been buying the stock.

Time for Liberty Media and John Malone [the company's chairman]. Here's the math: 2.7 billion shares outstanding at 9 a share comes out to $25 billion in market value. Liberty is invested in other companies whose stocks are going to rise. Plus, it will benefit from more merger activity and more favorable regulations. It's got a great collection of assets.

Q: WHAT HAPPENED TO MALONE? HE USED TO BE A GOOD INVESTOR.

GABELLI: Malone made the dumbest investments in the world. He invested in telecoms and made a lot of mistakes, but let's deal with the deck we have. It's a pretty interesting deck. Is he going to team up with Barry Diller to go after Vivendi? Is he going to put QVC and Home Shopping Network together? Is he going to do something with Bob Wright? Will he be in the forefront of the re-engineering of other companies? Whatever the case, the stock is cheap at 9, and gives you the equivalent of an active index fund in the media/entertainment area.

BLACK: What does he do with the company's AOL holding? [Liberty Media owns 170 million AOL Time Warner shares.] I own Liberty as well, and it's got a breakup value of $14 a share, conservatively speaking. But there's this huge holding in AOL.

GABELLI: AOL is driven by AOL. If it were just Time Warner, the stock would sell for a higher price. Those of us who owned Time Warner made a lot of money on this deal [the January 2001 merger of AOL and Time Warner], because our stock got up to 90-100, and we sold it. They marked it up, and we moved it down. We started buying it back around 18 to 21, and the stock is around 11-12 today. There are about 4.4 billion shares, times 12 a share, which is $50 billion in market value. It's got another $30 billion of debt, so that's an enterprise value of $80 billion. Looking at their non-AOL businesses, you get a value that is higher than $80 billion. Cash flow is very good. The company is planning to spin off Time Warner Cable. They'll buy Cablevision. You knew I would get that in today! [Gabelli predicted at the 2002 Roundtable that Cablevision eventually would be sold.] The question is, can they revitalize the company and maintain AOL's subscriber base? Can they continue to create new services that are unique at AOL? Can they get cash flow from transactions?

SAMBERG: And the answer is?

GABELLI: I don't know. I was never one pushing the AOL model.

Q: THANKS MARIO. []

INVESTMENT SCORECARD

In the fourth quarter, telecom stocks rallied strongly, with France Telecom, Sprint PCS, Qwest and Broadwing making our top-ten performance list and numerous other telecom holdings posting impressive gains. Media stocks including Cablevision Systems, PRIMEDIA, News Corp. and Young Broadcasting posted good gains. Beaten up "growth to value" stocks such as Xerox, Hewlett Packard and Halliburton also performed quite well. Our biggest laggards were from a grab bag of industry groups including defense (Northrop Grumman), consumer electronics (Hitachi) and manufacturing (GrafTech International).

For the full year, our biggest winners also came from an eclectic group of industries including publishing (Media General), hotels (Hilton Hotels), consumer services (Rollins), and aerospace/defense (Fairchild). Despite strong fourth quarter performance, telecommunications stocks performed poorly for the full year. In general, our utilities stocks also disappointed with Duke Energy and El Paso retreating significantly.

LET'S TALK STOCKS

The following are stock specifics on selected holdings of our Trust. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time.

BERKSHIRE HATHAWAY INC. (BRK'A - $72,750 - NYSE) is Warren Buffett. The company has interests in insurance (notably GEICO and General Re), publishing, aviation, retailing and manufacturing. Its investment portfolio includes over $28 billion of marketable equity securities. Berkshire has grown rapidly through acquisitions over the past 15 years, including Kirby vacuum cleaners; World Book encyclopedias; H. H. Brown, Dexter and Justin footwear; Executive Jet aviation; Dairy Queen restaurants and snack treats; Johns Manville building products; Benjamin Moore paints; Shaw Industries carpets; MiTek steel connectors; XTRA transportation leasing; GEICO insurance; and General Re reinsurance. GEICO, the sixth largest auto insurer in the U.S., contributes 17% of revenues while General Re, the fourth largest reinsurer globally, contributes 23% of revenues.

GAYLORD ENTERTAINMENT CO. (GET - $20.60 - NYSE) is a diversified company operating principally in two segments: hospitality and media. The company's hospitality group consists of an interrelated group of businesses including the Opryland Hotel Nashville, the Inn at Opryland, the General Jackson (an entertainment showboat), and other related assets. The media group consists primarily of the Grand Ole Opry, the Ryman Auditorium, the Wildhorse Saloon, and three Nashville radio stations. Gaylord's management team is focusing on unlocking shareholder value. They have recently opened a new hotel, the Gaylord Palms, in Orlando, FL and are constructing a third in Grapevine, TX. The company recently announced the sale of Acuff-Rose Music Publishing to Sony for $157 million and the sale of its stake in the Opry Mills mall for $30 million, allowing Gaylord to finance the completion of the Texas hotel.

GENUINE PARTS CO. (GPC - $30.80 - NYSE), a Georgia corporation incorporated in 1928, is the premier service organization engaged in the traditional distribution of automotive and industrial replacement parts, office products and electrical/electronic materials. The company's NAPA automotive parts distribution centers distribute replacement parts (other than body parts) for substantially all motor vehicle makes and models in service in the U.S., including imported vehicles, trucks, buses, motorcycles, recreational vehicles and farm vehicles. The Industrial Parts Group distributes a wide variety of products to its customers, primarily industrial concerns, to maintain and operate plants, machinery and equipment. The Office Products Group (S. P. Richards Company) is engaged in the wholesale distribution of a broad line of office and other products that are used in the daily operation of businesses, schools, offices and institutions. The financially troublesome Electrical/Electronic Materials Group ("EIS") distributes materials for the manufacture and repair of electrical and electronic apparatus.

GRUPO TELEVISA SA (TV - $27.93 - NYSE), headquartered in Mexico, is Latin America's dominant Spanish language media and broadcast company. The company has interests in television production and broadcasting, programming for pay television, direct-to-home ("DTH") satellite services, publishing and publishing distribution, cable television, radio broadcasting and production. The company also produces thousands of hours of television programming annually which it exports to over 21 countries including the United States. This large and expanding program library is exclusively available for U.S. distribution by Univision Communications (UVN - $24.50 - NYSE), a Spanish-language television broadcaster in the United States in which Televisa has as a 15% fully diluted equity stake.

HEINZ (H.J.) CO. (HNZ - $32.87 - NYSE) is a manufacturer and marketer of processed foods, including condiments and frozen meals. On December 20, 2002 the company completed the spin-off of certain businesses, including U.S. Starkist Tuna, North

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America pet products, U.S. infant feeding, College Inn broth and U.S. private label soup to Del Monte Foods Company. Each Heinz shareholder received approximately 0.44 shares of the new Del Monte stock and as a result, Heinz shareholders own around 74.5% of the new company. Following this deal, the H.J. Heinz Company reorganized its U.S. operations into two segments -- Away from Home, to focus on foodservice, and Consumer Products, centered on retail business. These units consist of North American ketchup, condiment, sauces and frozen meals businesses in addition to their International food businesses.

MEDIA GENERAL INC. (MEG - $59.95 - NYSE) is a Richmond, Virginia-based communications company that is primarily focused on the Southeast. Its newspaper publishing operations include the RICHMOND TIMES-DISPATCH, THE WINSTON-SALEM JOURNAL, THE TAMPA TRIBUNE, and 22 other daily newspapers. This includes 5 daily newspapers, clustered in Alabama and South Carolina, which the company bought from Thomson Corp. for $238 million in August 2000. The company also owns a 20 percent interest in the DENVER POST. Media General also operates 26 television stations primarily located in Southeastern markets, including 13 purchased from Spartan Communications on March 27, 2000 for $605 million.

MIDLAND CO. (MLAN - $19.00 - NASDAQ) is a specialty property and casualty insurance provider headquartered in Amelia, Ohio. The company's primary business is to provide insurance for manufactured homes although in recent years Midland has expanded into other insurance business lines such as watercraft, motorcycle, snowmobile and recreational vehicle insurance. Midland is an above-average underwriter and has produced an underwriting profit in eight of the past ten years. The company also owns a niche river transportation business that generates approximately 5% of pre-tax income. Midland has four strategies for growth: organic growth, strategic acquisitions, strategic alliances, and expansion of low-risk fee income business.

SPS TECHNOLOGIES INC. (ST - $23.75 - NYSE) is a leading manufacturer of fasteners, superalloys and magnetic materials for the aerospace, automotive and industrial markets. The Precision Fasteners and Components group produces high strength fasteners for the aerospace, automotive and machinery markets. The Specialty Materials and Alloys group makes superalloys for the aerospace and industrial gas turbine markets and the Magnetic Products group produces magnetic materials used in automotive, electronics and other specialty applications. SPS has made roughly 20 acquisitions since 1996 and has positioned the nearly $1 billion company to be a strategic global supplier in the consolidating fastener industry. We believe the company will continue to use its strong cash flow to augment internal revenue and earnings growth with acquisitions.

VERIZON COMMUNICATIONS INC. (VZ - $38.75 - NYSE) was formed by the merger of Bell Atlantic and GTE, and pooling the wireless assets of the combined company with U.S. assets of Vodafone Group plc (VOD - $18.12 - NYSE). Verizon is the largest domestic local phone provider with about 64 million access lines and is also the largest national wireless carrier servicing over 30 million wireless customers. Verizon is a major data service provider and a key player in print and on-line directory information business. Verizon's global presence extends to 40 countries in the Americas, Europe, Asia and the Pacific.

WESTAR ENERGY INC. (WR - $9.90 - NYSE) is a stock with a very low valuation relative to the sum of its parts. Westar's share price has fallen sharply over the past 12 months because the company failed to execute its plans to sell the electric utility operations to PNM Resources (PNM - $23.82 - NYSE) and also due to disappointing rate orders from regulators in Kansas. During the fourth quarter of 2002, Westar's top two officers resigned, prompting the hiring of a new CEO and COO. Both of these individuals are experienced utility executives who we think can turn the company around and, in particular, improve Westar's relationship with state regulators. We think that Westar's ongoing effort to divest its 45% ownership stake in ONEOK is a smart move. We would expect Westar to use the profits from the ONEOK sale to pay off a large portion of the holding company's debt. We also think that Westar is going to divest much or all of its 85% ownership stake in Protection One (POI - $2 NYSE), the nation's second largest monitored security company. The loss on the sale of the Protection One shares could be used to offset Westar's taxable gain on the sale of the ONEOK shares.

7.25% TAX ADVANTAGED CUMULATIVE PREFERRED STOCK -- DIVIDENDS

The Trust's 7.25% Tax Advantaged Cumulative Preferred Stock paid a cash distribution on December 26, 2002 of $0.453125 per share. For the year ended December 31, 2002, Preferred Stock shareholders received distributions totaling $1.8125, the annual dividend rate per share of Preferred Stock. The next distribution is scheduled for March 2003. The 7.25% Preferred Stock will be callable at any time at the liquidation value of $25.00 per share plus accrued dividends following the expiration of the five-year call protection on June 9, 2003.

7.20% TAX ADVANTAGED SERIES B CUMULATIVE PREFERRED STOCK -- DIVIDENDS

The Trust's 7.20% Tax Advantaged Series B Cumulative Preferred Stock paid a cash distribution on December 26, 2002 of $0.45 per share. The Series B Preferred Shares were issued on June 20, 2001 at $25.00 per share and will pay distributions quarterly at an annual dividend rate of $1.80 per share. The next distribution is scheduled for March 2003.

SERIES C AUCTION RATE CUMULATIVE PREFERRED STOCK

On June 27, 2002, the Trust successfully completed its offering of 5,200

Shares of Series C Auction Rate Cumulative Preferred Stock at $25,000 per share. The dividend rates for the Series C Preferred Shares ranged from 1.48% to 1.95% during 2002. Dividend rates for the Preferred Shares are cumulative at a rate that may be reset every seven days based on the results of an auction. The Preferred Shares do not trade on an exchange.

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Please visit us on the Internet. Our homepage at www.gabelli.com contains information about Gabelli Asset Management Inc., the Gabelli Mutual Funds, IRAs, 401(k)s, quarterly reports, closing prices and other current news. You can send us e-mail at info@gabelli.com.

In our efforts to bring our shareholders more timely portfolio information, Gabelli Fund's portfolio managers regularly participate in chat sessions as reflected below.

	FEBRUARY	MARCH	APRIL
1st Tuesday	Howard Ward	Howard Ward	Howard Ward
1st Wednesday	Walter Walsh & Laura Linehan	Caesar Bryan	Charles Minter & Mar
2nd Wednesday	Caesar Bryan	Susan Byrne	Susan Byrne
3rd Wednesday	Elizabeth Lilly	Henry Van der Eb	Ivan Arteaga
4th Wednesday	Barbara Marcin	Barbara Marcin	Walter Walsh & Laura
5th Wednesday			Barbara Marcin

All chat sessions start at 4:15 PM (Eastern Time). Please arrive early, as participation is limited.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of chat sessions, closing mutual fund prices, news events and media sightings.

IN CONCLUSION

2002 was the third consecutive year of losses for the S&P 500 Index. Although never pleased with negative performance, we are proud of the Gabelli Equity Trust's relative performance through one of the longest and most painful bear markets in history. For the three-year period concluding at year-end 2002, the Fund had an average annualized decline of 9.61%. This is certainly nothing to cheer about, but considering the S&P 500's 14.54% average annualized loss over this period, we have done a rather commendable job. Value investing has worked as it should, preserving assets in a difficult market environment. We are confident it will also be productive in the more benign market climate we expect in the year ahead.

Sincerely,

/S/ MARIO J. GABELLI
MARIO J. GABELLI, CFA
Portfolio Manager and Chief Investment Officer

February 10, 2003

SELECTED HOLDINGS
DECEMBER 31, 2002

Berkshire Hathaway Inc.	Media General Inc.

Gaylord Entertainment Co.	Midland Co.
Genuine Parts Co.	SPS Technologies Inc.
Grupo Televisa SA	Verizon Communications Inc.
Heinz (H.J.) Co.	Westar Energy Inc.

NOTE: The views expressed in this report reflect those of the portfolio managers only through the end of the period stated in this report. The managers' views are subject to change at any time based on market and other conditions.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES
QUARTER ENDED DECEMBER 31, 2002
(UNAUDITED)

	SHARES	OWNERSHIP AT DECEMBER 31, 2002
NET PURCHASES		
COMMON STOCKS		
AES Corp.	8,000	60,000
Agere Systems Inc., Cl. B	16,000	150,393
Ascent Media Group Inc., Cl. A	24,000	24,000
AT&T Corp. (a)	300,000	300,000
Blockbuster Inc., Cl. A	50,000	50,000
Broadwing Inc.	50,000	900,000
BT Group plc, ADR	2,300	36,300
Cable And Wireless Jamaica Ltd. (b)	855,919	4,194,111
Cable & Wireless plc, ADR	7,000	180,000
Campbell Soup Co.	20,000	100,000
Carlsberg AS, Cl. B	2,000	13,000
Cinergy Corp.	3,000	23,000
Coca-Cola Co.	5,000	35,000
Coca-Cola Hellenic Bottling Co. SA .	20,000	40,000
Comcast Corp., Cl. A (c)(d)	525,250	525,250
Comcast Corp., Cl. A, Special (e) ..	85,000	85,000
ConocoPhillips	5,000	103,217
Corning Inc.	15,000	525,000
CRH plc	8,000	100,500
Cypress Semiconductor Corp.	315,000	315,000
Del Monte Foods Co. (f)	53,592	53,592
DPL Inc.	6,000	26,000
El Paso Corp.	30,000	150,000
Electronic Data Systems Corp.	5,000	5,000
Gemstar-TV Guide International Inc.	110,000	350,432
Gray Television Inc.	75,000	100,000
Gucci Group NV, ADR	1,500	34,500
Heinz (H.J.) Co. (f)	6,000	120,000
Henry Schein Inc.	15,000	15,000
Hershey Foods Corp.	5,000	20,000
Honeywell International Inc.	20,000	420,000
John Hancock Financial Services Inc.	15,000	75,000
KDDI Corp.	143	143
Liberty Media Corp., Cl. A	73,600	1,913,600
LVMH Moet Hennessy Louis Vuitton SA (g)	12,100	12,100
Maytag Corp.	5,000	35,000
Mediaset SpA	120,000	120,000
Merck & Co. Inc.	10,000	50,000

Molex Inc., Cl. A	2,000	18,000
Motorola Inc.	10,000	120,000
Murata Manufacturing Co. Ltd.	11,500	11,500
Nortek Holdings Inc.	137,800	137,800
Nortek Holdings Inc., Special Common	5,000	5,000
Northrop Grumman Corp. (h)	90,069	181,069
Panamerican Beverages Inc., Cl. A ..	30,000	30,000
Reader's Digest Association Inc. (i)	170,800	170,800
RTL Group	14,700	17,700
Schering-Plough Corp.	10,000	20,000
Sealed Air Corp.	5,000	5,000
Tokyo Electron Ltd.	5,000	13,400
TXU Corp.	100,000	100,000
UBS AG	14,000	14,000
Vivendi Universal SA, ADR	15,000	325,000
Vodafone Group plc	100,000	553,888
Wrigley (Wm.) Jr. Co.	2,100	179,100
Wyeth	5,000	60,000
PREFERRED STOCKS		
Hercules Trust I, 9.420% Pfd.	7,000	280,500
Lucent Technologies Capital Trust I, 7.750% Cv. Pfd.	500	500

	SHARES	OWNERSHIP AT DECEMBER 31, 2002
NET SALES		
COMMON STOCKS		
AT&T Corp. (a)(c)	(1,500,000)	--
BAE Systems plc	(25,000)	100,000
Comcast Corp., Cl. A (d)	(40,000)	--
Comcast Corp., Cl. A, Special (e) ..	(85,000)	--
Delhaize Le Lion SA, ADR	(16,000)	--
DTE Energy Co.	(3,366)	27,000
Genuity Inc., Cl. A	(10,000)	20,000
Halliburton Co.	(91,000)	189,000
Interbrew	(12,000)	18,000
Leap Wireless International Inc. ...	(42,900)	100,000
Liberty Livewire Corp., Cl. A	(24,000)	--
LVMH Moet Hennessy Louis Vuitton, ADR (g)	(60,500)	--
Nintendo Co. Ltd.	(1,300)	8,200
Nortek Inc.	(137,800)	--
Nortek Inc., Special Common	(5,000)	--
NTL Inc.	(20,000)	--
NTL Inc., rights	(298)	--
Olympus Optical Co. Ltd.	(28,000)	--
Pennzoil-Quaker State Co. (j)	(358,200)	--
Precision Castparts Corp.	(5,000)	55,000
RCN Corp.	(20,000)	90,000
Reader's Digest Association Inc., Cl. B (i)	(140,000)	--
Rohm and Haas Co.	(10,000)	5,000
Rollins Inc.	(32,000)	473,000
RTL Group	(14,700)	--
Sara Lee Corp.	(5,000)	15,000
Secom Co. Ltd.	(7,000)	--
SCMP Group Ltd	(138,681)	261,319
TRW Inc. (h)	(170,000)	--

Tsakos Energy Navigation Ltd.	(29,273)	--
Winn-Dixie Stores Inc.	(5,000)	20,000
Worldcom Inc.--MCI Group	(120,000)	--
PREFERRED STOCKS		
Allen Telecom Inc., 7.750% Cv. Pfd., Ser D	(7,500)	52,500
Lucent Technologies Capital Trust I, 7.750% Cv. Pfd.	(500)	--
News Corp. Ltd., Pfd., ADR	(5)	770,494

(a) 1 for 5 reverse stock split

(b) 1 for 13 bonus issue

(c) Merger -- 0.3235 shares of Comcast Corp., Cl. A for every 1 share of AT&T Corp.

(d) Merger -- 1 share of Comcast Corp., Cl. A for every 1 share of Comcast Corp., Cl. A

(e) Merger -- 1 share of Comcast Corp., Cl. A, Special for every 1 share of Comcast Corp., Cl. A, Special

(f) Spinoff -- 0.4466 shares of Del Monte Foods Co. for every 1 share of Heinz (H.J.) Co.

(g) Merger -- 0.2000 shares of LVMH Moet Hennessy Louis Vuitton SA for every 1 share of LVMH Moet Hennessy Louis Vuitton, ADR

(h) Merger -- 0.5357 shares of Northrop Grumman Corp. for every 1 share of TRW Inc.

(i) Merger -- 1.2200 shares of Reader's Digest Association Inc. for every 1 share of Reader's Digest Association Inc., Cl. B

(j) Tender Offer at $22.00 per share

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS
DECEMBER 31, 2002

SHARES		COST	MARKET VALUE
	COMMON STOCKS -- 85.4%		
	TELECOMMUNICATIONS -- 7.8%		
8,132	Aliant Inc.	$ 72,479	$ 129,976
6,000	Allegiance Telecom Inc.+	45,638	4,020
30,000	ALLTEL Corp.	617,209	1,530,000
300,000	AT&T Corp.	9,781,380	7,833,000
40,540	ATX Communications Inc.+	238,320	15,811
3,333	Avaya Inc.+	26,540	8,166
320,000	BCE Inc.	8,524,049	5,763,200
33,400	Brasil Telecom Participacoes		

	SA, ADR	1,940,826	843,350
900,000	Broadwing Inc.+	8,446,628	3,168,000
1,775,000	BT Group plc	7,339,812	5,572,325
36,300	BT Group plc, ADR	1,393,082	1,137,279
4,194,111	Cable & Wireless Jamaica Ltd.	101,639	101,087
180,000	Cable & Wireless plc, ADR	4,079,570	419,400
130,000	CenturyTel Inc.	2,760,538	3,819,400
100,000	Citizens Communications Co.+	1,226,788	1,055,000
255,466	Commonwealth Telephone Enterprises Inc.+	9,444,863	9,155,901
20,000	Commonwealth Telephone Enterprises Inc., Cl. B+	128,902	735,000
45,000	Compania de Telecomunicaciones de Chile SA, ADR	721,724	431,550
240,278	Deutsche Telekom AG, ADR	4,091,422	3,051,531
200,000	Embratel Participacoes SA, ADR+	3,112,869	214,000
24,000	France Telecom SA, ADR ..	904,424	426,480
230	Japan Telecom Holdings Co. Ltd.	801,311	713,238
143	KDDI Corp.	445,020	463,933
100,000	KPN NV+	232,728	650,598
700,000	Qwest Communications International Inc.+ ..	2,010,505	3,500,000
90,000	RCN Corp.+	638,986	47,700
9,655	Rogers Communications Inc., Cl. B+	137,424	89,596
110,345	Rogers Communications Inc., Cl. B, ADR+	1,537,198	1,035,036
225,000	SBC Communications Inc. .	7,483,249	6,099,750
350,000	Sprint Corp. - FON Group	8,833,016	5,068,000
186,554	Tele Norte Leste Participacoes SA, ADR	2,554,387	1,371,172
40,000	Telecom Argentina Stet France Telecom SA, ADR+	349,211	90,000
400,040	Telecom Italia SpA	3,059,315	3,035,026
123,000	Telecom Italia SpA, ADR .	2,585,208	9,345,540
135,000	Telecom Italia SpA, RNC .	517,495	681,396
265,139	Telefonica SA, ADR+	9,182,511	7,044,743
16,912	Telefonica SA, BDR+	206,521	150,487
36,000	Telefonos de Mexico SA de CV, Cl. L, ADR	389,422	1,151,280
12,750	TELUS Corp.	222,542	140,834
52,500	TELUS Corp., ADR	950,397	579,907
4,250	TELUS Corp., Non-Voting .	74,181	43,448
27,500	TELUS Corp., Non-Voting, ADR	557,547	281,131
340,000	Verizon Communications Inc.	12,761,426	13,175,000
		120,528,302	100,172,291
	FINANCIAL SERVICES -- 7.5%		
90,000	Allstate Corp.	2,376,366	3,329,100
550,000	American Express Co.	19,230,623	19,442,500
36,400	Argonaut Group Inc.	977,772	536,900

SHARES		COST	MARKET VALUE
90,000	Banco Santander Central Hispano SA, ADR	$ 322,130	$ 634,500
110,000	Bank of Ireland	635,101	1,128,892
80,000	Bank of New York Co. Inc.	2,960,687	1,916,800
85,000	Bank One Corp.	2,606,390	3,106,750
282,000	Bankgesellschaft Berlin AG+	5,606,801	591,834
260	Berkshire Hathaway Inc., Cl. A+	824,299	18,915,000
5,000	Block (H&R) Inc.	97,625	201,000
190,000	Commerzbank AG, ADR	3,839,967	1,499,290
160,000	Deutsche Bank AG, ADR ...	6,917,270	7,268,800
20,000	Dun and Bradstreet Corp.+	333,130	689,800
50,000	FleetBoston Financial Corp.	1,041,125	1,215,000
25,000	Hibernia Corp., Cl. A ...	198,750	481,500
20,000	Invik & Co. AB, Cl. B ...	936,800	594,491
100,000	Irish Life & Permanent plc	781,432	1,080,832
75,000	John Hancock Financial Services Inc.	2,741,794	2,092,500
50,000	JP Morgan Chase & Co. ...	1,334,283	1,200,000
64,000	Leucadia National Corp. .	2,040,082	2,387,840
100,000	Mellon Financial Corp. ..	3,140,094	2,611,000
199,400	Midland Co.	1,114,894	3,788,600
30,000	Moody's Corp.	666,995	1,238,700
207,500	Nikko Cordial Corp.	1,534,151	699,418
185,000	Phoenix Companies Inc. ..	2,981,430	1,406,000
2,500	Prudential Financial Inc.	68,750	79,350
60,000	RAS SpA	660,245	730,348
60,000	Riggs National Corp.	552,538	929,400
50,000	Schwab (Charles) Corp. ..	730,625	542,500
80,000	State Street Corp.	1,417,370	3,120,000
30,000	Stilwell Financial Inc. .	470,955	392,100
20,000	SunTrust Banks Inc.	419,333	1,138,400
100,000	T. Rowe Price Group Inc.	3,379,425	2,728,000
7,000	Travelers Property Casualty Corp., Cl. A+	129,500	102,550
14,000	UBS AG+	588,234	680,413
58,500	Unitrin Inc.	1,073,500	1,709,370
130,000	Wachovia Corp.	4,051,382	4,737,200
55,100	Waddell & Reed Financial Inc., Cl. A	1,150,377	1,083,817
		79,932,225	96,030,495
	FOOD AND BEVERAGE -- 7.4%		
15,000	Cadbury Schweppes plc, ADR	393,807	384,150
100,000	Campbell Soup Co.	2,694,094	2,347,000
13,000	Carlsberg AS, Cl. B	642,968	572,099
35,000	Coca-Cola Co.	1,625,312	1,533,700
50,000	Coca-Cola Enterprises Inc.	773,534	1,086,000
40,000	Coca-Cola Hellenic Bottling Co. SA	614,996	555,736
100,000	Corn Products International Inc. ...	2,916,387	3,013,000
53,592	Del Monte Foods Co.+	447,217	412,659
10,108	Denny's Corp.+	14,358	6,469

100,000	Diageo plc	1,037,393	1,086,694
224,000	Diageo plc, ADR	8,642,745	9,811,200
20,000	Dreyer's Grand Ice Cream Inc.	1,345,682	1,419,200
41,600	Flowers Foods Inc.	1,055,628	811,616
90,000	General Mills Inc.	3,178,115	4,225,500
440,000	Grupo Bimbo SA de CV, Ser. A	949,109	647,133
20,000	Hain Celestial Group Inc.+	267,663	304,000
120,000	Heinz (H.J.) Co.	4,315,473	3,944,400
20,000	Hershey Foods Corp.	1,333,128	1,348,800
18,000	Interbrew	499,878	424,987
350,000	Kellogg Co.	9,933,854	11,994,500

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2002

SHARES		COST	MARKET VALUE
	COMMON STOCKS (CONTINUED)		
	FOOD AND BEVERAGE (CONTINUED)		
75,000	Kerry Group plc, Cl. A ..	$ 860,877	$ 987,080
12,100	LVMH Moet Hennessy Louis Vuitton SA	419,053	497,093
41,300	Mondavi (Robert) Corp., Cl. A+	1,286,495	1,280,300
1,000	Nestle SA	213,495	211,906
30,000	Panamerican Beverages Inc., Cl. A	620,279	623,400
150,000	Parmalat Finanziaria SpA	442,418	357,304
600,595	PepsiAmericas Inc.	8,073,962	8,065,991
500,000	PepsiCo Inc.	14,253,072	21,110,000
7,000	Pernod-Ricard SA	606,722	677,986
60,000	Ralcorp Holdings Inc.+ ..	940,903	1,508,400
15,000	Sara Lee Corp.	304,094	337,650
2,000	Smucker (J.M.) Co.	52,993	79,620
103,854	Tootsie Roll Industries Inc.	1,580,957	3,186,241
179,100	Wrigley (Wm.) Jr. Co. ...	9,697,289	9,829,008
		82,033,950	94,680,822
	ENTERTAINMENT -- 6.4%		
620,000	AOL Time Warner Inc.+ ...	14,622,091	8,122,000
24,000	Ascent Media Group Inc., Cl. A+	93,109	26,880
50,000	Blockbuster Inc., Cl. A .	680,395	612,500
160,000	Canal Plus, ADR	34,010	150,432
110,000	EMI Group plc	292,543	246,156
100,000	EMI Group plc, ADR	1,189,467	447,550
120,000	Fox Entertainment Group Inc., Cl. A+	2,783,871	3,111,600
50,000	GC Companies Inc.+	54,500	9,000
350,432	Gemstar-TV Guide		

	International Inc.+ ..	2,854,443	1,138,904
1,913,600	Liberty Media Corp., Cl. A+	9,721,198	17,107,584
300,000	Metro-Goldwyn-Mayer Inc.+	4,962,381	3,900,000
160,000	Publishing & Broadcasting Ltd.	893,720	779,332
15,000	Regal Entertainment Group, Cl. A	285,000	321,300
225,000	Six Flags Inc.+	1,991,205	1,284,750
260,000	The Walt Disney Co.	5,453,387	4,240,600
840,000	Viacom Inc., Cl. A+	35,321,392	34,280,400
40,900	Vivendi Universal SA	2,169,026	660,515
325,000	Vivendi Universal SA, ADR	10,081,404	5,222,750
		93,483,142	81,662,253
	ENERGY AND UTILITIES -- 5.7%		
60,000	AES Corp.+	294,617	181,200
70,000	AGL Resources Inc.	1,259,271	1,701,000
37,400	Apache Corp.	844,013	2,131,426
120,000	BP plc	725,215	824,921
248,800	BP plc, ADR	10,091,328	10,113,720
150,000	Burlington Resources Inc.	6,384,591	6,397,500
115,000	CH Energy Group Inc.	4,749,282	5,362,450
23,000	Cinergy Corp.	700,115	775,560
103,217	ConocoPhillips	5,288,737	4,994,671
10,000	Constellation Energy Group Inc.	237,177	278,200
2,500	Dominion Resources Inc. .	152,000	137,250
26,000	DPL Inc.	524,093	398,840
100,000	DQE Inc.	1,744,412	1,524,000
27,000	DTE Energy Co.	1,193,907	1,252,800
580,000	Duke Energy Corp.	10,643,000	11,333,200
150,000	El Paso Corp.	2,669,824	1,044,000
400,000	El Paso Electric Co.+ ...	3,236,625	4,400,000
30,000	Energy East Corp.	629,693	662,700
40,000	Exxon Mobil Corp.	1,274,246	1,397,600
9,400	FPL Group Inc.	507,682	565,222

SHARES		COST	MARKET VALUE
30,000	Gas Natural SDG SA	$ 547,942	$ 568,853
189,000	Halliburton Co.	2,146,256	3,536,190
38,632	Kerr-McGee Corp.	2,281,548	1,711,398
90,000	Mirant Corp.+	1,000,720	170,100
100,000	NiSource Inc.+	200,000	222,000
250,000	Northeast Utilities	4,834,797	3,792,500
100,000	Progress Energy Inc., CVO+	52,000	16,000
7,500	Royal Dutch Petroleum Co.	317,555	330,150
10,400	SJW Corp.	931,126	811,720
14,000	Southwest Gas Corp.	289,625	328,300
7,907	Total Fina Elf SA	1,114,624	1,129,251
100,000	TXU Corp.	1,673,875	1,868,000
260,000	Westar Energy Inc.	4,407,757	2,574,000
60,000	Xcel Energy Inc.	611,575	660,000

		73,559,228	73,194,722
	PUBLISHING -- 5.2%		
20,000	Dow Jones & Co. Inc.	1,030,036	864,600
196,000	Independent News & Media plc	316,913	318,793
15,900	Knight-Ridder Inc.	1,066,095	1,005,675
5,000	McClatchy Co., Cl. A	240,250	283,650
105,000	McGraw-Hill Companies Inc.	6,319,141	6,346,200
400,000	Media General Inc., Cl. A	23,598,458	23,980,000
125,000	Meredith Corp.	2,091,314	5,138,750
115,000	New York Times Co., Cl. A	790,115	5,258,950
120,000	News Corp. Ltd.	696,029	775,728
11,016	News Corp. Ltd., ADR	195,893	289,170
400,000	Penton Media Inc.+	4,849,118	272,000
350,000	PRIMEDIA Inc.+	1,806,479	721,000
33,000	Pulitzer Inc.	1,483,667	1,483,350
170,800	Reader's Digest Association Inc.	3,371,358	2,579,080
261,319	SCMP Group Ltd.	191,790	108,906
70,000	Scripps (E.W.) Co., Cl. A	4,559,387	5,386,500
91,842	Seat-Pagine Gialle SpA+ .	204,007	62,547
75,000	Thomas Nelson Inc.+	908,325	751,500
250,000	Tribune Co.	11,310,100	11,365,000
		65,028,475	66,991,399
	EQUIPMENT AND SUPPLIES -- 4.9%		
120,000	AMETEK Inc.	1,873,494	4,618,800
2,000	Amphenol Corp., Cl. A+ ..	29,550	76,000
10,000	Caterpillar Inc.	136,559	457,200
95,000	CIRCOR International Inc.	981,440	1,510,500
320,000	Deere & Co.	15,328,000	14,672,000
216,000	Donaldson Co. Inc.	1,449,454	7,776,000
135,000	Flowserve Corp.+	2,468,412	1,996,650
13,000	Franklin Electric Co. Inc.	210,022	624,130
100,000	Gerber Scientific Inc.+ .	1,060,701	406,000
75,000	GrafTech International Ltd.+ ..	1,008,428	447,000
211,300	IDEX Corp.	6,831,329	6,909,510
20,000	Ingersoll-Rand Co., Cl. A	836,200	861,200
60,000	Lufkin Industries Inc. ..	1,105,223	1,407,000
1,000	Manitowoc Co. Inc.	25,450	25,500
425,000	Navistar International Corp.+	6,419,191	10,331,750
30,000	PACCAR Inc.	450,000	1,383,900
5,000	Sealed Air Corp.+	87,018	186,500
170,000	SPS Technologies Inc.+ ..	2,963,443	4,037,500
60,000	Sybron Dental Specialties Inc.+	1,140,669	891,000
20,000	Terumo Corp.	274,946	276,734
250,000	Watts Industries Inc., Cl. A	3,331,739	3,935,000
100,000	Weir Group plc	420,789	339,692

		48,432,057	63,169,566

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2002

SHARES		COST	MARKET VALUE
	COMMON STOCKS (CONTINUED)		
	DIVERSIFIED INDUSTRIAL -- 4.2%		
220,000	Acuity Brands Inc.	$ 3,801,308	$ 2,978,800
195,000	Ampco-Pittsburgh Corp.	2,627,873	2,371,200
120,000	Cooper Industries Ltd., Cl. A	5,953,705	4,374,000
270,000	Crane Co.	5,062,737	5,381,100
110,000	GATX Corp.	1,748,853	2,510,200
200,000	GenTek Inc.+	1,587,121	3,000
260,000	Greif Bros. Corp., Cl. A	4,845,131	6,188,000
3,400	Greif Bros. Corp., Cl. B	69,825	91,205
420,000	Honeywell International Inc.	14,297,068	10,080,000
120,000	ITT Industries Inc. ...	3,650,454	7,282,800
400,600	Lamson & Sessions Co.+	2,458,185	1,289,932
34,500	National Service Industries Inc.	457,454	247,710
83,715	Park-Ohio Holdings Corp.+	1,009,737	348,254
213,800	Sensient Technologies Corp.	3,865,929	4,804,086
10,000	Smiths Group plc	171,257	111,970
6,000	Sulzer AG+	1,275,079	815,801
100,000	Thomas Industries Inc.	1,388,525	2,606,000
50,000	Trinity Industries Inc.	945,000	948,000
55,000	Tyco International Ltd.	861,864	939,400
		56,077,105	53,371,458
	CONSUMER PRODUCTS -- 3.8%		
70,000	Altadis SA	1,030,995	1,596,902
43,000	Christian Dior SA	1,514,055	1,447,066
10,000	Church & Dwight Co. Inc.	99,535	304,300
100,000	Compagnie Financiere Richemont AG, Cl. A	1,411,829	1,865,928
50,000	Department 56 Inc.+ ...	524,317	645,000
90,000	Fortune Brands Inc. ...	2,401,342	4,185,900
250,000	Gallaher Group plc, ADR	9,687,500	9,800,000
300,000	Gillette Co.	9,680,864	9,108,000
2,000	Givaudan SA	550,742	896,803
60,000	Harley-Davidson Inc. ..	151,125	2,772,000
15,000	Matsushita Electric Industrial Co. Ltd., ADR	178,325	144,000
100,000	Mattel Inc.	1,549,565	1,915,000
35,000	Maytag Corp.	1,035,876	997,500

SHARES		COST	MARKET VALUE
50,000	National Presto Industries Inc.	1,768,883	1,469,000
8,200	Nintendo Co. Ltd.	700,058	766,310
20,000	Philip Morris Companies Inc.	600,935	810,600
100,000	Procter & Gamble Co. ..	8,770,000	8,594,000
32,000	Shimano Inc.	521,107	485,379
15,000	Swatch Group AG, Cl. B	868,351	1,247,568
		43,045,404	49,051,256
	WIRELESS COMMUNICATIONS -- 3.6%		
95,000	America Movil SA de CV, Cl. L, ADR	1,235,397	1,364,200
550,170	AT&T Wireless Services Inc.+	7,186,094	3,108,461
100,000	Leap Wireless International Inc.+	897,410	15,000
1,775,000	mm02 plc+	1,980,584	1,264,489
125,600	mm02 plc, ADR+	1,452,796	898,040
240,000	Nextel Communications Inc., Cl. A+	3,841,367	2,772,000
1,000	NTT DoCoMo Inc.	2,437,994	1,845,453
250,000	Rogers Wireless Communications Inc., Cl. B+	3,494,025	2,200,000
230,000	Sprint Corp. - PCS Group+	533,587	1,007,400
16,700	Tele Celular Sul Participacoes SA, ADR	266,992	131,262
55,666	Tele Centro Oeste Celular Participacoes SA, ADR	166,868	222,664

SHARES		COST	MARKET VALUE
3,340	Tele Leste Celular Participacoes SA, ADR ....$	89,340	$ 21,042
8,350	Tele Nordeste Celular Participacoes SA, ADR	123,227	127,755
3,340	Tele Norte Celular Participacoes SA, ADR+	51,601	15,531
1,400,000	Telecom Italia Mobile SpA	2,694,316	6,390,547
8,350	Telemig Celular Participacoes SA, ADR	241,320	141,115
450,000	Telephone & Data Systems Inc.	37,059,011	21,159,000
66,800	Telesp Celular Participacoes SA, ADR+	2,135,936	203,740
553,888	Vodafone Group plc	975,799	1,009,866
100,000	Vodafone Group plc, ADR	927,768	1,812,000
		67,791,432	45,709,565
	CABLE -- 3.3%		
100,000	Adelphia Communications Corp., Cl. A+	675,823	8,500
1,551,443	Cablevision Systems Corp., Cl. A+	23,225,037	25,971,156
30,000	Charter Communications Inc., Cl. A+	138,876	35,400

525,250	Comcast Corp., Cl. A+ .	16,072,664	12,380,142
85,000	Comcast Corp., Cl. A, Special+	756,584	1,920,150
20,000	Shaw Communications Inc., Cl. B	52,983	205,472
80,000	Shaw Communications Inc., Cl. B, Non-Voting ..	329,198	822,400
370,000	UnitedGlobalCom Inc., Cl. A+	2,499,253	888,000
		43,750,418	42,231,220
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 3.0%		
20,000	ArvinMeritor Inc.	387,543	333,400
37,802	BorgWarner Inc.	1,732,135	1,905,977
100,000	CLARCOR Inc.	1,266,455	3,227,000
320,061	Dana Corp.	5,237,799	3,763,917
65,000	Delphi Corp.	766,915	523,250
260,000	GenCorp Inc.	2,470,673	2,059,200
210,000	Genuine Parts Co.	5,500,492	6,468,000
114,000	Johnson Controls Inc. .	9,222,600	9,139,380
105,000	Midas Inc.+	1,470,247	675,150
335,000	Modine Manufacturing Co.	4,388,179	5,922,800
20,000	O'Reilly Automotive Inc.+	579,199	505,800
70,800	Scheib (Earl) Inc.+ ...	608,339	169,920
163,000	Standard Motor Products Inc.	1,748,388	2,119,000
24,000	Superior Industries International Inc. .	603,378	992,640
105,000	TransPro Inc.+	936,808	588,000
		36,919,150	38,393,434
	HEALTH CARE -- 2.7%		
20,000	Abbott Laboratories ...	743,000	800,000
60,000	Amgen Inc.+	256,894	2,900,400
40,000	Apogent Technologies Inc.+	803,368	832,000
10,000	AstraZeneca plc, London	385,298	357,401
35,146	AstraZeneca plc, Stockholm	1,255,532	1,234,278
15,000	Aventis SA	1,056,288	815,346
26,000	Biogen Inc.+	181,025	1,041,560
110,000	Bristol-Myers Squibb Co.	2,938,465	2,546,500
23,000	Centerpulse AG+	1,394,669	4,008,852
75,036	GlaxoSmithKline plc ...	1,817,377	1,439,957
4,000	GlaxoSmithKline plc, ADR	216,096	149,840
15,000	Henry Schein Inc.+	675,634	675,000
56,011	Invitrogen Corp.+	2,678,982	1,752,584
50,000	Merck & Co. Inc.	2,840,158	2,830,500
41,000	Novartis AG	1,292,180	1,495,961

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2002

MARKET

SHARES		COST	VALUE
	COMMON STOCKS (CONTINUED)		
	HEALTH CARE (CONTINUED)		
108,000	Novartis AG, Registered ....$	3,905,280	$ 3,966,840
65,000	Pfizer Inc.	1,077,000	1,987,050
17,900	Roche Holding AG	1,644,702	1,247,326
20,000	Sanofi-Synthelabo SA ..	967,750	1,222,494
20,000	Schering-Plough Corp. .	527,530	444,000
14,000	Takeda Chemical Industries Ltd.	782,347	585,152
60,000	Wyeth	2,563,371	2,244,000
		30,002,946	34,577,041
	HOTELS AND GAMING -- 2.3%		
110,000	Aztar Corp.+	772,707	1,570,800
90,000	Boca Resorts Inc., Cl. A+	787,000	963,000
240,000	Gaylord Entertainment Co.+	6,198,540	4,944,000
30,000	Greek Organization of Football Prognostics	288,232	317,953
8,000	GTECH Holdings Corp.+ .	69,219	222,880
2,460,000	Hilton Group plc	8,307,399	6,613,861
650,000	Hilton Hotels Corp. ...	6,542,136	8,261,500
60,000	MGM Mirage+	1,588,260	1,978,200
430,000	Park Place Entertainment Corp.+	2,424,893	3,612,000
50,000	Starwood Hotels & Resorts Worldwide Inc.	1,075,717	1,187,000
		28,054,103	29,671,194
	AEROSPACE -- 2.1%		
100,000	BAE Systems plc	470,791	199,630
115,000	Boeing Co.	3,847,934	3,793,850
100,000	Lockheed Martin Corp. .	5,677,100	5,775,000
181,069	Northrop Grumman Corp.	17,210,135	17,563,693
		27,205,960	27,332,173
	RETAIL -- 2.0%		
200,000	Albertson's Inc.	5,669,538	4,452,000
300,000	AutoNation Inc.+	3,354,597	3,768,000
75,000	Boots Co. plc	739,158	707,559
10,000	Coldwater Creek Inc.+ .	181,517	192,000
10,000	Fast Retailing Co. Ltd.	268,047	352,237
34,500	Gucci Group NV, ADR ...	2,844,684	3,160,200
8,000	Ito-Yokado Co. Ltd. ...	339,093	235,948
100,000	Lillian Vernon Corp. ..	1,362,258	410,000
90,000	Neiman Marcus Group Inc., Cl. A+	2,800,847	2,735,100
320,000	Neiman Marcus Group Inc., Cl. B+	7,741,769	8,745,600
7,750	Tod's SpA	387,822	248,122
20,000	Winn-Dixie Stores Inc.	236,476	305,600
		25,925,806	25,312,366
	CONSUMER SERVICES -- 1.8%		

SHARES		COST	MARKET VALUE
40,000	Loewen Group Inc.+	48,700	1,200
473,000	Rollins Inc.	5,422,989	12,037,850
490,000	USA Interactive Inc.+ .	11,838,600	11,230,800
		17,310,289	23,269,850
	REAL ESTATE -- 1.6%		
450,000	Catellus Development Corp.+	7,555,315	8,932,500
75,000	Cheung Kong (Holdings) Ltd.	871,487	488,083
44,000	Florida East Coast Industries Inc., Cl. A	523,108	1,020,800
58,451	Florida East Coast Industries Inc., Cl. B	964,977	1,290,013
55,000	Griffin Land & Nurseries Inc.+	513,143	796,950
4,753	HomeFed Corp.+	851	6,892
253,000	St. Joe Co.	1,873,208	7,590,000
		12,302,089	20,125,238

SHARES		COST	MARKET VALUE
	BROADCASTING -- 1.5%		
15,015	Clear Channel Communications Inc.+ ....$	481,784	$ 559,909
16,666	Corus Entertainment Inc., Cl. B+	62,036	199,914
100,000	Gray Television Inc. ..	974,530	975,000
28,000	Gray Television Inc., Cl. A	376,900	331,800
195,000	Grupo Televisa SA, ADR+	5,116,358	5,446,350
200,000	Liberty Corp.	8,528,905	7,760,000
5,000	LIN TV Corp., Cl. A+ ..	110,000	121,750
120,000	Mediaset SpA	915,894	914,195
4,000	Nippon Broadcasting System Inc.	161,709	119,660
40,375	NRJ Group	384,806	614,329
131,000	Paxson Communications Corp.+	1,311,348	269,860
17,700	RTL Group	775,136	525,630
100,000	Television Broadcasts Ltd.	396,239	315,451
110,000	Young Broadcasting Inc., Cl. A+	2,713,685	1,448,700
		22,309,330	19,602,548
	AVIATION: PARTS AND SERVICES -- 1.2%		
101,320	Curtiss-Wright Corp., Cl. B	5,582,889	6,312,236
90,000	Fairchild Corp., Cl. A+	1,111,343	446,400
55,000	Precision Castparts Corp.	1,018,343	1,333,750
84,500	Sequa Corp., Cl. A+ ..	3,371,578	3,304,795
78,000	Sequa Corp., Cl. B+ ..	4,068,661	3,490,500
		15,152,814	14,887,681

	ELECTRONICS -- 1.1%		
150,393	Agere Systems Inc., Cl. B+	512,493	210,550
315,000	Cypress Semiconductor Corp.+	2,107,295	1,801,800
3,000	Hitachi Ltd., ADR	218,796	111,750
18,000	Molex Inc., Cl. A	549,286	358,020
11,500	Murata Manufacturing Co. Ltd.	517,811	450,619
7,500	NEC Corp., ADR	43,625	28,200
6,000	Rohm Co. Ltd.	994,112	763,967
38,800	Royal Philips Electronics NV, ADR	53,457	685,984
47,000	Sony Corp., ADR	1,554,214	1,941,570
200,000	Texas Instruments Inc.	5,075,340	3,002,000
250,000	Thomas & Betts Corp.+ .	4,581,748	4,225,000
13,400	Tokyo Electron Ltd. ...	672,183	606,371
		16,880,360	14,185,831
	AGRICULTURE -- 1.0%		
1,050,000	Archer-Daniels-Midland Co.	13,728,377	13,020,000
5,000	Delta & Pine Land Co. .	84,396	102,050
		13,812,773	13,122,050
	SPECIALTY CHEMICALS -- 1.0%		
5,400	Ciba Specialty Chemicals, ADR	21,140	186,840
10,000	du Pont de Nemours (E.I.) and Co.	327,500	424,000
330,000	Ferro Corp.	6,975,503	8,061,900
40,000	Fuller (H.B.) Co.	968,437	1,035,200
120,000	Hercules Inc.+	1,543,119	1,056,000
15,000	IVAX Corp.+	170,440	181,950
210,000	Omnova Solutions Inc.+	1,767,940	846,300
5,000	Rohm and Haas Co.	158,688	162,400
11,697	Syngenta AG, ADR	22,129	134,750
		11,954,896	12,089,340

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2002

SHARES		COST	MARKET VALUE
	COMMON STOCKS (CONTINUED)		
	BUILDING AND CONSTRUCTION -- 0.7%		
100,500	CRH plc ....$	1,259,458	$ 1,239,152
32,222	Huttig Building Products Inc.+	81,163	91,833
15,000	Martin Marietta Materials Inc.	322,687	459,900

137,800	Nortek Holdings Inc.+ .	6,285,058	6,304,350
5,000	Nortek Holdings Inc., Special Common+ (a)	72,155	228,750
		8,020,521	8,323,985
	ENVIRONMENTAL SERVICES -- 0.6%		
65,000	Republic Services Inc.+	875,761	1,363,700
300,000	Waste Management Inc. .	6,690,206	6,876,000
		7,565,967	8,239,700
	PAPER AND FOREST PRODUCTS -- 0.5%		
100,000	MeadWestvaco Corp.	2,760,271	2,471,000
170,000	Pactiv Corp.+	1,775,756	3,716,200
10,000	Rayonier Inc.	465,432	452,500
		5,001,459	6,639,700
	COMMUNICATIONS EQUIPMENT -- 0.5%		
60,000	Acterna Corp.+	209,121	9,600
290,000	Allen Telecom Inc.+ ...	2,191,165	2,746,300
525,000	Corning Inc.+	5,185,332	1,737,750
130,000	Lucent Technologies ... Inc.+	952,294	163,800
120,000	Motorola Inc.	1,631,519	1,038,000
100,000	Nortel Networks Corp.+	725,285	161,000
44,000	Scientific-Atlanta Inc.	355,750	521,840
		11,250,466	6,378,290
	AUTOMOTIVE -- 0.5%		
20,000	Ford Motor Co.	490,840	186,000
167,942	General Motors Corp. ..	5,307,581	6,190,342
		5,798,421	6,376,342
	BUSINESS SERVICES -- 0.5%		
60,000	ANC Rental Corp.+	578,273	3,000
180,000	Cendant Corp.+	2,573,002	1,886,400
1,000	CheckFree Corp.+	9,040	16,001
98,000	Landauer Inc.	634,307	3,405,500
70,000	Nashua Corp.+	634,028	614,600
250,000	Securicor plc	0	341,101
3,500	SYNAVANT Inc.+	27,506	3,255
		4,456,156	6,269,857
	METALS AND MINING -- 0.4%		
72,500	Harmony Gold Mining Co. Ltd.	347,738	1,242,056
15,000	Harmony Gold Mining Co. Ltd., ADR	79,800	252,150
125,000	Newmont Mining Corp. ..	2,829,421	3,628,750
50,000	Placer Dome Inc.	487,169	575,000
		3,744,128	5,697,956
	CLOSED END FUNDS -- 0.2%		
59,000	Central European Equity Fund Inc.+	740,735	855,500
18,592	France Growth Fund Inc.+	184,694	105,974

SHARES		COST	MARKET VALUE
54,150	Italy Fund Inc.	450,250	356,849
68,000	New Germany Fund Inc.+	750,658	241,400
70,000	Pimco RCM Europe ...... Fund Inc.+	512,662	429,800
40,000	Royce Value Trust Inc.	466,533	530,000
		3,105,532	2,519,523
	SATELLITE -- 0.2%		
180,323	General Motors Corp., Cl. H+ ....$	2,584,089	$ 1,929,456
34,000	Liberty Satellite & Technology Inc., Cl. A+	900,012	90,100
190,000	Loral Space & Communications Ltd.+	614,954	81,700
		4,099,055	2,101,256
	COMPUTER SOFTWARE AND SERVICES -- 0.1%		
20,000	Capcom Co. Ltd.	684,260	301,171
10,000	Computer Associates ... International Inc. .	254,407	135,000
5,000	Electronic Data .... Systems Corp.	69,661	92,150
160,000	EMC Corp.+	2,749,056	982,400
20,000	Genuity Inc., Cl. A+ ..	136,779	1,800
		3,894,163	1,512,521
	TRANSPORTATION -- 0.1%		
100,000	AMR Corp.+	1,924,248	660,000
20,000	Grupo TMM SA de CV, Cl. A, ADR+	203,299	103,000
7,500	Kansas City Southern+ .	13,986	90,000
		2,141,533	853,000
	COMPUTER HARDWARE -- 0.0%		
26,000	Hewlett-Packard Co. ...	839,290	451,360
10,000	Xerox Corp.+	108,625	80,500
		947,915	531,860
	TOTAL COMMON STOCKS	1,091,517,570	1,094,277,783
	PREFERRED STOCKS -- 2.5%		
	PUBLISHING -- 1.4%		
770,494	News Corp. Ltd., Pfd., ADR	20,918,681	17,451,689
	SPECIALTY CHEMICALS -- 0.5%		
280,500	Hercules Trust I, 9.420% Pfd.	6,358,552	6,044,775
	TELECOMMUNICATIONS -- 0.4%		
52,500	Allen Telecom Inc., 7.750% Cv. Pfd.,		

	Ser. D	2,625,000	3,885,000
31,000	Broadwing Inc., 6.750% Cv. Pfd., Ser. B	986,633	651,000
21,000	Citizens Communications Co., 5.000% Cv. Pfd.	1,020,698	997,500
500	Lucent Technologies Capital Trust I, 7.750% Cv. Pfd.	500,000	205,000
		5,132,331	5,738,500
	AEROSPACE -- 0.1%		
14,021	Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B	1,633,727	1,729,630
	BROADCASTING -- 0.1%		
	90 Gray Television Inc., 8.000% Cv. Pfd., Ser. C (a)(b)	900,000	918,000
100,000	ProSieben Sat.1 Media AG, Pfd.	1,043,352	682,078
		1,943,352	1,600,078

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2002

SHARES		COST	MARKET VALUE
	PREFERRED STOCKS (CONTINUED)		
	AVIATION: PARTS AND SERVICES -- 0.0%		
3,000	Sequa Corp., $5.00 Cv. Pfd. .....$	239,700	$ 222,000
	WIRELESS COMMUNICATIONS -- 0.0%		
10,760,547	Telesp Celular Participacoes SA, Pfd.+	82,623	12,919
	TOTAL PREFERRED STOCKS	36,308,966	32,799,591
PRINCIPAL AMOUNT			
	CORPORATE BONDS -- 0.5%		
	ELECTRONICS -- 0.2%		
$ 3,500,000	Agere Systems Inc., Sub. Deb. Cv., 6.500%, 12/15/09 ...	3,500,000	2,743,125
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1%		
1,400,000	Standard Motor Products Inc., Sub. Deb. Cv.,		

PRINCIPAL AMOUNT		COST	MARKET VALUE
	6.750%, 07/15/09 ...	1,336,622	1,083,250
	AVIATION: PARTS AND SERVICES -- 0.1%		
933,000	Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 ...	883,441	888,683
	WIRELESS COMMUNICATIONS -- 0.1%		
500,000	Nextel Communications Inc., 9.500%, 02/01/11 ...	351,900	452,500
	HOTELS AND GAMING -- 0.0%		
400,000	Hilton Hotels Corp., Sub. Deb. Cv., 5.000%, 05/15/06 ...	359,149	385,000
	ENERGY AND UTILITIES -- 0.0%		
1,000,000	Mirant Corp., Sub. Deb. Cv., 2.500%, 06/15/21 ...	758,440	376,250
	CABLE -- 0.0%		
1,300,000	Charter Communications Inc., Cv., 4.750%, 06/01/06 ...	848,588	238,875
	TOTAL CORPORATE BONDS	8,038,140	6,167,683
SHARES			
	WARRANTS -- 0.0%		
	FOOD AND BEVERAGE -- 0.0%		
62,463	Denny's Corp., expires 01/07/05+ ..	105,604	625
	METALS AND MINING -- 0.0%		
5,000	Harmony Gold Mining Co. Ltd., ADR, expires 06/29/03+	0	62,500
	TOTAL WARRANTS	105,604	63,125
PRINCIPAL AMOUNT			
	U.S. GOVERNMENT OBLIGATIONS -- 1.5%		
19,000,000	U.S. Treasury Bills, 0.811%++, 01/09/03 .	18,996,622	18,996,622

PRINCIPAL AMOUNT		COST	MARKET VALUE
	REPURCHASE AGREEMENTS -- 10.1%		
$100,000,000	Agreement with ABN Amro, 1.050%, dated 12/31/02, due 01/02/03, proceeds at maturity $100,005,833 (c) ...	$ 100,000,000	$ 100,000,000
29,401,000	Agreement with State Street Bank & Trust Co., 1.050%, dated 12/31/02, due 01/02/03, proceeds at maturity $29,402,715 (c)	29,401,000	29,401,000

TOTAL REPURCHASE AGREEMENTS	129,401,000	129,401,000
TOTAL INVESTMENTS -- 100.0%	$1,284,367,902	$1,281,705,804
OTHER LIABILITIES IN EXCESS OF ASSETS		(10,105,399)
PREFERRED STOCK (11,973,100 preferred shares outstanding)		(429,197,500)
NET ASSETS -- COMMON STOCK (134,059,967 common shares outstanding)		$ 842,402,905
NET ASSET VALUE PER COMMON SHARE ($842,402,905 (DIVIDE) 134,059,967 shares outstanding)		$6.28

PRINCIPAL AMOUNT		SETTLEMENT DATE	NET UNREALIZED APPRECIATION
	FORWARD FOREIGN EXCHANGE CONTRACTS		
7,790,000(d)	Deliver Hong Kong Dollars in exchange for USD 998,270	08/01/03	$ 496

For Federal tax purposes:

Aggregate cost	$1,290,492,415
Gross unrealized appreciation	$ 170,215,400
Gross unrealized depreciation	(179,002,011)
Net unrealized depreciation	$ (8,786,611)

(a) Security fair valued under procedures established by the Board of Directors.

(b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2002, the market value of Rule 144A securities amounted to $918,000 or 0.1% of total investments.

(c) Collateralized by U.S. Treasury Notes, 8.000% to 8.875%, due 02/15/19 to 11/15/21, market value $130,001,475.

(d) Principal amount denoted in Hong Kong Dollars.

\+ Non-income producing security.

++ Represents annualized yield at date of purchase.

ADR - American Depository Receipt.
BDR - Brazilian Depository Receipt.
CVO - Contingent Value Obligation.
RNC - Non-Convertible Savings Shares.
USD - U.S. Dollars.

% OF

	MARKET VALUE	MARKET VALUE
GEOGRAPHIC DIVERSIFICATION		
United States	84.1%	$1,077,918,136
Europe	11.2	144,106,731
Asia/Pacific Rim	2.5	31,518,868
Latin America	1.1	14,439,750
Canada	1.0	12,228,113
South Africa	0.1	1,494,206
Total Investments	100.0%	$1,281,705,804

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2002

ASSETS:	
Investments, at value (Cost $1,284,367,902)	$ 1,281,705,804
Cash and foreign currency, at value (Cost $1,374)	1,366
Dividends and interest receivable	1,817,432
Receivable from investments sold	37,026,380
Unrealized appreciation on forward foreign exchange contracts	496
TOTAL ASSETS	1,320,551,478
LIABILITIES:	
Payable for investments purchased	37,824,243
Dividends payable	406,825
Unrealized depreciation on swap contract	8,896,359
Payable for investment advisory fees	717,207
Interest payable on swap contract	319,953
Payable to custodian	28,026
Other accrued expenses and liabilities	758,460
TOTAL LIABILITIES	48,951,073
PREFERRED STOCK:	
Series A Cumulative Preferred Stock (7.25%, $25 liquidation value, $0.001 par value, 8,000,000 shares authorized with 5,367,900 shares issued and outstanding)	134,197,500
Series B Cumulative Preferred Stock (7.20%, $25 liquidation value, $0.001 par value, 8,000,000 shares authorized with 6,600,000 shares issued and outstanding)	165,000,000
Series C Cumulative Preferred Stock (Auction Rate, $25,000 liquidation value, $0.001 par value, 6,000 shares authorized with 5,200 shares issued and outstanding)	130,000,000
TOTAL PREFERRED STOCK	429,197,500
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS	$ 842,402,905

NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS CONSIST OF:	
Capital stock, at par value	$ 134,059
Additional paid-in capital	860,333,570
Accumulated distributions in excess of net investment income	(406,825)
Accumulated distributions in excess of net realized gain on investments, options, future contracts and foreign currency transactions	(6,124,513)
Net unrealized depreciation on investments and foreign currency transactions	(11,533,386)
TOTAL NET ASSETS	$ 842,402,905
NET ASSET VALUE PER COMMON SHARE ($842,402,905 (DIVIDE) 134,059,967 shares outstanding; 183,994,000 shares authorized of $0.001 par value)	$6.28

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2002

INVESTMENT INCOME:	
Dividends (net of foreign taxes of $657,597)	$ 18,054,782
Interest	3,626,158
TOTAL INVESTMENT INCOME	21,680,940
EXPENSES:	
Investment advisory fees	9,835,224
Interest expense on swap contract (Note 2)	1,813,999
Shareholder communications expenses	447,246
Shareholder services fees	273,924
Payroll	309,668
Directors' fees	143,619
Custodian fees	176,741
Legal and audit fees	158,023
Miscellaneous expenses	483,678
TOTAL EXPENSES	13,642,122
LESS: CUSTODIAN FEE CREDIT	(5,768)
NET EXPENSES	13,636,354
NET INVESTMENT INCOME	8,044,586
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY TRANSACTIONS:	
Net realized gain on investments and options 134,196,334 Net realized gain on foreign currency transactions	23,259
Net realized gain on futures contracts	1,055,339
Net realized gain on investments, futures contracts and foreign currency transactions	135,274,932
Net change in unrealized appreciation/depreciation	

on investments, swap contracts and foreign currency transactions	(348,434,576)
NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY TRANSACTIONS	(213,159,644)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	(205,115,058)
Total Distributions to Preferred Stock Shareholders	(22,825,651)
NET DECREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS	$(227,940,709)

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

	YEAR ENDED DECEMBER 31, 2002	DECE
OPERATIONS:		
Net investment income	$ 8,044,586	$
Net realized gain on investments, options, futures contracts and foreign currency transactions	135,274,932	
Net change in unrealized appreciation/depreciation on investments, swap contracts and foreign currency transactions	(348,434,576)	
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	(205,115,058)	
DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS:		
Net investment income	(1,241,220)	
Net realized short-term gain on investments, options, futures contracts and foreign currency transactions	(375,336)	
Net realized long-term gain on investments, options, futures contracts and foreign currency transactions	(21,209,095)	
TOTAL DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS	(22,825,651)	
NET DECREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS	(227,940,709)	
DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:		
Net investment income	(6,579,486)	
Net realized short-term gain on investments, options, futures contracts and foreign currency transactions	(2,051,189)	
Net realized long-term gain on investments, options, futures contracts and foreign currency transactions	(115,905,914)	
Return of capital	(218,677)	
TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS	(124,755,266)	

TRUST SHARE TRANSACTIONS:		
Net increase in net assets from common shares issued upon reinvestment of dividends and distributions and rights offering	30,727,869	
Offering costs for preferred shares charged to paid-in capital	(1,800,000)	
Net increase in net assets from repurchase of preferred stock	--	
NET INCREASE IN NET ASSETS FROM TRUST SHARE TRANSACTIONS	28,927,869	
NET DECREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS .	(323,768,106)	
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS:		
Beginning of period	1,166,171,011	1
End of period	$ 842,402,905	$ 1

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION. The Gabelli Equity Trust Inc. (the "Equity Trust") is a closed-end, non-diversified 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. The Equity Trust had no operations until August 11, 1986, when it sold 10,696 shares of common stock to Gabelli Funds, LLC (the "Adviser") for $100,008. Investment operations commenced on August 21, 1986.

Effective August 1, 2002, the Equity Trust modified its non-fundamental investment policy to increase, from 65% to 80%, the portion of its assets that it will invest, under normal market conditions in equity securities (the "80% Policy"). The 80% Policy may be changed without shareholder approval. However, the Equity Trust has adopted a policy to provide shareholders with at least 60 days' notice of the implementation of any change in the 80% Policy.

2. SIGNIFICANT ACCOUNTING POLICIES. The preparation of financial statements in accordance with 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 Equity Trust in the preparation of its financial statements.

SECURITY VALUATION. Portfolio securities listed or traded on a nationally recognized securities exchange, quoted by the National Association of Securities Dealers Automated Quotations, Inc. ("Nasdaq") 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 on that exchange or market 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 so determines, by such other method as the Board of Directors shall determine in good faith, to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the "Adviser"). Portfolio securities primarily traded in foreign markets are generally valued at the preceding closing values of such securities on their respective exchanges or markets. Securities and assets for which market quotations are not readily available are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Board of Directors. Short term debt securities with remaining maturities of 60 days or less are valued at amortized cost, unless the Board of Directors determines such does not reflect the securities fair value, in which case these securities will be valued at their fair value as determined by the Board of Directors. Debt instruments having a maturity greater than 60 days for which market quotations are readily available are valued at the latest average of the bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price on that day. Options are valued at the last sale price on the exchange on which they are listed. If no sales of such options have taken place that day, they will be valued at the mean between their closing bid and asked prices.

REPURCHASE AGREEMENTS. The Equity Trust may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Bank of New York, 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 of Directors. Under the terms of a typical repurchase agreement, the Equity Trust takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Equity Trust to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Equity Trust's holding period. The Equity Trust 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 Equity Trust in each agreement. The Equity Trust 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 Equity Trust may be delayed or limited.

SWAP AGREEMENTS. The Equity Trust may enter into interest rate swap or cap transactions. The use of interest rate swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, the Equity Trust 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 to the Equity Trust periodically a variable rate payment that is intended to approximate the Equity Trust's variable rate payment obligation on the Series C Preferred Stock. In an interest rate cap, the Equity Trust would pay a premium to the interest rate cap to the counterparty and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. Interest rate swap and cap transactions introduce additional risk because the Equity Trust would remain obligated to pay preferred stock dividends when due in accordance with the Articles Supplementary even if the counterparty defaulted. Depending on the general state of short-term interest rates and the returns on the Equity Trust's portfolio securities at that point in time,

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

such a default could negatively affect the Equity Trust's ability to make dividend payments for the Series C Preferred Stock. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the Equity Trust 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. If this occurs, it could have a negative impact on the Equity Trust's ability to make dividend payments on the Series C Preferred Stock.

The Trust has entered into one interest rate swap agreement with Citibank N.A. Under the agreement the Trust receives a floating rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swap at December 31, 2002 are as follows:

NOTIONAL AMOUNT	FIXED RATE	FLOATING RATE* (RATE RESET MONTHLY)	TERMINATION DATE	UNREALIZED DEPRECIATION
$130,000,000	4.494%	1.43875%	July 1, 2007	$(8,896,359)

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*Based on Libor (London Interbank Offered Rate).

FUTURES CONTRACTS. The Equity Trust 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. Such investments will only be made if they are economically appropriate to the reduction of risks involved in the management of the Equity Trust's investments. Upon entering into a futures contract, the Equity Trust 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 Equity Trust each day, depending on the daily fluctuation of the value of the contract. The daily changes in the contract are included in unrealized appreciation/depreciation on investments and futures contracts. The Equity Trust recognizes a realized gain or loss when the contract is closed. There were no open futures contracts at December 31, 2002.

There are several risks in connection with the use of futures contracts as a hedging device. 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 the Equity Trust may not be able to enter into a closing transaction because of an illiquid secondary market.

FORWARD FOREIGN EXCHANGE CONTRACTS. The Equity Trust 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 forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency transactions. When the contract is closed, the Equity Trust 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 Equity Trust'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/(loss) that might result should the value of the currency increase. In addition, the Equity Trust could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts.

FOREIGN CURRENCY TRANSLATION. The books and records of the Equity Trust are maintained in United States (U.S.) dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period, and 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, which 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 transactions. 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 Equity Trust 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.

SECURITIES TRANSACTIONS AND INVESTMENT INCOME. Securities transactions are accounted for as of 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 as earned. Dividend income is recorded on the ex-dividend date.

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders of the Equity Trust's 7.25% Tax Advantaged Series A Cumulative Preferred Stock, 7.20% Tax Advantaged Series B Cumulative Preferred Stock and Series C Auction Rate Cumulative Preferred Stock ("Cumulative Preferred Stock") are accrued on a daily basis and are determined as described in Note 5.

Income distributions and capital gain distributions are determined in accordance with Federal income tax regulations which may differ from accounting principles generally accepted in the United States. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Equity Trust, timing differences and differing characterization of distributions made by the Equity Trust.

For the year ended December 31, 2002, reclassifications were made to increase accumulated distributions in excess of net investment income for $364,192 and decrease accumulated distributions in excess of net realized gain on investments, options, future contracts and foreign currency transactions for $114,892 with an offsetting adjustment to additional paid-in capital.

The tax character of distributions paid during the fiscal year ended December 31, 2002 and December 31, 2001 were as follows:

	YEAR ENDED DECEMBER 31, 2002		YEAR ENDED DECEMBER 31, 2	
	COMMON	PREFERRED	COMMON	P
DISTRIBUTIONS PAID FROM:				
Ordinary income (Inclusive of short term capital gain)	$ 8,877,226	$ 1,616,556	$ 16,764,177	$
Net long term capital gain	115,659,363	21,209,095	121,695,945	1
Non-taxable return of capital	218,677	--	--	

Total distribution paid	$124,755,266	$22,825,651	$138,460,122	$1

PROVISION FOR INCOME TAXES. The Equity Trust intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended. As a result, a Federal income tax provision is not required.

As of December 31, 2002, the components of accumulated earnings/(losses) on a tax basis were as follows:

Net unrealized depreciation	$(17,657,899)
Other	(406,825)
Total accumulated loss	$(18,064,724)

Other is primarily due to dividends payable on preferred stock at December 31, 2002.

3. AGREEMENTS AND TRANSACTIONS WITH AFFILIATES. The Equity Trust has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Equity Trust will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Equity Trust's average weekly net assets plus liquidation value of preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Equity Trust's portfolio and oversees the administration of all aspects of the Equity Trust'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 net asset value of the common shares of the Equity Trust, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of the Cumulative Preferred Stock. For the year ended December 31, 2002, the Equity Trust's total return on the net asset value of the common shares did not exceed the stated dividend rate of the Cumulative Preferred Stock. Thus, such management fees were not earned on the incremental assets.

During the year ended December 31, 2002, Gabelli & Company, Inc. and its affiliates received $337,437 in brokerage commissions as a result of executing agency transactions in portfolio securities on behalf of the Equity Trust.

The cost of calculating the Trust's net asset value per share is a Trust expense pursuant to the Investment Advisory Agreement between the Trust and the Adviser. During fiscal 2002, the Gabelli Equity Trust reimbursed the Adviser $34,800 in connection with the cost of computing the Trust's net asset value.

4. PORTFOLIO SECURITIES. Cost of purchases and proceeds from sales of securities, other than short-term securities, for the year ended December 31, 2002 aggregated $403,144,988 and $327,000,473, respectively.

5. CAPITAL. The Articles of Incorporation, dated May 19, 1986, permit the Equity Trust to issue 183,994,000 shares of common stock (par value $0.001). The Board of Directors of the Equity Trust has authorized the repurchase of its shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board of Directors may determine from time to time) from the net asset value of the shares. During the year ended December 31, 2002, the Equity Trust did not repurchase any shares of its common stock in the open market.

On January 10, 2001, the Equity Trust distributed one transferable right for each of the 108,688,408 common shares outstanding to shareholders of record on that date. Six rights were required to purchase one additional common share at the subscription price of $7.00 per share. The subscription period expired on February 13, 2001. The rights offering was fully subscribed resulting in the issuance of 18,114,735 common shares and proceeds of $126,803,145 to the Equity Trust, prior to the deduction of estimated expenses of $500,000. The net asset value per share of the Equity Trust common shareholders was reduced by approximately $0.62 per share as a result of the issuance.

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

Transactions in common stock were as follows:

	YEAR ENDED DECEMBER 31, 2002		YEAR ENDED DECEMBER 31,	
	Shares	Amount	Shares	Am
Shares issued in rights offering	--	--	18,114,735	$126,3
Shares issued upon reinvestment of dividends and distributions	3,992,168	$30,727,869	3,264,654	33,5
Net increase	3,992,168	$30,727,869	21,379,389	$159,8

The holders of Cumulative Preferred Stock have voting rights equivalent to those of the holders of common stock (one vote per share) and will vote together with holders of shares of common stock as a single class. In addition, the 1940 Act requires that along with approval of a majority of the holders of common stock, approval of a majority of the holders of any outstanding shares of Cumulative Preferred Stock, voting separately as a class, would be required to (a) adopt any plan of reorganization that would adversely affect the Cumulative Preferred Stock, and (b) take any action requiring a vote of security holders, including, among other things, changes in the Trust's subclassification as a closed-end investment company or changes in its fundamental investment restrictions. The Equity Trust's Articles of Incorporation, as amended, authorize the issuance of up to 16,006,000 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 Equity Trust is required to meet certain asset coverage tests as required by the 1940 Act and by the Shares' Articles Supplementary with respect to the Cumulative Preferred Stock. If the Equity Trust fails to meet these requirements and does not correct such failure, the Equity Trust may be required to redeem, in part or in full, the 7.25% Series A, 7.20% Series B and Series C Auction Rate Cumulative Preferred Stock at a redemption price of $25, $25 and $25,000, 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 requirements could restrict the Equity Trust's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Equity Trust'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.

Under Emerging Issues Task Force (EITF) promulgating Topic D-98,

CLASSIFICATION AND MEASUREMENT OF REDEEMABLE SECURITIES, which was issued on July 19, 2001, preferred securities that are redeemable for cash or other assets are to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer. Subject to the guidance of the EITF, the Equity Trust's Cumulative Preferred Stock, which was previously classified as a component of net assets, has been reclassified outside of permanent equity (net assets attributable to common stock shareholders) in the accompanying financial statements. Prior year amounts have also been reclassified to conform with this presentation. The impact of this reclassification creates no change to the net assets available to common shareholders.

Commencing June 9, 2003 and thereafter, the Equity Trust, at its option, may redeem the 7.25% Series A Cumulative Preferred Stock in whole or in part at the redemption price. During the year ended December 31, 2002, the Equity Trust did not repurchase any shares of 7.25% Series A Cumulative Preferred Stock. During the year ended December 31, 2001, the Equity Trust repurchased 1,000 shares of 7.25% Series A Cumulative Preferred Stock at a cost of $24,870 and at an average price of $24.87 per share. At December 31, 2002, 5,367,900 shares of the 7.25% Series A Cumulative Preferred Stock were outstanding at the fixed dividend rate of 7.25 percent per share and accrued dividends amounted to $162,155.

On June 20, 2001, the Equity Trust received net proceeds of $159,329,175 (after underwriting discounts of $5,197,500 and estimated offering expenses of $473,325) from the public offering of 6,600,000 shares of 7.20% Series B Cumulative Preferred Stock. Commencing June 20, 2006 and thereafter, the Equity Trust, at its option, may redeem the 7.20% Series B Cumulative Preferred Stock in whole or in part at the redemption price. During the year ended December 31, 2002 and the year ended December 31, 2001, the Equity Trust did not repurchase any shares of 7.20% Series B Cumulative Preferred Stock. At December 31, 2002, 6,600,000 shares of the 7.20% Series B Cumulative Preferred Stock were outstanding at the fixed rate of 7.20 percent per share and accrued dividends amounted to $198,000.

On June 27, 2002, the Equity Trust received net proceeds of $128,200,000 (after underwriting discounts of $1,300,000 and estimated offering expenses of $500,000) 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 7 days, is expected to vary with short-term interest rates. Existing shareholders may submit an order to 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 Equity Trust, 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 year ended December 31, 2002, the Equity Trust did not repurchase any shares of Series C Auction Rate Cumulative Preferred Stock. At December 31, 2002, 5,200 shares of the Series C Auction Rate Cumulative Preferred Stock were outstanding at the annual rate of 1.65 percent per share and accrued dividends amounted to $0.00.

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THE GABELLI EQUITY TRUST INC.
FINANCIAL HIGHLIGHTS

SELECTED DATA FOR AN EQUITY TRUST COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD:

YEAR END

OPERATING PERFORMANCE:	2002(A)	2001(A)	20
Net asset value, beginning of period	$ 8.97	$ 10.89	$
Net investment income	0.06	0.08	
Net realized and unrealized gain (loss) on investments	(1.64)	(0.16)	
Total from investment operations	(1.58)	(0.08)	
DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS:			
Net investment income	(0.01)	(0.01)	
Net realized gain on investments	(0.16)	(0.11)	
Total distributions to preferred stock shareholders	(0.17)	(0.12)	
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS	(1.75)	(0.20)	
DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:			
Net investment income	(0.05)	(0.06)	
Net realized gain on investments	(0.90)	(1.02)	
Paid-in capital	(0.00)(c)	--	
Total distributions to common stock shareholders	(0.95)	(1.08)	
CAPITAL SHARE TRANSACTIONS:			
Increase in net asset value from common stock share transactions	0.02	0.03	
Decrease in net asset value from shares issued in rights offering	--	(0.62)	
Offering costs for preferred shares charged to paid-in capital	(0.01)	(0.05)	
Total capital share transactions	0.01	(0.64)	
NET ASSET VALUE ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS, END OF PERIOD	$ 6.28	$ 8.97	$
Net asset value total return +	(21.00)%	(3.68)%	
Market value, end of period	$ 6.85	$ 10.79	$
Total investment return ++	(28.36)%	10.32%	
RATIOS AND SUPPLEMENTAL DATA:			
Net assets including liquidation value of preferred shares, end of period (in 000's)	$1,271,600	$1,465,369	$1,3
Net assets attributable to common shares, end of period (in 000's)	$ 842,403	$1,166,171	$1,1
Ratio of net investment income to average net assets attributable to common shares	0.81%	0.81%	
Ratio of operating expenses to average net assets attributable to common shares (e)(g)	1.37%	1.12%	
Ratio of operating expenses to average total net assets including liquidation value of preferred shares (e)(g)	1.00%	0.95%	
Portfolio turnover rate	27.1%	23.9%	
PREFERRED STOCK:			
7.25% CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's)	$ 134,198	$ 134,198	$ 1
Total shares outstanding (in 000's)	5,368	5,368	
Liquidation preference per share	$ 25.00	$ 25.00	$
Average market value (d)	$ 25.75	$ 25.39	$
7.20% CUMULATIVE PREFERRED STOCK			

Liquidation value, end of period (in 000's) ....$	165,000	$ 165,000	
Total shares outstanding (in 000's)	6,600	6,600	
Liquidation preference per share ....$	25.00	$ 25.00	
Average market value (d) ....$	26.40	$ 25.60	
AUCTION RATE CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's) ....$	130,000	--	
Total shares outstanding (in 000's)	5	--	
Liquidation preference per share ....$	25,000	--	
Average market value (d) ....$	25,000	--	
ASSET COVERAGE (f)	296%	490%	
ASSET COVERAGE PER SHARE (f) ....$	106.20	$ 122.44	$

\+ Based on net asset value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to rights offering, assuming full subscription by shareholder.

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

(a) Per share amounts have been calculated using the monthly average shares outstanding method.

(b) A distribution equivalent to $0.75 per share for The Gabelli Utility Trust spin-off from net investment income, realized short-term gains, realized long-term gains, and paid-in-capital were $0.01029, $0.07453, $0.34218 and $0.32300, respectively.

c) Amount represents less than $0.005 per share.

(d) Based on weekly prices.

(e) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits for the years ended December 31, 2002, 2001 and 2000, the expense ratios of operating expenses to average net assets attributable to common stock would be 1.37%, 1.11% and 1.14%, respectively, and the expense ratios of operating expenses to average total net assets including liquidation value of preferred shares would be 1.00%, 0.94% and 1.03%, respectively.

(f) Asset coverage is calculated by combining all series of preferred stock.

(g) The Trust incurred interest expense during the year ended December 31, 2002. If interest expense had not been incurred, the expense ratio of operating expenses to average net assets attributable to common stock would be 1.19% and the expense ratio of operating expenses to average total net assets including liquidation value of preferred shares would be 0.87%.

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
The Gabelli Equity Trust Inc.

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Gabelli Equity Trust Inc. (the "Trust") at December 31, 2002, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2002 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

/S/ PRICEWATERHOUSECOOPERS LLP

1177 Avenue of the Americas
New York, NY 10036
February 13, 2003

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

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

NAME, POSITION(S) ADDRESS 1 AND AGE	TERM OF OFFICE AND LENGTH OF TIME SERVED 2	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY DIRECTOR	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS
INTERESTED DIRECTORS 3:			
MARIO J. GABELLI Director, President and Chief Investment Office Age: 60	Since 1986**	22	Chairman of the Board and Chief Executive Officer of Gabelli Asset Management Inc. and Chief Investment Officer of Gabelli Funds, LLC and GAMCO Investors, Inc.; Chairman and Chief Executive Officer of Lynch Interactive Corporation (multimedia and services)
KARL OTTO POHL Director Age: 73	Since 1992*	31	Member of the Shareholder Committee of Sal Oppenheim Jr. & Cie (private investment bank); Former President of the Deutsche Bundesbank and Chairman of its

			Central Bank Council (1980-1991)
NON-INTERESTED DIRECTORS:			
THOMAS E. BRATTER Director Age: 63	Since 1986**	3	Director, President and Founder, The John Dewey Academy (residential college preparatory therapeutic high school)
ANTHONY J. COLAVITA 4 Director Age: 67	Since 1999***	33	President and Attorney at Law in the law firm of Anthony J. Colavita, P.C.
JAMES P. CONN 4 Director Age: 64	Since 1989*	11	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (1992-1998)
FRANK J. FAHRENKOPF JR. Director Age: 63	Since 1998***	3	President and Chief Executive Officer of the American Gaming Association since June 1995; Partner of Hogan & Hartson (law firm); Chairman of International Trade Practice Group; Co-Chairman of the Commission on Presidential Debates; Former Chairman of the Republican National Committee
ARTHUR V. FERRARA Director Age: 72	Since 2001***	9	Formerly, Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America from January 1993 to December 1995; President, Chief Executive Officer and a Director prior thereto
ANTHONY R. PUSTORINO Director Age: 77	Since 1986*	17	Certified Public Accountant; Professor Emeritus, Pace University
SALVATORE J. ZIZZA Director Age: 57	Since 1986***	9	Chairman, Hallmark Electrical Supplies Corp.; Former Executive Vice President of FMG Group (OTC), a healthcare provider; Former President and Chief Executive Officer of the Lehigh Group Inc., (electrical supply wholesaler); an interior construction company, through 1997

THE GABELLI EQUITY TRUST INC.
ADDITIONAL FUND INFORMATION (CONTINUED) (UNAUDITED)

NAME, POSITION(S) ADDRESS 1 AND AGE	TERM OF OFFICE AND LENGTH OF TIME SERVED 2	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY DIRECTOR	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS
OFFICERS:			
BRUCE N. ALPERT	Since 1998	--	Executive Vice President and Chief Operating

Vice President and Treasurer Age: 51			Officer of Gabelli Funds, LLC since 1988 and an officer of all mutual funds advised by Gabelli Funds, LLC and its affiliates. Director and President of the Gabelli Advisors, Inc.
CARTER W. AUSTIN Vice President Age: 35	Since 2000	--	Vice President at the Trust since 2000. Vice President of Gabelli Funds, LLC since 1996.
JAMES E. MCKEE Secretary Age: 39	Since 1995	--	Vice President, General Counsel and Secretary of Gabelli Asset Management Inc. since 1999 and GAMCO Investors, Inc. since 1993; Secretary of all mutual funds advised by Gabelli Advisers, Inc. and Gabelli Funds, LLC

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

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

* - Term expires at the Trust's 2003 Annual Meeting of Shareholders and until their successors are duly elected and qualified.

** - Term expires at the Trust's 2004 Annual Meeting of Shareholders and until their successors are duly elected and qualified.

*** - Term expires at the Trust's 2005 Annual Meeting of Shareholders and until their successors are duly elected and qualified.

3 "Interested person" of the Trust as defined in the Investment Company Act of 1940. Messrs. Gabelli and Pohl are each considered an "interested person" because of their affiliation with Gabelli Funds, LLC which acts as the Trust's investment adviser.

4 Represents holders of the Trust's 7.20% and 7.25% Cumulative Preferred Stock.

THE GABELLI EQUITY TRUST INC.
AND YOUR PERSONAL PRIVACY

WHO ARE WE?

The Gabelli Equity Trust Inc. (the "Trust") is a closed-end investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds LLC, which is affiliated with Gabelli Asset Management Inc. Gabelli Asset Management is a publicly-held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients.

WHAT KIND OF NON-PUBLIC INFORMATION DO WE COLLECT ABOUT YOU IF YOU BECOME A GABELLI CUSTOMER?

When you purchase shares of the Trust on the New York Stock Exchange, you have the option of registering directly with our transfer agent in order, for example, to participate in our dividend reinvestment plan.

o INFORMATION YOU GIVE US ON YOUR APPLICATION FORM. This could include your name, address, telephone number, social security number, bank account number, and other information.

- INFORMATION ABOUT YOUR TRANSACTIONS WITH US. This would include information about the shares that you buy or sell, it may also include information about whether you sell or exercise rights that we have issued from time to time. If we hire someone else to provide services--like a transfer agent--we will also have information about the transactions that you conduct through them.

WHAT INFORMATION DO WE DISCLOSE AND TO WHOM DO WE DISCLOSE IT?

We do not disclose any non-public personal information about our customers or former customers to anyone, other than our affiliates, our service providers who need to know such information and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its web site, WWW.SEC.GOV.

WHAT DO WE DO TO PROTECT YOUR PERSONAL INFORMATION?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the Fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

THE GABELLI EQUITY TRUST INC.
INCOME TAX INFORMATION (UNAUDITED)
DECEMBER 31, 2002

CASH DIVIDENDS AND DISTRIBUTIONS

PAYABLE DATE	RECORD DATE	TOTAL AMOUNT PAID PER SHARE (A)	ORDINARY INVESTMENT INCOME	LONG-TERM CAPITAL GAINS (A)	DIVIDEND REINVESTMENT PRICE
COMMON SHARES					
03/25/02	03/15/02	$0.2700	$0.0192	$0.2508	$10.5450
06/24/02	06/14/02	0.2700	0.0191	0.2509	7.7235
09/24/02	09/16/02	0.2700	0.0191	0.2509	6.2225
12/24/02	12/16/02	0.1400	0.0099	0.1301	7.4195
		$0.9500	$0.0673	$0.8827	
7.25% PREFERRED SHARES					
03/26/02	03/19/02	$0.4531	$0.0321	$0.4210	
06/26/02	06/19/02	0.4531	0.0321	0.4210	
09/26/02	09/19/02	0.4531	0.0321	0.4210	
12/26/02	12/18/02	0.4532	0.0321	0.4211	
		$1.8125	$0.1284	$1.6841	
7.20% PREFERRED SHARES					
03/26/02	03/19/02	$0.4500	$0.0319	$0.4181	
06/26/02	06/19/02	0.4500	0.0319	0.4181	
09/26/02	09/19/02	0.4500	0.0319	0.4181	
12/26/02	12/18/02	0.4500	0.0319	0.4181	
		$1.8000	$0.1276	$1.6724	

AUCTION RATE PREFERRED SHARES

Auction Rate Preferred Shares pay dividends weekly based on a rate set at auction, usually held every seven days.

A Form 1099-DIV has been mailed to all shareholders of record for the distributions mentioned above, setting forth specific amounts to be included in the 2002 tax returns. Ordinary income distributions include net investment income and realized net short-term capital gains. 13.36% of the long-term capital gains paid by the Equity Trust in 2002 was classified as "20% Rate Gains" subject to a maximum tax rate of 20% (or 10% depending on an individual's tax bracket). Capital gain distributions are reported in box 2a of Form 1099-DIV. 86.64% of the long-term capital gains paid by the Gabelli Equity Trust Fund in 2002 was classified as "Qualified 5-Year Gains" and reported in box 2c of Form 1099-DIV.

NON-TAXABLE RETURN OF CAPITAL

The amount received as a non-taxable (return of capital) distribution should be applied to reduce the tax cost of shares. There was no return of capital in 2002.

CORPORATE DIVIDENDS RECEIVED DEDUCTION AND U.S. GOVERNMENT SECURITIES INCOME

The Equity Trust paid to common shareholders an ordinary income dividend totalling $0.0673 per share in 2002. The Equity Trust paid to 7.25% Series A preferred shareholders and 7.20% Series B preferred shareholders an ordinary income dividend totalling $0.1284 per share and $0.1276 per share, respectively, in 2002. The percentage of such dividends that qualifies for the dividends received deduction available to corporations is 99.95% for all such dividends paid in 2002. The percentage of the ordinary income dividends paid by the Equity Trust during 2002 derived from U.S. Government Securities was 2.83%. However, it should be noted that the Equity Trust did not hold more than 50% of its assets in U.S. Government Securities at the end of each calendar quarter during 2002.

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THE GABELLI EQUITY TRUST INC.
INCOME TAX INFORMATION (CONTINUED) (UNAUDITED)
DECEMBER 31, 2002

HISTORICAL DISTRIBUTION SUMMARY - COMMON STOCK

	INVESTMENT INCOME	SHORT-TERM CAPITAL GAINS (B)	LONG-TERM CAPITAL GAINS	NON-TAXABLE RETURN OF CAPITAL	UNDISTRIBUTED LONG-TERM CAPITAL GAINS	TAXES PAID ON UNDISTRIBUTED CAPITAL GAINS (C)	D
2002	$ 0.05180	$0.01550	$ 0.88270	--	--	--	$
2001 (d)	0.06700	0.06400	0.94900	--	--	--	
2000	0.04070	0.15500	1.11430	--	--	--	
1999 (e)	0.03010	0.21378	0.99561	$0.91176	--	--	
1998	0.06420	--	1.10080	--	--	--	
1997	0.07610	0.00210	0.93670	0.02510	--	--	
1996	0.10480	--	0.78120	0.11400	--	--	
1995 (f)	0.12890	--	0.49310	0.37800	--	--	
1994 (g)	0.13536	0.06527	0.30300	1.38262	--	--	
1993 (h)	0.13050	0.02030	0.72930	0.22990	--	--	
1992 (i)	0.20530	0.04050	0.29660	0.51760	--	--	
1991 (j)	0.22590	0.03990	0.14420	0.68000	--	--	

1990	0.50470	--	0.22950	0.44580	--	--	
1989	0.29100	0.35650	0.66250	--	$0.6288	$0.2138	
1988	0.14500	0.20900	0.19600	--	0.2513	0.0854	
1987	0.25600	0.49100	0.33500	--	--	--	

HISTORICAL DISTRIBUTION SUMMARY - 7.25% PREFERRED

2002	$ 0.09860	$0.02980	$ 1.68410	--	--	--	$
2001	0.11440	0.10610	1.59200	--	--	--	
2000	0.05670	0.21430	1.54150	--	--	--	
1999	0.04370	0.31640	1.45240	--	--	--	
1998	0.05600	--	0.96100	--	--	--	

HISTORICAL DISTRIBUTION SUMMARY - 7.20% PREFERRED

2002	$ 0.09800	$0.02960	$ 1.67240	--	--	--	$
2001	0.05870	0.05440	0.81690	--	--	--	

HISTORICAL DISTRIBUTION SUMMARY - AUCTION RATE PREFE

2002	$12.28350	$3.71450	$209.89200	--	--	--

(a) Total amounts may differ due to rounding.

(b) Taxable as ordinary income.

(c) Net Asset Value is reduced by this amount on the last business day of the year.

(d) On January 10, 2001, the Company also distributed Rights equivalent to $0.56 per share based upon full subscription of all issued shares.

(e) On July 9, 1999, the Company also distributed shares of The Gabelli Utility Trust valued at $9.8125 per share.

(f) On October 19, 1995, the Company also distributed Rights equivalent to $0.37 per share based upon full subscription of all issued shares.

(g) On November 15, 1994, the Company also distributed shares of The Gabelli Global Multimedia Trust Inc. valued at $8.0625 per share.

(h) On July 14, 1993, the Company also distributed Rights equivalent to $0.50 per share based upon full subscription of all issued shares.

(i) On September 28, 1992, the Company also distributed Rights equivalent to $0.36 per share based upon full subscription of all issued shares.

(j) On October 21, 1991, the Company also distributed Rights equivalent to $0.42 per share based upon full subscription of all issued shares.

- Decrease in cost basis.

+ Increase in cost basis.

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AUTOMATIC DIVIDEND REINVESTMENT
AND VOLUNTARY CASH PURCHASE PLAN

ENROLLMENT IN THE PLAN

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

The Gabelli Equity Trust Inc.
c/o EquiServe
P.O. Box 43011
Providence, RI 02940-3011

Shareholders requesting this cash election must include the shareholder's name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan may contact EquiServe at 1 (800) 336-6983.

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

If your shares are held in the name of a broker, bank or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of "street name" and re-registered in your own name. Once registered in your own name your dividends will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in "street name" at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of shares of Common Stock distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Equity Trust's Common Stock is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued shares of Common Stock valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Equity Trust's Common Stock. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange trading day, the next trading day. If the net asset value of the Common Stock at the time of valuation exceeds the market price of the Common Stock, participants will receive shares from the Equity Trust valued at market price. If the Equity Trust should declare a dividend or capital gains distribution payable only in cash, EquiServe will buy Common Stock in the open market, or on the New York Stock Exchange or elsewhere, for the participants' accounts, except that EquiServe will endeavor to terminate purchases in the open market and cause the Equity Trust to issue shares at net asset value if, following the commencement of such purchases, the market value of the Common Stock exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for Federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

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

VOLUNTARY CASH PURCHASE PLAN

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

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to EquiServe for investments in the Equity Trust's shares at the then current market price. Shareholders may send an amount from $250 to $10,000. EquiServe will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. EquiServe will charge each shareholder who participates $0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to EquiServe, P.O. Box 43011, Providence, RI 02940-3011 such that EquiServe receives such payments approximately 10 days before the investment date. Funds not received at least five days before the investment date shall be held for investment in the following month. A payment may be withdrawn without charge if notice is received by EquiServe at least 48 hours before such payment is to be invested.

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

The Annual Meeting of The Gabelli Equity Trust's stockholders will be held at 9:00 A.M. on Monday, May 12, 2003, at The Bruce Museum, One Museum Drive in Greenwich, Connecticut.

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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 INVESTMENT OFFICER,
GABELLI ASSET MANAGEMENT INC.

Dr. Thomas E. Bratter
PRESIDENT, JOHN DEWEY ACADEMY

Anthony J. Colavita
ATTORNEY-AT-LAW,
ANTHONY J. COLAVITA, P.C.

James P. Conn
FORMER MANAGING DIRECTOR AND CHIEF INVESTMENT OFFICER,
FINANCIAL SECURITY ASSURANCE HOLDINGS LTD.

Frank J. Fahrenkopf, Jr.
PRESIDENT AND CHIEF EXECUTIVE OFFICER,
AMERICAN GAMING ASSOCIATION

Arthur V. Ferrara
FORMER CHAIRMAN AND CHIEF EXECUTIVE OFFICER,
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

Karl Otto Pohl
FORMER PRESIDENT, DEUTSCHE BUNDESBANK

Anthony R. Pustorino
CERTIFIED PUBLIC ACCOUNTANT
PROFESSOR EMERITUS, PACE UNIVERSITY

Salvatore J. Zizza
CHAIRMAN, HALLMARK ELECTRICAL SUPPLIES CORP.

OFFICERS

Mario J. Gabelli, CFA
PRESIDENT & CHIEF INVESTMENT OFFICER

Bruce N. Alpert
VICE PRESIDENT & TREASURER

Carter W. Austin
VICE PRESIDENT

James E. McKee
SECRETARY

INVESTMENT ADVISOR

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

CUSTODIAN

Boston Safe Deposit and Trust Company

COUNSEL

Willkie Farr & Gallagher

TRANSFER AGENT AND REGISTRAR

EquiServe Trust Company

STOCK EXCHANGE LISTING

	COMMON	7.25% PREFERRED	7.20% PREFERRED

NYSE-Symbol:	GAB	GAB Pr	GAB PrB
Shares Outstanding:	134,059,967	5,367,900	6,600,000

The Net Asset Value appears in the Publicly Traded Funds column, under the heading "General Equity Funds," in Sunday's The New York Times and 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 may be obtained each day by calling (914) 921-5071.

For general information about the Gabelli Funds, call 800-GABELLI (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: WWW.GABELLI.COM or e-mail us at: closedend@gabelli.com

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Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Equity Trust may, from time to time, purchase shares of its common stock in the open market when the Equity Trust shares are trading at a discount of 10% or more from the net asset value of the shares. The Equity Trust may also, from time to time, purchase shares of its Cumulative Preferred Stock in the open market when the shares are trading at a discount to the Liquidation Value of $25.00.

THE GABELLI EQUITY TRUST INC.
ONE CORPORATE CENTER, RYE, NY 10580-1422

PHONE: 800-GABELLI (800-422-3554)
FAX: 914-921-5118 INTERNET: WWW.GABELLI.COM
E-MAIL: CLOSEDEND@GABELLI.COM

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