GABELLI EQUITY TRUST INC
Form N-30B-2
December 06, 2001

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[TETON MOUNTAIN GRAPHIC OMITTED]
THE GABELLI EQUITY TRUST INC.

THIRD QUARTER REPORT
SEPTEMBER 30, 2001

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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.

[PHOTOS OF STATE FLAGS OMITTED]

ALABAMA ALASKA ARIZONA ARKANSAS CALIFORNIA COLORADO CONNECTICUT
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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.

TO OUR SHAREHOLDERS,

In the third quarter of 2001, the horrifying terrorist attacks on America further undermined an already fragile economy and deepened what was already the worst bear market we have experienced since 1973-74. Prior to September 11, value stocks had held up well relative to growth stocks, as evidenced by the superior performance of value indices versus their growth counterparts over the first eight months of 2001. However, following these unconscionable acts of terrorism, value stocks spiraled lower with the broad market.

[PHOTO OF MARIO J. GABELLI OMITTED]

[TETON MOUNTAIN GRAPHIC OMITTED]

INVESTMENT PERFORMANCE

For the third quarter ended September 30, 2001, The Gabelli Equity Trust's (the "Trust") net asset value ("NAV") total return fell 14.49% after adjusting for the reinvestment of the $0.27 per share distribution paid on September 24, 2001. The Standard & Poor's ("S&P") 500 Index, Nasdaq Composite Index, and Dow Jones Industrial Average fell 14.67%, 30.64%, and 15.37%, respectively, over the same period. Each index is an unmanaged indicator of stock market performance. The Trust fell 16.17% over the trailing twelve-month period after adjusting for the reinvestment of the $1.31 per share in distributions and an adjustment of $0.56 per share attributable to the rights offering. The S&P 500 Index, Nasdaq Composite Index, and Dow Jones Industrial Average declined 26.61%, 59.19%, and 15.48%, respectively, over the same twelve-month period.

For the three-year period ended September 30, 2001, the Trust's total return averaged 7.05% annually, including reinvestments of $3.67 per share in distributions, an adjustment of $0.56 per share attributable to the rights offering, and an adjustment of $0.75 per share attributable to the spin-off of The Gabelli Utility Trust. The S&P 500 Index and Dow Jones Industrial Average had average annual total returns of 2.03% and 5.83%, respectively, while the Nasdaq Composite Index had an average annual decline of 4.00%, over the same three-year period. For the five-year period ended September 30, 2001, the Trust's total return averaged 9.48% annually, including reinvestments of $5.75 per share in distributions, an adjustment of $0.56 per share attributable to the rights offering, and an adjustment of $0.75 per share attributable to the spin-off of The Gabelli Utility Trust, versus average annual total returns of 10.23%, 4.08%, and 10.40% for the S&P 500, Nasdaq Composite Index, and Dow Jones Industrial Average, respectively.

For the ten-year period ended September 30, 2001, the Trust's total return averaged 11.40% annually, including reinvestments of $11.09 per share in distributions, adjustments of $2.21 per share attributable to rights offerings, and adjustments of $1.50 per share attributable to the spin-off of The Gabelli Utility Trust and The Gabelli Global Multimedia Trust, versus average annual total returns of 12.69%, 11.02%, and 13.88% for the S&P 500, Nasdaq Composite Index, and Dow Jones Industrial Average, respectively. Since inception on August 21, 1986 through September 30, 2001, the Trust had a cumulative total return of 445.08%, including adjustments of $19.97 per share for distributions, rights offerings, spin-offs and taxes paid on undistributed long term capital gains, which equates to an average annual total return of 11.87%.

The Trust's common shares ended the third quarter at $9.91 per share on the New York Stock Exchange, a premium to the net asset value of 20.41% and a total return decline of 11.21% for the third quarter. The Trust's common shares rose 2.79% over the trailing twelve-month period after adjusting for all distributions and the rights offering.

INVESTMENT RESULTS (a)

Average Annual Returns - September 30, 2001

	NAV AVERAGE ANNUAL RETURN (A)	INVESTMENT AVERAGE ANNUAL RETURN (B)

1 Year	(16.17)%	2.79%
5 Year	9.48%	14.76%
10 Year	11.40%	13.65%
Life of Fund (c)	11.87%	12.74%

(a) Life of Fund return based on initial net asset value of $9.34. Total returns and average annual returns reflect changes in net asset value, reinvestment of distributions, adjustments for rights offerings, spin-offs and taxes paid on undistributed long term capital gains, and are net of expenses. Of course, the returns noted 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.

(b) Life of Fund return based on initial offering price of $10.00. 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.

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

COMMENTARY

THE CAMEL AND THE SCORPION

A camel and a scorpion meet on the banks of a river in the Middle East. The scorpion asks the camel for a ride across the river. Initially, the camel declines, fearing the scorpion will sting him. The scorpion finally talks the camel into ferrying him across the river by explaining that it would make no sense for him to sting the camel ensuring his own doom. Half way across the river the scorpion stings the camel. As they are going down to their deaths, the camel asks the scorpion why he did such a foolish thing. The scorpion replies, "because this is the Middle East."

Unfortunately, this parable came true on the morning of September 11, 2001. By murdering thousands of innocent Americans (and visitors from at least 60 other countries), Middle Eastern extremist groups (the scorpion) ensured their own doom. But, the camel (our faith in the security of Fortress America) is also a victim, and the "peace dividend," which has benefited the U.S. economy and equities markets in so many ways over the last decade, has been suspended, perhaps for a considerable period of time.

How will Americans respond to this crisis? The same way they have responded to numerous past crises. After an initial period of shock, grief, and disillusion, they will come together to preserve a culture and economy whose unique principles - personal freedom and entrepreneurial capitalism - have made America the greatest nation on earth.

PICKING UP THE PIECES

As we prepare this letter, we are working diligently to assess all the economic and investment ramifications of this terrible tragedy. We can already make some general observations. First, the economy will dip into recession in the coming quarters. Second, a corporate profit recovery will be postponed. Third, the

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EDGAR REPRESENTATION OF TRIANGLE TEXT AS FOLLOWS:
EPS
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MANAGEMENT

CASH FLOW
RESEARCH

stock market will rapidly discount all the bad news resulting from this crisis and find a bottom faster than it might have if the economy had simply continued to limp along.

Prior to September 11, the economy had been struggling, supported only by the American consumer. With consumer confidence plummeting following the terrorist attacks, the economy will likely go into recession. However, we believe the Federal Reserve's response to this crisis along with fiscal stimulus from a unified Congress will put a floor under the economy and lay the groundwork for a recovery in 2002.

The recovery in profits may be pushed back several quarters as well, however, sizable profit gains should be driven by:

- economic recovery, spurred by monetary and fiscal policy already in place

- lower oil prices

- the absence of sizable inventory corrections

- aggressive cost cutting

- targeted booster shots in the form of tax initiatives

Reported profits will also benefit from the absence of write-offs (it seems corporate America is writing off as much as possible, including the proverbial kitchen sink) as well as changes in amortization of goodwill (FASB 142).

Where does this leave the equities market? Before the terrorist attacks, we were already well into a bear market, sparked initially by excessive equities valuations in the technology sector and compounded by a decline in capital spending that eroded earnings in a wider variety of industries. Now, the economic uncertainty and lack of earnings visibility that has plagued the market has been supplanted by fear - ironically, the most necessary ingredient for a bear market bottom. Have we hit bottom yet? Perhaps. However, we will be surprised (certainly pleasantly) if the strong gains in the last week of September hold. Yet, with lower equity prices, together with the current level of (ten year) interest rates, we are in a zone where a margin of safety begins to be visible for equities.

OUR RESPONSE

Although this senseless tragedy has changed all Americans' lives, it has not changed our investment principles. We buy the stocks of quality companies trading at significant discounts to our appraisal of their "real world" economic value today and into the future. So, our response was not to dump stocks, but rather to re-assess their longer-term prospects. We asked the same questions we have always asked in depressed markets. How bad is bad? Does the company have the resources to address the economic turmoil? How long will it be bad? How good is good? In short, we focused on portfolio companies' "normalized" cash flows, earnings, and business values. In general, we have come to the conclusion that while the short-term outlook for many of our portfolio companies has been negatively impacted by the events of September 11, their long-term prospects remain attractive.

For example, operating profits for advertising-supported media companies will be under pressure as the economy slides into recession. But, we still expect an economic recovery, the Winter Olympics in Salt Lake City, and the mid-term election political spending to bolster results in 2002. We continue to expect a relaxed regulatory posture at the Federal Communications Commission ("FCC") to result in further consolidation of the broadcast, cable television and newspaper publishing industries. Certainly, this crisis has demonstrated how effectively news is disseminated from a wealth of media sources in every American market.

We continue to believe rural telephone company stocks will benefit from attractive earnings growth rates and consolidation in this fragmented sector of the telecommunications industry. We will see another round of consolidation among the "wireless" operators. Utilities stocks, particularly those with good dividends and takeover potential, should continue to offer the dual advantage of income and reasonably attractive capital appreciation potential. We expect dominant market share companies in a wide range of economically sensitive industries to attract favorable investor attention as the economy begins to recover in the year ahead.

INTERNATIONAL OUTLOOK

A portion of the Trust's portfolio continues to be managed by Caesar Bryan. Caesar is also the portfolio manager of the Gabelli International Growth Fund and the co-portfolio manager of The Gabelli Global Opportunity Fund. Caesar's thoughts on international markets and global economies are provided below:

The first sentence of our previous shareholder letter read "we are in the middle of an economic slowdown." So what has changed? In the period between our previous letter and the September attack, growth rates in most of the world's leading economies deteriorated, but most policy makers, with the exception of the U.S. Federal Reserve Board ("Fed"), were unable or unwilling to take significant action. But it seems the September attack has changed many things, including the willingness of monetary authorities and governments to initiate more stimulative policies.

Clearly the economic impact of the September attack will slow activity. Companies will be more cautious in deciding to undertake capital expenditures and consumers will be less likely to spend. People will also be less likely to fly, and this has an adverse effect on the leisure and tourism industries, among others. To counter this, the Fed has reduced short-term interest rates by a full one hundred basis points to 2.50%. This is an extremely low level by historical standards. The European Central Bank ("ECB") has also reduced rates, but only by 50 basis points. This year the Fed has reduced short-term interest rates by 400 basis points and the European Central Bank by only 100 basis points. Deficit spending is no longer quite such a policy non-starter. In Europe, there are debates about lifting the strict limits imposed on the levels of government debt, in order to give economies a booster shot.

Clearly, one effect of the attack will be to deepen the economic slowdown.

Hopefully, the effect of the policy responses will be to shorten the slowdown in terms of time. In the positive ledger, we have more aggressive monetary easing and increased government spending. On the negative side, the consumer - for so long the stalwart of the economy - continues to retrench. Personal balance sheets have become stretched and the savings rate is likely to rise. Newspaper headlines reporting further job cuts does not build confidence.

The slowdown in corporate capital expenditures has hit corporate profits hard. Equity markets were at lofty valuations and have been hurt by the unexpected and dramatic slowdown in earnings. However, looking forward, corporate profit comparisons should become easier. Declining inflation and extra slack in the work force will help keep costs under control. Furthermore, the decline in the price of oil will act as a tax cut and help businesses and consumers alike.

We became considerably more defensive in the second half of last year. Our exposure to the technology sector is low and largely limited to the Japanese market. Also, we have a very limited exposure to the commodity and industrial sectors. Many stocks in these sectors have suffered a collapse in profitability and have been punished by the market. However, we do have a number of holdings in economically sensitive sectors such as broadcasting, entertainment and other consumer cyclical sectors. For the most part, these stocks have not performed well. For example, RTL Group, Europe's largest broadcaster, halved in price during the quarter. NRJ, a French radio broadcaster, Compagnie Financiere Richemont, the owner of Cartier and other luxury brands, and News Corp., the

media giant, all declined by more than 20%. However, these companies have excellent brands and properties, and we expect them to recover in a better economic climate.

Looking ahead, we do expect a recovery in corporate earnings during 2002, and markets are likely to discount this by a few months. We have concentrated the international holdings on companies that have solid market positions and the ability to generate free cash flow.

MORE LASTING CHANGES

For the last several years, we have been counseling investors not to expect the kind of generous returns from the equities markets that they had become accustomed to over the last ten years. Our caution was based on what we viewed as excessive equities valuations and the historically low "margin of safety" in the stock market. We had hoped the market would simply move sideways for a long enough time to allow fundamentals to catch up with valuations. Unfortunately, stock prices came tumbling down instead. In essence, what we had hoped would be an extended period of boring equities returns was compressed into eighteen months of suffering. Importantly, however, it has had the same result. Stocks are now much more reasonably priced and a margin of safety has returned to the market.

This does not mean that once the market bottoms, we will enjoy ten more years of 20% plus annual returns. The risk premium for equities (the difference between the returns on stocks versus returns on risk-free Treasury securities) will increase for the foreseeable future. In other words, the inevitable economic and market recovery will not lead to the kind of valuations equities enjoyed after a decade of unprecedented peace and prosperity. Going forward, this translates into equities returns more in line with historical norms. For us and you, this means double digit returns on stocks will come from stock selection prowess...our historical strength.

INVESTMENT SCORECARD

As could be expected, defense stocks including Northrop Grumman, Lockheed Martin, and Newport News Shipbuilding finished near the top of our third quarter performance rankings. Placer Dome and Newmont Mining also posted solid gains. Regional Bell Operating Company investment SBC Communications managed a respectable return. Bible publisher Thomas Nelson also excelled.

Advertising-supported media companies, including small group broadcasters Young Broadcasting, cable television operator Cablevision, and multimedia giants Viacom and AOL Time Warner, declined sharply as already weak advertising promised to get weaker as a result of the tragedy. Aerospace component manufacturer SPS Technologies and airplane builder Boeing also sustained considerable damage due to the serious problems of the airline industry.

OUR REGULATORY FOOTPRINT

Gabelli & Company, Inc. published on September 17, 2001 an overview of the Federal Communications Commission, various regulations that may change, and sectors and companies that will benefit. We thought we would share this report with you.

FEDERAL COMMUNICATIONS COMMISSION REGULATORY CHANGE = CATALYST

The five member FCC is currently composed of four members: Chairman Michael Powell (Republican), Kathleen Abernathy (Republican), Kevin Martin (Republican), and Michael Copps (Democrat). The fifth commissioner, Gloria Tristani (Democrat), left her position on September 7th. President Bush must appoint another Democrat to fill her position, and the Republicans will maintain their 3-2 majority. Michael Powell is a proponent of deregulation and free markets. Under his watch we expect several rules to be addressed, which should be favorable for companies in the cable, satellite, broadcasting, publishing, and telecom industries.

FEDERAL COMMUNICATIONS COMMISSION
FCC

[GRAPHIC OF FCC TREE OMITTED]

MICHAEL POWELL (R)
CHAIRMAN

KATHLEEN ABERNATHY (R)

MICHAEL COPPS (D)

KEVIN MARTIN (R)

OPEN

REGULATION	CURRENT STATUS	"BULL CASE"
- Cable Ownership Cap	30% of pay TV subscribers	Above 50% or no
- Affiliated Programming Cap	Affiliated content <40% of first 75 channels	No cap
- Cable/Broadcast Cross-ownership	No cable and broadcast TV in same Designated Market Area (DMA)	Removal of ban
- Cable Dual Must Carry	Must carry analog broadcast signal	Not forced to c broadcast digit
- Cable Open Access	Notice of Inquiry	No forced open
- Satellite Must Carry	Must carry all local analog broadcasts if carry one	DBS Co. chooses broadcast stati
- Broadcast/Newspaper Cross-ownership	No newspaper and broadcast station in same DMA	Removal of ban
- National TV Ownership Cap	35% of television audience	Above 50% or no
- TV Duopolies	Can own two stations in one market if only one is in top four and eight independent voices exist	Eliminate ratin
- Wireless Spectrum Cap	45 MHz in urban and 55 MHz in rural markets	No cap
- Wireline - Section 271	Regional Bell Operating Companies (RBOCs) cannot offer in-region Long Distance (LD)	RBOCs can offer

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CABLE & SATELLITE (Andrew Rittenberry 914-921-6592)

CABLE OWNERSHIP CAP

- The 1992 Cable Act called for limits on the number of cable subscribers one firm could control. In 1993, the FCC set the limit at 30% of cable subscribers. In 1999, the FCC changed the limit to 30% of all multichannel video subscribers, including DBS, cable, wireless cable, etc.

- In March 2001, the DC Federal Court of Appeals rejected the current 30% ownership cap as "arbitrary" and remanded it back to the FCC. Rather than appeal the decision, the FCC has filed a Notice of Proposed Rule Making to modify the rule. On September 13, 2001, the Commission held an open meeting to discuss its thoughts on a new rule and to solicit public comments and suggestions. Following a comment period, the FCC will issue a new ownership ruling. We expect this to occur sometime in mid to late 2002. The DC Court of Appeals can then take up this rule again.

- WE EXPECT THE FCC TO RAISE THE CAP ABOVE 50% OR REMOVE IT ALTOGETHER. AT THE VERY LEAST, WE EXPECT THE FCC TO LIBERALIZE THE RULES FOR COUNTING ATTRIBUTED SUBSCRIBERS.

- Removal of the cap would provide AT&T Broadband and AOL Time Warner the ability to merge their two cable systems, creating an industry juggernaut. More importantly perhaps, removal of the cap could spur a further round of general industry consolidation. In our opinion, the most likely takeover candidate in the industry today is Cablevision Systems.

VERTICAL PROGRAMMING LIMITS

- Currently, cable operators are barred from programming more than 40% of their first 75 channels with affiliated programming. (Systems with over 75 channels must reserve 45 channels for non-affiliated programming).

- In the same court decision discussed above, the DC court also rejected this rule and remanded it back to the FCC.

- There has been little comment by the FCC about this change, as no operator was close to a violation. HOWEVER, WE BELIEVE THIS RULE WILL BE DROPPED, AS THE LOGIC BEHIND IT IS SUSPECT. Similar to the cap above, the FCC filed a Notice of Proposed Rulemaking on September 13. The same process applies.

- The biggest beneficiary in the current marketplace is AOL Time Warner, though it is still relatively far from the limit.

CABLE/BROADCAST CROSS-OWNERSHIP

- The Telecom Act of 1996 eliminated the statutory prohibition against cable system/TV broadcast station cross ownership in the same market. The FCC has yet to change its own rule barring the practice. The DC Court of Appeals heard oral arguments on the subject on September 7th.

- Initial comments made during the hearing by the justices appear to support easing this rule. WE EXPECT THAT THE FCC WILL EVENTUALLY REMOVE THIS BAN.

- Though few companies have been clamoring for a rule change, AOL Time Warner would be the clear beneficiary. AOL owns the WB network, but owns no local affiliates, which provide the majority of the free cash flow to other networks such as ABC, CBS, etc. The WB is the only network that owns no local Owned & Operated stations today.

CABLE DUAL MUST CARRY FOR DIGITAL AND ANALOG

- Currently, cable companies are required to carry all local analog broadcast signals or negotiate for retransmission consent. Broadcasters are seeking to force cable operators to carry proposed digital signals on separate channels, if they are forced by the FCC to broadcast them for free over the air.

- The National Association of Broadcasters (NAB) is filing numerous lawsuits, in an attempt to force cable to carry both signals. The NAB is also attempting to get legislation passed on Capitol Hill mandating dual must carry of both.

- THE FCC HAS TENTATIVELY INDICATED THAT IT WILL SUPPORT THE CABLE INDUSTRY IN ITS DESIRE TO CARRY ONLY THE ANALOG OR THE DIGITAL PROGRAMMING OF LOCAL BROADCASTERS, NOT BOTH THE ANALOG AND DIGITAL PROGRAMMING. There has been no formal rulemaking as of yet.

- We believe all cable operators will be better off carrying only one signal. This issue has more weight on Multiple System Operator's (MSO) in major DMA's. Larger DMA's typically have many more local channels that must be carried. The cable company typically receives no revenue from local broadcasters whatsoever. The less local signals that must be carried, the more capacity there is in the pipe for high-speed data, video, telephony, etc. That means more revenue and cash flow per unit of bandwidth to the operator.

INTERNET OPEN ACCESS VIA CABLE

- In 2000, there were three cases involving open access decided in the court system. Each deemed Internet over cable something different. One called it an unregulated data service, one a cable service, and the other a telecommunications service. If deemed a telecommunications service, it will be open to the same rules as the RBOC's under the Telecomm Act of 1996, meaning mandatory unbundling and open access.

- The three courts all referred the issue to the FCC. In July of 2001, the 4th Circuit Court in Richmond, VA, ruled that a county could not impose open access on a cable system. The court also referred the issue back to the FCC for guidance.

- THE FCC HAS ISSUED A NOTICE OF INQUIRY (NOI) ON THIS MATTER. However, given that the FCC appears loath to further regulate or interfere with the market mechanism, we believe it will not force open access on the operators for the foreseeable future.

SATELLITE MUST CARRY

- In January 2002, satellite carriers are required to begin carrying all local channels in a market if they carry any. Today, they only carry the top 3-4 networks in each market.

- The ability to offer local channels through the satelitte is a major competitive threat to cable operators. Given the fixed capacity of the satellite fleet, the less stations the operators must carry, the more individual markets can be offered the local service.

- THE FCC RECENTLY REAFFIRMED THIS MUST CARRY PROVISION IN A RULING DATED SEPTEMBER 5TH, 2001. The DBS carriers are fighting this must carry rule in two cases in the 4th Circuit court in Richmond, VA.

BROADCASTING & PUBLISHING (Evan Carpenter 914-921-6595)

BROADCAST/NEWSPAPER CROSS-OWNERSHIP

- Currently, the FCC, as a rule, doesn't allow the same company to own both a broadcast station and a daily newspaper in the same market.

- Michael Powell has previously supported lifting the ban on broadcast/newspaper cross-ownership. He has stated, "... the combined resources may allow for greater and more efficient coverage of local events that could not be covered by the two individually."

- Recently, the FCC granted News Corp. a 24-month waiver of this rule when it acquired, from Chris Craft, WWOR-TV in New York, where it also owns the POST. The FCC defended the waiver by stating that the market would still exhibit diversity, and it considered not only other TV stations and newspapers, but also radio stations and cable operators.

- The FCC stated that News Corp. would have to come into compliance with the rule within the 24-month period provided "it is necessary under our rules at that time".

- At their open meeting on September 13th, the FCC started reviewing the ban on cross-ownership. The FCC will reach a conclusion following a comment period. WE EXPECT THIS BAN TO BE RELAXED.

- Relaxation of this rule should allow companies like Belo, Tribune and Gannett to acquire newspaper companies in their TV markets like Pulitzer, Knight-Ridder and McClatchy. Also, Hearst-Argyle would be allowed to acquire Young Broadcasting.

TELEVISION OWNERSHIP CAP

- Television station groups are limited as to their national audience reach; no group may reach over 35% of the national audience, with Ultra High Frequency (UHF) channels counted at half of their actual reach.

- Chairman Powell has also expressed support of raising the ownership cap. He has argued that the cap limits economies of scale and thus raises costs.

- The cap is predominantly supported by the network affiliates who argue that if the networks were allowed to increase their coverage, it would give them too much leverage over their affiliates.

- On the other hand, the networks and some large broadcast groups, which want to expand their reach and take advantage of owning more stations and the economies of scale, oppose the cap.

- Since the broadcasting industry is divided over this rule, we would expect the FCC to let the courts rule, before they decide whether or not to address it.

- Viacom, News Corp., and General Electric have challenged the cap in the US Court of Appeals for the District of Columbia Circuit. Oral arguments were heard on September 7th. THIS IS THE SAME COURT THAT

REJECTED THE 30% CABLE OWNERSHIP CAP (SEE ABOVE), AND WE WOULD EXPECT A SIMILAR RULING FOR BROADCASTERS.

TV DUOPOLY

- A television station group may only own two stations in the same market provided that (a) there are at least eight independently owned and operated stations in the market after the combination, and (b) at least one of the two stations is not in the top four stations in the market as defined by audience share.

- ALTHOUGH WE BELIEVE THAT GIVEN THE DEREGULATORY NATURE OF THE FCC, IT WOULD BE IN FAVOR OF EXTENDING THE DUOPOLY PRIVILEGE TO SMALLER MARKETS, THIS MIGHT ALSO BE DECIDED IN THE COURTS.

- Sinclair has already received, from the US Court of Appeals for the District of Columbia Circuit, a stay of the FCC requirement to divest four Local Marketing Agreements (LMA) that violate the eight voices test. Sinclair now has petitioned the court to reverse the order. Oral arguments are scheduled for January 2002.

- Relaxing the duopoly regulations would benefit companies like Sinclair and also allow companies like Disney's ABC to strengthen their positions in certain markets like Los Angeles and San Francisco by acquiring Young Broadcasting.

TELECOM (Dmitry Khaykin 914-921-5015)

WIRELESS SPECTRUM CAP

- The Commercial Mobile Radio Service (CMRS) spectrum cap governs the amount of CMRS spectrum that can be licensed to a single entity within a particular geographic area. Under the current cap, a single entity may acquire attributable interests in the licenses of broadband Personal Communications Service (PCS), cellular, and Specialized Mobile Radio (SMR) services that cumulatively do not exceed 45 MHz of spectrum within Metropolitan Service Areas (MSA) and 55 MHz of spectrum in Rural Service Areas (RSA).

- The cellular cross-interest rule, which limits the ability of a party to have ownership interests in cellular carriers in overlapping cellular geographic service areas (CGSAs), has been amended and currently allows a party to have a non-controlling or otherwise non-attributable direct or indirect ownership interest of up to 20% (up from 5%) in both cellular licensees in overlapping CGSAs.

- Some of the spectrum under consideration for 3G services (1755-1850 MHz) is currently in the hands of the Department of Defense (DoD). In our opinion, the latest terrorists acts in New York and Washington, DC make it even less likely that DoD will give up this spectrum.

- Given the limited availability of clean spectrum suitable for broadband mobile applications and the increasingly competitive nature of wireless services, industry participants have been arguing to increase or eliminate the spectrum cap. Chairman Powell has also expressed his interest in addressing this issue. WE BELIEVE FCC WILL EITHER LIFT SPECTRUM CAP OR INCREASE IT SUFFICIENTLY TO SUPPORT FURTHER INDUSTRY GROWTH.

- The companies that stand to benefit the most from a spectrum cap lift are regional carriers such as US Cellular, Rural Cellular, Dobson, Alltel, and Western Wireless, as well as the last independent national carrier, Nextel.

WIRELINE -- SECTION 271

- Section 271 of the Telecommunications Act of 1996 lays out detailed requirements that RBOCs must meet in order to gain approval for entry into the in-region interLATA market. Section 271 contains two central provisions. One requires the presence of a facilities-based competitor for both business and residential customers. The second requires compliance with the "Competitive Checklist".

- Over the past few years, both Verizon and SBC have been successful in obtaining 271 approvals in several of their in-region states.

- There is a growing belief that once RBOCs gain 271 approvals, they will focus on gaining market share among lucrative business accounts. We think that one of the options RBOCs might pursue is to acquire long distance carriers such as AT&T, Sprint and WorldCom.

- Under the Internet Freedom and Broadband Deployment Act of 2001 (H.R. 1542), also known as the Tauzin-Dingell bill, RBOCs would be allowed to offer in-region data services regardless of their 271 status. Although the bill faces uncertainty both in the House and the Senate, the issue of in-region interLATA services may become moot fairly soon as RBOCs gradually gain 271 approvals in their territories.

- WHILE WE DO NOT EXPECT TAUZIN-DINGELL BILL TO PASS, AT LEAST TWO RBOCS, VERIZON AND SBC, SHOULD BE IN POSITION TO GAIN STATE-BY-STATE SECTION 271 APPROVAL IN MOST OF THEIR MARKETS BY LATE 2002.

- Long distance companies should benefit from the RBOCs' re-entry into in-region LD voice and data markets. RBOCs can quickly gain market share, particularly among business customers, by acquiring established carriers such as AT&T, WorldCom and Sprint, as well as emerging providers such as Williams Communications and Global Crossing.

The following table lays out potential combinations that we believe could take place in a more deregulatory environment.

TABLE 1: SOME BENEFICIARIES (POTENTIAL DEALS)

POTENTIAL TARGET	POTENTIAL ACQUIRER	RULE CHANGE NEEDED	BENEFIT

BROADCASTERS			
Acme (ACME)	AOL Time Warner	Cable/TV Cross-Ownership	AOL would own the distribu affiliates for their WB TV
Tribune (TRB)	AOL Time Warner	Cable/TV Cross-Ownership	AOL would own the distribu WB affiliates for their WB
Young (YBTVA)	Hearst-Argyle Disney	TV/Newspaper Cross-Ownership	Hearst would obtain cross- positions in San Francisco
		Duopoly	ABC would obtain duopolies Angeles and San Francisco
CABLE			
AT&T Broadband (T)	AOL Time Warner	30% Ownership Cap	Economies of scale, improv over programmers and vendo platform on which to launc products and services.
Cablevision Systems (CVC)	AOL Time Warner	30% Ownership Cap	Cablevision's suburban New systems would allow AOL to the U.S.'s top DMA.
NETWORKS			
Paxson (PAX)	General Electric	35% Ownership Cap	NBC would own TV stations close to 70% of US househo broadcast networks.
NEWSPAPERS			
Pulitzer (PTZ)	Gannett Belo	TV/Newspaper Cross-Ownership	Gannett would obtain a cro ship position in St. Louis obtain cross-ownership pos Louis and Tucson.

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POTENTIAL TARGET	POTENTIAL ACQUIRER	RULE CHANGE NEEDED	BENEFIT
McClatchy (MNI)	Gannett	TV/Newspaper Cross-Ownership	Gannett would obtain cross positions in Minneapolis a

Knight-Ridder (KRI)	Tribune	TV/Newspaper Cross-Ownership	Tribune would obtain cross positions in Philadelphia, Worth, Miami, and Seattle Knight-Ridder's 49.5% owne Seattle Times Company).
WIRELESS			
Dobson (DCEL)	Cingular AT&T Wireless (AWE)	Spectrum Cap	Both Cingular and AT&T wou plement their footprints a tially reduce their roamin
Rural Cellular (RCCC)	AT&T Wireless Verizon Dobson US Cellular Western Wireless	Spectrum Cap	RCCC has limited footprint some of these carriers. AW can fill in the gaps in th lower their roaming expens carriers (DCEL, USM, WWCA) strengthen their competiti and grow revenue and cash
US Cellular (USM)	AT&T Wireless Verizon Cingular	Spectrum Cap	Improve footprint in sever across the country and low
Leap Wireless (LWIN)	Verizon Cingular VoiceStream	Spectrum Cap	All of these carriers woul in some gaps in their foot
Alltel (AT)	Verizon	Spectrum Cap	Allows Verizon to create a footprint and recapture ea properties.
Nextel (NXTL)	AT&T Wireless Verizon Cingular	Spectrum Cap	Gain access to eight milli business customers and inc trum ownership by about 20 300 MSAs.
Western Wireless (WWCA)	AT&T Wireless Verizon	Spectrum Cap	These carriers would gain coverage and ownership in country's mostly scarcely areas and substantially re expense.
WIRELINE			
AT&T (T) Sprint (FON, PCS) WorldCom (WCOM)	Verizon SBC BellSouth	Section 271	RBOC and LD combinations w create fully integrated na providers able to offer lo distance voice and data.

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COMPANIES MENTIONED (SYMBOL - 9/10/01 PRICE - EXCHANGE):

ACME Communications (ACME - $7.35 - NASDAQ)
Alltel Corp.(AT - $57.07 - NYSE)
AOL Time Warner Inc. (AOL - $34.41 - NYSE)
AT&T Corp. (T - $17.65 - NYSE)
AT&T Wireless (AWE - $13.80 - NYSE)
BellSouth Corp. (BLS - $39.72 - NYSE)
Belo Corp. (BLC - $18.02 - NYSE)
Cablevision Systems Corp. (CVC - $42.00 - NYSE)
Dobson Communications (DCEL - $11.21 - NASDAQ)
Gannett Inc. (GCI - $63.72 - NYSE)
General Electric Company (GE - $39.35 - NYSE)
Hearst-Argyle Television Inc. (HTV - $20.24 - NYSE)
Knight-Ridder (KRI - $60.34 - NYSE)
Leap Wireless Intl. Inc. (LWIN - $14.30 - NASDAQ)
McClatchy Company (MNI - $42.95 - NYSE)
MCI Group (MCIT - $13.19 - NASDAQ)
News Corp. (NWS - $30.75 - NYSE)

Nextel Communications Inc. (NXTL - $10.
Paxson Communications (PAX - $9.24 - AM
Pulitzer Inc. (PTZ -$47.45 - NYSE)
Rural Cellular Corporation (RCCC - $32.
SBC Communications Inc. (SBC - $43.43 -
Sinclair Broadcast Grp. Inc. (SBGI - $9
Sprint FON Group (FON - $21.64 - NYSE)
Sprint PCS Group (PCS - $23.49 - NYSE)
Tribune Company (TRB - $38.99 - NYSE)
US Cellular Corp. (USM - $49.65 - AMEX)
Verizon Communications (VZ - $50.70 - N
Viacom Inc. (VIA - $37.90 - NYSE)
Walt Disney Company (DIS - $23.58 - NYS
Western Wireless Corp. (WWCA - $30.00 -
WorldCom Inc. (WCOM - $12.92 - NASDAQ)
Young Broadcasting (YBTVA - $21.89 - NA

Note: Gabelli Asset Management Inc. and its affiliates own on behalf of themselves or their clients less than 5% of the following companies: Acme Communications, Alltel Corp., AOL Time Warner, AT&T Corp., AT&T Wireless Corp., BellSouth Corp., Belo, Dobson Communications, Gannett, General Electric, Hearst-Argyle, Knight-Ridder, MCI Group, News Corp., Nextel Communications, SBC Communications, Sinclair Broadcast Group, Sprint FON Group, Sprint PCS Group, Tribune, US Cellular, Verizon, Walt Disney, Western Wireless and WorldCom. Those companies owned in excess of 5% follow:

COMPANY	% OF OWNERSHIP
Cablevision Systems	6.50% of class A common stock
Leap Wireless Intl., Inc.	6.73% of common stock
McClatchy Company	6.43% of class A common stock
Paxson Communications	10.93% of class A common stock
Pulitzer Inc.	29.14% of common stock
Rural Cellular Corp.	6.15% of class A common stock
Viacom Inc.	7.59% of class A common stock
Young Broadcasting, Inc.	11.15% of class A common stock

One of the analysts who prepared this report owns less than 1,000 shares of stock of the following: AOL Time Warner, AT&T, AT&T Wireless, Gannett Inc., General Electric, Knight-Ridder, MCI Group, News Corp., Nextel, Rural Cellular, Walt Disney Company, Worldcom Inc., and Young Broadcasting.

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inconsistent with research reports. Additional information on these securities and companies is available upon request.

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.

AT&T CORP. (T - $19.30 - NYSE) provides voice, data and video communications services to large and small businesses, as well as consumers and government entities. AT&T and its subsidiaries furnish domestic and international long distance, regional, local and wireless communications services, cable television and Internet communications services. Recently, the company announced that it would split into four separate companies. As part of the restructuring, AT&T has recently converted AT&T Wireless from a tracking stock to an asset based stock and spun it off to AT&T shareholders. AT&T Broadband, which includes cable, will have an initial public offering ("IPO") for a tracking stock, and within 12 months of the IPO the tracking stock is expected to be converted to an asset-based stock. AT&T Consumer will become a new consumer tracking stock that will mirror the performance of the companies' residential long distance and WorldNet Internet access business. AT&T's principal unit would be AT&T Business, and shareholders would ultimately own all four. Recently, Comcast Corp. (CCZ - $55.40 - NYSE) submitted an unsolicited bid to acquire cable assets of AT&T for $58 billion in Comcast stock and assumed debt. AT&T management is reviewing this bid.

BERKSHIRE HATHAWAY INC. (BRK'A - $70,000 - 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 $37 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; GEICO insurance; and General Re reinsurance. GEICO, the sixth largest auto insurer in the U.S., contributes 19% of revenues while General Re, the fourth largest reinsurer globally, contributes 30% of revenues.

CABLEVISION SYSTEMS CORP. (CVC - $40.94 - NYSE) is one of the nation's leading communications and entertainment companies, with a portfolio of operations that spans state-of-the-art cable television services, championship professional sports teams and national cable television networks. Headquartered in Bethpage, N.Y., Cablevision serves nearly 3 million cable customers in the most important cable TV market - New York. Cablevision also owns and operates New York City's famed Madison Square Garden (MSG), which includes the arena complex, the N.Y. Knicks, the N.Y. Rangers and the MSG network. MSG operates Radio City Entertainment and holds a long-term lease for Radio City Music Hall, home of the world-famous Rockettes. On March 30, 2001, shares that track the performance of the firm's national cable programming subsidiary, Rainbow Media Group (RMG - $20.25 - NYSE), began trading on the NYSE. Rainbow manages growing content offerings such as American Movie Classics, Bravo and The Independent Film Channel.

HELLER FINANCIAL INC. (HF - $52.77 - NYSE) is a lender to small and mid-sized businesses, and has agreed to be acquired by GE Capital for $5.3 billion in cash. GE Capital will launch a tender offer under which HF holders will receive $53.75 per share. Subject to customary regulatory approvals, the tender should close on October 24, 2001. The Fuji Bank, which owns 52% of the fully diluted shares of HF, has agreed to tender its shares into the offer. The offer price values HF at 15.4 times 2002 earnings per share ("EPS"), a premium to the 14 times 2002 EPS that Tyco International (TYC - $45.50 - NYSE) paid to acquire HF rival CIT Group.

MEDIA GENERAL INC. (MEG - $43.36 - 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 acquired from Thomson Corp. for $237 million in August 2000. The company also owns a 20 percent interest in the DENVER POST. Media General also operates twenty-six television stations primarily located in Southeastern markets, including eight purchased from Spartan Communications on March 27, 2000 for $605 million. The company sold its Garden State Paper Co. to Enron Corp. (ENE - $27.23 - NYSE) for $72 million in August 2000, but still owns 33% of SP Newsprint Company.

NAVISTAR INTERNATIONAL CORP. (NAV - $28.25 - NYSE), with world headquarters outside of Chicago, is a leading North American manufacturer and marketer of medium and heavy trucks and school buses, and a worldwide leader in the manufacture of mid-range diesel engines, produced in a range of 160 to 300 horsepower for the International[R] brand. The company is also a private label designer and manufacturer of diesel engines for the full-size pickup truck and van markets. The company's products, parts and services are sold through a network of 1,000 International[R] brand dealer outlets in the United States, Canada, Brazil and Mexico, and through more than 90 separate dealers in 75 countries. Navistar provides financing for its customers and distributors principally through its wholly-owned subsidiary, Navistar Financial Corporation.

NEWS CORP. LTD. (NWS'A - $6.12 - NYSE; NWS - $24.10 - NYSE) is a leading global media firm, with interests in broadcast television, cable networks, publishing, magazine inserts, global satellite distribution, and British and Australian newspapers. In the U.S., News Corp. owns the Fox network and one of the country's largest TV station groups. In addition, the company runs 20th Century Fox films and is one of the largest producers of television programming. News Corp. is currently in discussions with General Motors Corp. (GM - $42.90 - NYSE) about acquiring the assets of Hughes Electronics (GMH - $13.33 - NYSE), which owns DirectTV in the U.S. and Latin America.

PEPSICO INC. (PEP - $48.50 - NYSE) is a $25 billion food and beverage company after the acquisition of Quaker Oats was completed on August 2, 2001. PepsiCo added several products to its existing portfolio of the Pepsi-Cola and Frito Lay brands such as Gatorade and the Quaker Oats snack and food businesses. The company is focused on the faster growing convenience category, improving their distribution systems and extracting the synergies expected from the merger. PepsiCo is also benefiting from the introduction of new products such as Mountain Dew Code Red, Pepsi with Lemon, Bistro chips and the continued robust growth of Aquafina.

RALSTON PURINA CO. (RAL - $32.80 - NYSE), based in St. Louis completed the tax-free spin-off of Energizer Holdings on April 1, 2000. Ralston Purina now operates in a single business segment, pet products, and is the world's largest manufacturer of dry pet food. The company is also a leading manufacturer of cat litter products in North America. Ralston's brands include DOG CHOW, CAT CHOW, MEOW MIX, PRO PLAN, and TIDY CATS. In January, Nestle announced a definitive merger agreement with Ralston to acquire all shares for $33.50 per share in cash.

TELEPHONE & DATA SYSTEMS INC. (TDS - $94.30 - AMEX) provides mobile and local phone services to 3.6 million customers in 35 states. TDS conducts its cellular operations through an 81% owned United States Cellular Corp. (USM - $49.50 - AMEX) and its wireline telephone operations through its wholly owned TDS Telecommunications Corp. ("TDS Telecom") subsidiary, a full-service local exchange carrier. Having completed a merger of its 82%-owned PCS subsidiary Aerial Communications with VoiceStream Wireless Corp., which has recently been acquired by Deutsche Telekom (DT - $15.50 - NYSE), a former German phone monopoly, TDS now owns 131.6 million shares of Deutsche Telekom valued at $2 billion. As part of the VoiceStream/Deutsche Telekom deal, TDS also received $570 million in cash.

VIACOM INC. (VIA - $34.95 - NYSE) is a diversified media company with businesses across many media platforms. The firm operates cable networks (including VH1, MTV, Showtime and Nickelodeon), television networks and stations (including the CBS and UPN Television networks and numerous affiliated TV stations in major markets), major market radio stations and outdoor advertising (through Infinity Broadcasting), a movie studio (Paramount), a

publishing house (Simon and Schuster), amusement parks (Paramount Parks) and video rental operations (Blockbuster). The company focuses on high growth businesses and aims to deliver cash flow growth that is above the industry average.

COMMON STOCK 10% DISTRIBUTION POLICY

The Equity Trust continues to maintain its 10% Distribution Policy whereby the Equity Trust pays out to common stock shareholders 10% of its average net assets each year. Pursuant to this policy, the Equity Trust distributed $0.27 per share on September 24, 2001. The next distribution is scheduled for December 2001.

7.25% TAX ADVANTAGED CUMULATIVE PREFERRED STOCK - DIVIDENDS

The Trust's 7.25% Tax Advantaged Cumulative Preferred Stock paid a cash distribution on September 26, 2001 of $0.453125 per share. For the twelve-months ended September 30, 2001, Preferred Stock shareholders received distributions totaling $1.8125, the annual dividend rate per share of Preferred Stock. The next distribution is scheduled for December 2001.

7.20% TAX ADVANTAGED SERIES B CUMULATIVE PREFERRED STOCK - DIVIDENDS

The Trust's 7.20% Tax Advantaged Series B Cumulative Preferred Stock paid an initial cash distribution on September 26, 2001 of $0.48 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 December 2001.

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Please visit us on the Internet. Our homepage at http://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 at www.gabelli.com as reflected below.

	WHO	WHEN
Special Chats:	Mario J. Gabelli	First Monday of each month
	Howard Ward	First Tuesday of each month

In addition, every Wednesday will feature a different portfolio manager. The upcoming Wednesday chat schedule is as follows:

	NOVEMBER	DECEMBER	JANUARY
1st Wednesday	Lynda Calkin	Caesar Bryan	Walter Walsh
2nd Wednesday	Walter Walsh	Ivan Arteaga	Lynda Calkin
3rd Wednesday	Laura Linehan	Tim O'Brien	Tim O'Brien
4th Wednesday	Barbara Marcin	Barbara Marcin	Caesar Bryan
5th Wednesday			Barbara Marcin

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All chat sessions start at 4:15 ET. Please arrive early, as participation is limited.

You may sign up for our HIGHLIGHTS email newsletter at www.gabelli.com and receive early notice of chat sessions, closing mutual fund prices, news events and media sightings.

IN CONCLUSION

We have suffered a great loss - not just the lives of thousands of innocent Americans, but also some loss of faith in the security of Fortress America. This tragedy will change our lives forever. It will not alter the spirit of entrepreneurial capitalism that has made America great or diminish the important role the equities markets serve in promoting economic progress. The American economy and equities markets have weathered numerous political and economic crises, including two World Wars, the Great Depression, the Korea War, the Cuban Missile Crisis, the Kennedy Assassination, the Vietnam War, the inflation of the 1970's and countless serious recessions. They will weather this crisis as well.

The time tested investment principles we adhere to will also survive. Buying the stocks of quality companies trading at deep discounts to their "real world" economic value makes as much sense today as it did on September 10 and will for all the Septembers to come.

Finally, we want to extend our sympathy to the families and friends of all the victims of this terrible tragedy. We in the New York area financial services community have lost many friends and colleagues. Brave police officers, fire fighters and emergency workers have given their lives attempting to save others. We are all united as we fortify America from a moral, physical, and economic framework.

Sincerely,

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

October 31, 2001

SELECTED HOLDINGS
SEPTEMBER 30, 2001

AT&T Corp.	News Corp. Ltd.
Berkshire Hathaway Inc.	PepsiCo Inc.
Cablevision Systems Corp.	Ralston Purina Co.
Heller Financial Inc.	Telephone & Data Systems Inc.
Media General Inc.	Viacom 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 SEPTEMBER 30, 2001
(UNAUDITED)

	SHARES	OWNERSHIP AT SEPTEMBER 30, 2001
NET PURCHASES		
COMMON STOCKS		
Albertson's Inc.	60,000	200,000
Allstate Corp.	5,000	95,000
America Movil, SA de CV, Cl. L, ADR	25,000	80,000
American Express Co.	150,000	420,000
AMETEK Inc.	20,000	120,000
AMR Corp.	28,000	100,000
Archer-Daniels-Midland Co. (a)	50,000	1,050,000
AT&T Corp.	200,000	850,000
AT&T Wireless Services Inc. (b)	215,170	280,170
Aventis SA	2,000	12,000
Bank of New York Co. Inc.	80,000	80,000
Benesse Corp.	4,000	14,000
Boeing Co.	118,000	118,000
British Telecommunications plc, ADR	10,000	10,000
BroadWing Inc.	60,000	85,000
Cable & Wireless plc, ADR	25,000	175,000
Cablevision Systems Corp., Cl. A	5,000	420,000
Cadbury Schweppes plc, ADR	9,000	10,000
Carter-Wallace Inc.	6,300	526,300
CenturyTel Inc.	70,000	130,000
Citizens Communications Co.	50,000	100,000
Coca-Cola Enterprises Inc.	70,000	120,000
Commerzbank AG, ADR	50,000	100,000
Conoco Inc., Cl. A	5,000	160,000
Cooper Industries Inc.	60,000	110,000

CoreComm Ltd.	200,000	200,000
Corning Inc.	60,000	120,000
Dana Corp.	31,000	115,161
Deutsche Bank AG, ADR	10,000	160,000
Deutsche Telekom AG, ADR	30,000	54,278
Diageo plc	100,000	100,000
Diageo plc, ADR	35,000	175,000
Disney (Walt) Co.	80,000	220,000
DQE Inc.	5,000	25,000
DTE Energy Co.	2,000	12,366
EMC Corp.	70,000	100,000
Energizer Holdings Inc.	64,400	350,001
Ferro Corp.	10,000	325,000
Flowers Foods Inc.	15,000	15,000
Flowserve Corp.	20,000	150,000
Ford Motor Co.	5,000	15,000
Fox Entertainment Group Inc., Cl. A	85,000	110,000
Friends Provident plc	126,000	126,000
GC Companies Inc.	50,000	50,000
Gemstar-TV Guide International Inc.	4,000	22,432
Genuity Inc.	10,000	160,000
Gray Communications Systems Inc., Cl. B	5,000	15,000
Grupo Televisa SA, ADR	52,000	190,000
Gucci Group NV, ADR	7,000	7,000
Heinz (H.J.) Co.	13,000	35,000
Heller Financial Inc., Cl. A	868,300	868,300
Hilton Group plc	405,000	1,450,000
Hilton Hotels Corp.	50,000	600,000
Honeywell Inc.	105,000	330,000
Interbrew SA	5,000	30,000
Japan Telecom Co. Ltd. (c)	219	265
Kerr-McGee Corp. (d)	13,632	13,632
KPN NV	100,000	100,000
Leap Wireless International Inc.	107,500	120,000
Louis Dreyfus Natural Gas Corp.	25,000	25,000
Lucent Technologies Inc.	40,000	100,000
Mellon Financial Corp.	15,000	75,000
MGM Mirage Inc.	95,000	115,000
J.P. Morgan Chase & Co.	1,900	50,000
Motorola Inc.	50,000	100,000
Nashua Corp.	11,500	70,000
National Presto Industries Inc.	2,000	44,000
National Service Industries Inc.	10,000	140,000
Neiman Marcus Group Inc., Cl. A	20,000	70,000
Newport News Shipbuilding Inc.	2,000	110,000
Nextel Communications Inc., Cl. A	130,000	230,000
Nikko Securities Co. Ltd.	30,000	171,500
Northeast Utilities	50,000	125,000
NTL Inc.	20,000	72,625
NTT DoCoMo Inc.	56	56
Paxson Communications Corp., Cl. A	10,300	131,000
PepsiCo Inc. (e)	260,000	525,000
Phoenix Companies Inc.	85,000	165,000
Precision Castparts Corp.	6,000	50,000
PRIMEDIA Inc.	125,800	225,800
ProSieben Sat.1 Media AG, Pfd.	3,000	43,000
Publishing & Broadcasting Ltd.	10,000	175,000
Pulitzer Inc.	3,000	30,000
Ralston Purina Group	145,000	945,000
Reader's Digest Association Inc., Cl. B	15,000	175,000
Rogers Wireless Communications Inc.,		

Cl. B	70,000	150,000
Rohm Co. Ltd.	1,300	6,400
Scripps (E.W.) Co., Cl. A	25,000	25,000
Six Flags Inc.	19,000	29,000
SJW Corp.	6,000	10,000
Sony Corp., ADR	11,000	45,000
Starwood Hotels & Resorts Worldwide Inc.	60,000	60,000
Sulzer AG	6,000	12,000
Sulzer Medica AG (f)	32,000	32,000
Swatch Group AG, Cl. B (g)	13,500	15,000
Swiss Re (h)	9,690	10,200
T. Rowe Price Group Inc.	32,000	70,000
Telecom Italia SpA, RNC	135,000	135,000
THK Co. Ltd.	13,000	48,000
Thomas & Betts Corp	42,600	242,600
Telecom Italia Mobile SpA	200,000	1,400,000
Tribune Co.	40,000	200,000
UnitedGlobalCom Inc., Cl. A	105,000	265,000
Vivendi Universal SA, ADR	5,000	210,000
Waddell & Reed Financial Inc., Cl. A	5,000	35,000

THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES (CONTINUED)
QUARTER ENDED SEPTEMBER 30, 2001
(UNAUDITED)

	SHARES	OWNERSHIP AT SEPTEMBER 30, 2001
NET PURCHASES (CONTINUED)		
COMMON STOCKS (CONTINUED)		
Western Resources Inc.	24,200	24,200
Winn-Dixie Stores Inc.	50,000	50,000
WorldCom Inc. - MCI Group	30,000	40,000
Young Broadcasting Inc., Cl. A	40,000	90,000
PREFERRED STOCKS		
News Corp. Ltd., Pfd., ADR (i) (j)	757,491	767,491
Sequa Corp., $5.00 Cv. Pfd.	500	500
	PRINCIPAL AMOUNT	
CORPORATE BONDS		
Waste Management Inc. Sub. Deb. Cv. 4.00%, 02/01/02	$39,000	$2,039,000
	SHARES	
NET SALES		
COMMON STOCKS		
Banca Intesa SpA	(175,000)	0
Block (H&R) Inc. (k)	(5,000)	5,000
Chris-Craft Industries Inc. (i)	(336,192)	0
Chris-Craft Industries Inc., Cl. B (i)	(592,895)	0

	SHARES	OWNERSHIP AT SEPTEMBER 30, 2001
Church & Dwight Co. Inc.	(15,000)	10,000
Computer Associates International Inc.	(5,000)	10,000
Delphi Automotive Systems Corp.	(5,000)	65,000
Embratel Participacoes SA, ADR	(17,000)	150,000
General Chemical Group Inc. (l)	(330,200)	0
General Mills Inc.	(10,000)	110,000
Granada Compass plc	(150,940)	0
Gulf Canada Resources Ltd., Toronto (m)	(100,000)	0
Gulf Canada Resources Ltd., New York (m)	(100,000)	0
Harcourt General Inc. (n)	(150,000)	0
Hewlett-Packard Co.	(9,000)	35,000
HS Resources Inc. (d)	(50,000)	0
IBP Inc. (o)	(23,919)	28,581
IDEX Corp.	(1,000)	297,000
ITT Industries Inc.	(2,000)	138,000
Loral Space & Communications Ltd.	(80,000)	70,000
News Corp. Ltd.	(30,000)	115,000
Nokia Corp., Cl. A, ADR	(27,000)	0
Pacific Century CyberWorks Ltd., ADR	(5,000)	0
Parmalat Finanziaria SpA	(15,000)	154,000
Pearson plc	(57,727)	0
Philips Electronics NV	(1,200)	25,440
Quaker Oats Co. (e)	(70,000)	0
Republic Services Inc.	(5,000)	55,000
Royce Value Trust Inc.	(1,942)	44,000
Ryder System Inc.	(5,000)	25,000
Scheib (Earl) Inc.	(5,000)	75,000
Sealed Air Corp.	(5,000)	0
Sony Corp.	(11,000)	0
Swire Pacific Ltd., Cl. A	(82,000)	0
Tyler Technologies Inc.	(10,000)	10,000
United Television Inc. (j)	(245,009)	0
USA Networks Inc.	(5,000)	565,000
Viacom Inc., Cl. A	(10,000)	855,000
Waste Management Inc.	(30,000)	320,000
Willamette Industries Inc.	(20,000)	240,000
Xerox Corp.	(1,000)	14,000
XO Communications Inc., Cl. A	(10,000)	0

(a) 5.00% stock dividend
(b) Spinoff--0.3218 shares of AT&T Wireless Services Inc. for every 1 share of AT&T Corp.
(c) 5 for 1 stock split
(d) Merger--0.27266 shares of Kerr-McGee Corp. for every 1 share of HS Resources Inc.
(e) Merger--2.3 shares of PepsiCo Inc. for every 1 share of Quaker Oats Co.
(f) Spinoff--2 shares of Sulzer Medica AG for every 1 share of Sulzer AG
(g) 10 for 1 stock split
(h) 20 for 1 stock split
(i) Merger--0.568 shares of News Corp. Ltd., Pfd., ADR for every 1 share of Chris-Craft Industries Inc. and Chris-Craft Industries Inc., Cl. B
(j) Merger--0.9378 shares of News Corp. Ltd., Pfd., ADR for every 1 share of United Television Inc.
(k) 2 for 1 stock split

(l) 1 for 10 stock split
(m) Cash merger at $12.40 a share
(n) Cash merger at $59.00 a share
(o) Cash merger at $30.00 a share

THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS
SEPTEMBER 30, 2001 (UNAUDITED)

SHARES		MARKET VALUE
	COMMON STOCKS -- 82.1%	
	FINANCIAL SERVICES -- 10.1%	
26,000	Aegon NV	$ 680,048
4,100	Allianz AG	926,014
95,000	Allstate Corp.	3,548,250
420,000	American Express Co.	12,205,200
30,000	Argonaut Group Inc.	491,700
90,000	Banco Santander Central Hispano SA, ADR	678,600
99,000	Bank of Ireland	784,398
80,000	Bank of New York Co. Inc.	2,800,000
105,000	Bank One Corp.	3,304,350
282,000	Bankgesellschaft Berlin AG	719,099
260	Berkshire Hathaway Inc., Cl. A+	18,200,000
5,000	Block (H&R) Inc.	192,800
100,000	Commerzbank AG, ADR	1,648,380
160,000	Deutsche Bank AG, ADR	8,720,914
20,000	Dun and Bradstreet Corp.+	560,000
126,000	Friends Provident plc+	357,402
56,000	HBOS plc	604,106
868,300	Heller Financial Inc., Cl. A	45,820,191
25,000	Hibernia Corp., Cl. A	408,750
20,000	Invik & Co. AB, Cl. B	749,914
100,000	Irish Life & Permanent plc, Dublin	983,571
50,000	JP Morgan Chase & Co.	1,707,500
6,000	Jafco Co. Ltd.	329,892
64,000	Leucadia National Corp.	1,996,800
75,000	Mellon Financial Corp.	2,424,750
100,000	Midland Co.	4,060,000
30,000	Moody's Corp.	1,110,000
171,500	Nikko Securities Co. Ltd.	911,269
165,000	Phoenix Companies Inc.+	2,384,250
50,000	Prudential plc	514,396
50,000	RAS SpA	601,071
60,000	Riggs National Corp.	930,000
80,000	State Street Corp.	3,640,000
30,000	Stilwell Financial Inc.+	585,000
20,000	SunTrust Banks Inc.	1,332,000
10,200	Swiss Re+	1,003,266
70,000	T. Rowe Price Group Inc.	2,051,000
50,000	Unitrin Inc.	1,911,000
112,000	Wachovia Corp.	3,472,000
35,000	Waddell & Reed Financial Inc., Cl. A	910,000
		136,257,881
	TELECOMMUNICATIONS -- 7.9%	
8,132	Aliant Inc.	159,427

SHARES		MARKET VALUE
7,500	Allegiance Telecom Inc.+	22,575
30,000	ALLTEL Corp.	1,738,500
20,000	AT&T Canada Inc., Cl. B+	$ 580,200
850,000	AT&T Corp.	16,405,000
3,333	Avaya Inc.+	32,997
230,000	BCE Inc.	5,071,500
33,400	Brasil Telecom Participacoes SA, ADR	908,480
10,000	British Telecommunications plc, ADR	511,500
85,000	BroadWing Inc.+	1,366,800
2,893,090	Cable & Wireless Jamaica Ltd.	105,222
95,000	Cable & Wireless plc	391,290
175,000	Cable & Wireless plc, ADR	2,259,250
130,000	CenturyTel Inc.	4,355,000
100,000	Citizens Communications Co.	940,000
255,466	Commonwealth Telephone Enterprises Inc.+	9,388,375
20,000	Commonwealth Telephone Enterprises Inc., Cl. B+	780,000
35,000	Compania de Telecomunicaciones de Chile SA, ADR	344,750
200,000	CoreComm Ltd.+	18,000
54,278	Deutsche Telekom AG, ADR	841,309
21,600	Elisa Communications Oyj, Cl. A	220,320
150,000	Embratel Participacoes SA, ADR+	418,500
265	Japan Telecom Co. Ltd.	825,275
100,000	KPN NV	273,214
155,000	RCN Corp.+	496,000
9,655	Rogers Communications Inc., Cl. B+	123,460
110,345	Rogers Communications Inc., Cl. B, ADR+	1,417,933
115,000	SBC Communications Inc.	5,418,800
350,000	Sprint FON Group	8,403,500
186,554	Tele Norte Leste Participacoes SA, ADR	1,688,314
8,000	Telecom Argentina Stet France Telecom SA, ADR	69,520
400,040	Telecom Italia SpA	3,020,228
135,000	Telecom Italia SpA, RNC	572,930
123,000	Telecom Italia SpA, ADR	9,368,910
265,249	Telefonica SA, ADR	9,005,204
16,256	Telefonica SA, BDR+	179,571
36,000	Telefonos de Mexico SA, Cl. L, ADR	1,162,440
12,750	TELUS Corp.	152,544
52,500	TELUS Corp., ADR	628,122
4,250	TELUS Corp., Non-Voting	48,292
27,500	TELUS Corp., Non-Voting, ADR	312,478
295,000	Verizon Communications	15,962,450
40,000	WorldCom Inc. - MCI Group	609,200
		106,597,380

THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2001 (UNAUDITED)

SHARES		MARKET VALUE
	COMMON STOCKS (CONTINUED)	
	CONSUMER PRODUCTS -- 6.6%	
70,000	Altadis SA	$ 1,115,624
526,300	Carter-Wallace Inc.	10,752,309
43,000	Christian Dior SA	1,031,884
10,000	Church & Dwight Co. Inc.	258,500
1,100	Compagnie Financiere Richemont AG, Cl. A	2,076,126
35,000	Department 56 Inc.+	222,250
350,001	Energizer Holdings Inc.+	5,817,017
90,000	Fortune Brands Inc.	3,015,000
250,000	Gallaher Group plc, ADR	6,675,000
275,000	Gillette Co.	8,195,000
2,000	Givaudan SA+	602,529
100,000	Harley Davidson Inc.	4,050,000
15,000	Matsushita Electric Industrial Co. Ltd., ADR	181,200
65,000	Mattel Inc.	1,017,900
25,000	Maytag Corp.	616,000
44,000	National Presto Industries Inc.	1,183,600
9,500	Nintendo Co. Ltd.	1,364,434
20,000	Philip Morris Companies Inc.	965,800
112,000	Procter & Gamble Co.	8,152,480
945,000	Ralston Purina Co.	30,996,000
32,000	Shimano Inc.	403,190
15,000	Swatch Group AG, Cl. B	1,085,665
10,425	Syratech Corp.+	63,853
		89,841,361
	ENTERTAINMENT -- 6.3%	
365,000	AOL Time Warner Inc.+	12,081,500
160,000	Canal Plus, ADR+	103,168
220,000	Disney (Walt) Co.	4,096,400
100,000	EMI Group plc, ADR	698,840
110,000	Fox Entertainment Group Inc., Cl. A+	2,101,000
50,000	GC Companies Inc.+	26,500
22,432	Gemstar-TV Guide International Inc.+	442,135
190,000	Grupo Televisa SA, ADR+	5,453,000
24,000	Liberty Livewire Corp., Cl. A+	161,520
1,550,000	Liberty Media Corp., Cl. A	19,685,000
175,000	Publishing & Broadcasting Ltd.	748,767
29,000	Six Flags Inc.	354,670
565,000	USA Networks Inc.+	10,158,700
855,000	Viacom Inc., Cl. A+	29,882,250
		85,993,450
	FOOD AND BEVERAGE -- 6.0%	
10,108	Advantica Restaurant Group Inc.+	7,379
10,000	Cadbury Schweppes plc, ADR	254,000
15,000	Coca-Cola Co.	702,750

SHARES		MARKET VALUE
120,000	Coca-Cola Enterprises Inc.	$ 1,840,800
150,940	Compass Group plc+	1,052,616

90,000	Corn Products International Inc.	2,585,700
100,000	Diageo plc	1,050,102
175,000	Diageo plc, ADR	7,262,500
15,000	Flowers Foods Inc.+	543,750
110,000	General Mills Inc.	5,005,000
20,000	Hain Celestial Group Inc.+	368,200
35,000	Heinz (H.J.) Co.	1,475,250
28,581	IBP Inc.	675,941
30,000	Interbrew SA+	762,267
270,000	Kellogg Co.	8,100,000
75,000	Kerry Group plc, Cl. A	942,446
60,500	LVMH Moet Hennessy Louis Vuitton, ADR	393,099
154,000	Parmalat Finanziaria SpA	405,322
590,595	PepsiAmericas Inc.	8,829,395
525,000	PepsiCo Inc.	25,462,500
60,000	Ralcorp Holdings Inc.+	1,167,600
10,000	Sara Lee Corp.	213,000
100,830	Tootsie Roll Industries Inc.	3,857,756
150,000	Wrigley (Wm.) Jr. Co.	7,695,000

		80,652,373

	EQUIPMENT AND SUPPLIES -- 5.6%	
120,000	AMETEK Inc.	3,153,600
80,000	Amphenol Corp., Cl. A+	2,780,000
10,000	Caterpillar Inc.	448,000
95,000	CIRCOR International Inc.+	1,425,000
107,000	CLARCOR Inc.	2,557,300
320,000	Deere & Co.	12,035,200
255,000	Donaldson Co. Inc.	7,349,100
150,000	Flowserve Corp.+	2,962,500
6,500	Franklin Electric Co.	468,000
110,000	Gerber Scientific Inc.	1,155,000
297,000	IDEX Corp.	8,212,050
20,000	Ingersoll-Rand Co.	676,000
60,000	Lufkin Industries Inc.	1,375,200
1,000	Manitowoc Co. Inc.	24,240
430,000	Navistar International Corp.+	12,147,500
25,000	Olympus Optical Co. Ltd.	351,507
20,000	PACCAR Inc.	981,400
84,500	Sequa Corp., Cl. A+	3,822,780
75,000	Sequa Corp., Cl. B+	3,993,750
170,000	SPS Technologies Inc.+	5,140,800
10,000	Sybron Dental Specialties Inc.+	186,000
48,000	THK Co. Ltd.	483,505
70,000	UCAR International Inc.+	623,000
250,000	Watts Industries Inc., Cl. A	3,275,000
100,000	Weir Group plc	349,789

		75,976,221

SHARES		MARKET VALUE
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	COMMON STOCKS (CONTINUED)	
	WIRELESS COMMUNICATIONS -- 5.3%	
80,000	America Movil, SA de CV, Cl. L, ADR+	$ 1,186,400
280,170	AT&T Wireless Services Inc.+	4,185,740
120,000	Leap Wireless International Inc.+	1,884,000
230,000	Nextel Communications Inc., Cl. A+	1,987,200
56	NTT DoCoMo Inc.+	756,820
150,000	Rogers Wireless Communications Inc., Cl. B+	1,597,500
220,000	Sprint PCS Group+	5,783,800
16,700	Tele Celular Sul Participacoes SA, ADR	173,680
55,666	Tele Centro Oeste Celular Participacoes SA, ADR	275,547
3,340	Tele Leste Celular Participacoes SA, ADR	41,082
8,350	Tele Nordeste Celular Participacoes SA, ADR	150,300
3,340	Tele Norte Celular Participacoes SA, ADR	68,069
1,400,000	Telecom Italia Mobile SpA	6,795,745
8,350	Telemig Celular Participacoes SA, ADR	189,545
450,000	Telephone & Data Systems Inc.	42,435,000
66,800	Telesp Celular Participacoes SA, ADR	352,704
553,888	Vodafone Group plc	1,221,075
100,000	Vodafone Group plc, ADR	2,196,000

		71,280,207

	PUBLISHING -- 3.6%	
12,000	Dow Jones & Co. Inc.	545,160
646,000	Independent News & Media plc, Dublin	964,846
97,000	McGraw-Hill Companies Inc.	5,645,400
400,000	Media General Inc., Cl. A	17,344,000
125,000	Meredith Corp.	4,016,250
115,000	New York Times Co., Cl. A	4,488,450
115,000	News Corp. Ltd.	703,735
5,000	News Corp. Ltd., ADR	120,500
400,000	Penton Media Inc.	1,420,000
225,800	PRIMEDIA Inc.+	530,630
30,000	Pulitzer Inc.	1,328,400
175,000	Reader's Digest Association Inc., Cl. B	3,108,000
25,000	Scripps (E.W.) Co., Cl. A	1,522,750
91,842	Seat-Pagine Gialle SpA	67,582
400,000	South China Morning Post Holdings	192,320
75,000	Thomas Nelson Inc.	636,000
200,000	Tribune Co.	6,280,000

		48,914,023

	ENERGY AND UTILITIES -- 3.2%	
73,400	AGL Resources Inc.	1,465,798
34,000	Apache Corp.	1,462,000
120,000	BP plc	991,167
248,800	BP plc, ADR	12,233,496

SHARES		MARKET VALUE
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135,000	Burlington Resources Inc.	$ 4,618,350
160,000	Conoco Inc., Cl. A	4,068,800
25,000	DQE Inc.	481,000
12,366	DTE Energy Co.	532,356

400,000	El Paso Electric Co.+	5,260,000
20,000	Energy East Corp.	402,200
55,000	Halliburton Co.	1,240,250
13,632	Kerr-McGee Corp.	707,637
25,000	Louis Dreyfus Natural Gas Corp.+	972,500
210,000	Niagara Mohawk Holdings Inc.+	3,563,700
100,000	NiSource Inc.+	212,000
125,000	Northeast Utilities	2,341,250
75,000	Pennzoil-Quaker State Co.+	838,500
100,000	Progress Energy Inc.	30,000
10,000	SJW Corp.	819,000
14,000	Southwest Gas Corp.	296,800
4,907	Total Fina Elf SA	659,159
24,200	Western Resources Inc.	400,510

		43,596,473

	DIVERSIFIED INDUSTRIAL -- 3.1%	
195,000	Ampco-Pittsburgh Corp.	1,872,000
110,000	Cooper Industries Inc.	4,561,700
270,000	Crane Co.	5,918,400
102,000	GATX Corp.	3,431,280
150,000	GenTek Inc.	487,500
330,000	Honeywell Inc.	8,712,000
138,000	ITT Industries Inc.+	6,182,400
390,000	Lamson & Sessions Co.+	1,560,000
140,000	National Service Industries Inc.	2,891,000
78,715	Park-Ohio Holdings Corp.+	240,081
100,000	Sensient Technologies Corp.	1,863,000
12,420	Smith Industries plc	120,109
12,000	Sulzer AG	1,796,452
75,000	Thomas Industries Inc.	1,616,250
50,000	Trinity Industries Inc.	1,082,500

		42,334,672

	AUTOMOTIVE: PARTS AND ACCESSORIES -- 2.5%	
20,000	ArvinMeritor Inc.	285,800
25,802	BorgWarner Inc.	1,039,821
115,161	Dana Corp.	1,796,512
65,000	Delphi Automotive Systems Corp.+	763,750
260,000	GenCorp Inc.	2,948,400
195,000	Genuine Parts Co.	6,212,700
114,000	Johnson Controls Inc.	7,437,360
90,000	Midas Inc.	891,000
330,000	Modine Manufacturing Co.	8,111,400
75,000	Scheib (Earl) Inc.+	149,250
163,000	Standard Motor Products Inc.	1,907,100

SHARES		MARKET VALUE
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	COMMON STOCKS (CONTINUED)	
	AUTOMOTIVE: PARTS AND ACCESSORIES (CONTINUED)	
70,000	Superior Industries International Inc.	$ 2,324,700
27,000	TI Automotive Ltd.+	

SHARES		MARKET VALUE
105,000	TransPro Inc.	320,250
		34,188,043
	HEALTH CARE -- 2.3%	
40,000	American Home Products Corp.	2,330,000
60,000	Amgen Inc.+	3,526,200
40,000	Apogent Technologies Inc.+	956,000
10,000	AstraZeneca plc, London	465,161
35,146	AstraZeneca plc, Stockholm	1,611,040
12,000	Aventis SA	910,349
26,000	Biogen Inc.+	1,445,080
75,036	GlaxoSmithKline plc+	2,117,387
4,000	GlaxoSmithKline plc, ADR	224,480
56,011	Invitrogen Corp.+	3,683,283
46,000	Novartis AG	1,801,277
108,000	Novartis AG, Registered	4,203,360
45,000	Pfizer Inc.	1,804,500
17,900	Roche Holding AG	1,284,488
20,000	Sanofi-Synthelabo SA	1,302,320
10,000	Schering-Plough Corp.	371,000
32,000	Sulzer Medica AG	1,722,218
18,000	Takeda Chemical Industries Ltd.	831,025
		30,589,168
	CABLE -- 2.1%	
420,000	Cablevision Systems Corp., Cl. A+	17,194,800
40,000	Comcast Corp., Cl. A	1,422,000
90,000	Comcast Corp., Cl. A, Special	3,228,300
72,625	NTL Inc.+	225,137
210,000	Rainbow Media Group+	4,252,500
20,000	Shaw Communications Inc., Cl. B	405,138
80,000	Shaw Communications Inc., Cl. B, Non-Voting+	1,620,000
265,000	UnitedGlobalCom Inc., Cl. A+	614,800
		28,962,675
	PAPER AND FOREST PRODUCTS -- 2.1%	
260,000	Greif Bros. Corp., Cl. A	5,959,200
3,400	Greif Bros. Corp., Cl. B	95,200
180,000	Pactiv Corp.+	2,608,200
253,000	St. Joe Co.	6,540,050
105,000	Westvaco Corp.	2,698,500
240,000	Willamette Industries Inc.	10,797,600
		28,698,750

SHARES		MARKET VALUE
	HOTELS AND GAMING -- 1.7%	
120,000	Aztar Corp.+	$ 1,569,600
90,000	Boca Resorts Inc., Cl. A+	895,500
234,500	Gaylord Entertainment Co.	4,713,450
5,000	GTECH Holdings Corp.+	172,700
1,450,000	Hilton Group plc	3,899,854
600,000	Hilton Hotels Corp.	4,710,000
115,000	MGM Mirage Inc.+	2,585,200
430,000	Park Place Entertainment Corp.+	3,151,900

60,000	Starwood Hotels & Resorts Worldwide Inc.	1,320,000
		23,018,204
	RETAIL -- 1.6%	
200,000	Albertson's Inc.	6,376,000
320,000	AutoNation Inc.+	2,812,800
14,000	Coldwater Creek Inc.+	256,200
16,000	Delhaize Le Lion SA, ADR	886,400
7,000	Gucci Group NV, ADR	572,460
100,000	Lillian Vernon Corp.	790,000
70,000	Neiman Marcus Group Inc., Cl. A+	1,711,500
320,000	Neiman Marcus Group Inc., Cl. B+	7,584,000
50,000	Winn-Dixie Stores Inc.	572,500
		21,561,860
	BUSINESS SERVICES -- 1.4%	
60,000	ANC Rental Corp.+	31,200
155,000	Cendant Corp.+	1,984,000
1,000	CheckFree Corp.+	16,970
100,000	Landauer Inc.	3,395,000
70,000	Nashua Corp.+	381,500
10,833	Reuters Group plc, ADR	566,024
13,000	Secom Co. Ltd.	670,024
250,000	Securicor Group plc	429,888
3,500	SYNAVANT Inc.+	10,500
30,900	Vivendi Universal SA	1,430,972
210,000	Vivendi Universal SA, ADR	9,733,500
		18,649,578
	SPECIALTY CHEMICALS -- 1.3%	
5,400	Ciba Specialty Chemicals, ADR+ (b)	163,026
10,000	du Pont de Nemours (E.I.) & Co.	375,200
325,000	Ferro Corp.	7,533,500
12,000	Fuller (H.B.) Co.	549,600
100,000	Hercules Inc.+	825,000
210,000	Omnova Solutions Inc.	1,312,500
195,000	Rohm & Haas Co.	6,388,200
11,697	Syngenta AG, ADR+	116,619
		17,263,645

SHARES		MARKET VALUE
	COMMON STOCKS (CONTINUED)	
	AEROSPACE -- 1.2%	
125,000	BAE Systems plc	$ 608,089
118,000	Boeing Co.	3,953,000
100,000	Lockheed Martin Corp.	4,375,000
75,000	Northrop Grumman Corp.	7,575,000

		16,511,089
	AGRICULTURE -- 1.0%	
1,050,000	Archer-Daniels-Midland Co.	13,219,500
5,000	Delta & Pine Land Co.	84,900
		13,304,400
	BROADCASTING -- 1.0%	
50,000	Ackerley Group Inc.	535,000
16,666	Corus Entertainment Inc., Cl. B+	273,351
33,000	Gray Communications Systems Inc.	501,600
15,000	Gray Communications Systems Inc., Cl. B	198,450
200,000	Liberty Corp.	7,950,000
4,000	Nippon Broadcasting System Inc.	125,241
50,375	NRJ Groupe+	586,311
131,000	Paxson Communications Corp., Cl. A+	943,200
17,700	RTL Group (New York)	483,589
100,000	Television Broadcasting Ltd.	271,172
90,000	Young Broadcasting Inc., Cl. A+	1,305,000
		13,172,914
	BUILDING AND CONSTRUCTION -- 1.0%	
112,500	CRH plc	1,670,021
32,222	Huttig Building Products Inc.+	165,943
15,000	Martin Marietta Materials Inc.	586,650
110,000	Newport News Shipbuilding Inc.	7,392,000
144,000	Nortek Inc.+	3,103,200
5,000	Nortek Inc., Special Common+ (a)	107,750
		13,025,564
	REAL ESTATE -- 0.8%	
450,000	Catellus Development Corp.+	7,866,000
75,000	Cheung Kong (Holdings) Ltd.	584,174
44,000	Florida East Coast Industries Inc., Cl. A	968,000
58,451	Florida East Coast Industries Inc., Cl. B	1,262,542
55,000	Griffin Land & Nurseries Inc.+	683,100
4,753	HomeFed Corp.+	4,278
		11,368,094
	ENVIRONMENTAL SERVICES -- 0.7%	
55,000	Republic Services Inc.+	891,000
320,000	Waste Management Inc.	8,556,800
		9,447,800

SHARES		MARKET VALUE
	ELECTRONICS -- 0.6%	
41,000	Fujitsu Ltd.	$ 343,818
3,000	Hitachi Ltd., ADR	201,000
9,000	Molex Inc., Cl. A	218,700
7,500	NEC Corp., ADR	60,075
25,440	Philips Electronics NV	493,490
38,800	Philips Electronics NV, ADR	748,840
6,400	Rohm Co. Ltd.	623,185

45,000	Sony Corp., ADR	1,494,000
242,600	Thomas & Betts Corp.	4,240,648
		8,423,756
	CONSUMER SERVICES -- 0.6%	
40,000	Loewen Group Inc.	2,000
510,000	Rollins Inc.	7,930,500
		7,932,500
	AUTOMOTIVE -- 0.5%	
15,000	Ford Motor Co.	260,250
157,942	General Motors Corp.	6,775,712
		7,035,962
	COMMUNICATIONS EQUIPMENT -- 0.5%	
68,000	Acterna Corp.+	216,240
290,000	Allen Telecom Inc.+	2,523,000
120,000	Corning Inc.	1,058,400
100,000	Lucent Technologies Inc.	573,000
100,000	Motorola Inc.	1,560,000
44,000	Scientific-Atlanta Inc.	772,200
		6,702,840
	AVIATION: PARTS AND SERVICES -- 0.4%	
98,000	Curtiss-Wright Corp.	4,566,800
110,000	Fairchild Corp., Cl. A+	374,000
50,000	Precision Castparts Corp.	1,110,000
		6,050,800
	METALS AND MINING -- 0.3%	
72,500	Harmony Gold Mining Co. Ltd.	394,383
15,000	Harmony Gold Mining Co. Ltd., ADR	79,650
100,000	Newmont Mining Corp.	2,360,000
50,000	Placer Dome Inc.	639,500
		3,473,533
	TRANSPORTATION -- 0.2%	
100,000	AMR Corp.+	1,914,000
7,500	Kansas City Southern Industries Inc.	90,000
31,273	MIF Ltd.+	423,106
25,000	Ryder System Inc.	499,750
		2,926,856

SHARES		MARKET VALUE
	COMMON STOCKS (CONTINUED)	
	SATELLITE -- 0.2%	

180,323	General Motors Corp., Cl. H+ ....$	2,403,706
340,000	Liberty Satellite &	
	Technology Inc., Cl. A+	421,600
70,000	Loral Space & Communications Ltd.+	91,000
		2,916,306
	COMPUTER SOFTWARE AND SERVICES -- 0.2%	
20,000	Capcom Co. Ltd.	412,994
10,000	Computer Associates International Inc.	257,400
100,000	EMC Corp.+	1,175,000
160,000	Genuity Inc.+	251,200
2,500	Obic Co. Ltd.	463,569
10,000	Tyler Technologies Inc.	29,000
		2,589,163
	CLOSED END FUNDS -- 0.2%	
59,000	Central European Equity Fund Inc.	554,600
70,000	Dresdner RCM Europe Fund Inc.	521,500
18,592	France Growth Fund Inc.	128,285
40,250	Italy Fund Inc.	256,795
68,000	New Germany Fund Inc.	361,760
44,000	Royce Value Trust Inc.	578,160
		2,401,100
	COMPUTER HARDWARE -- 0.0%	
35,000	Hewlett-Packard Co.	563,500
14,000	Xerox Corp.	108,500
		672,000
	EDUCATIONAL SERVICES -- 0.0%	
14,000	Benesse Corp.	428,943
	TOTAL COMMON STOCKS	1,112,759,584
	PREFERRED STOCKS -- 1.4%	
	PUBLISHING -- 1.2%	
767,491	News Corp. Ltd., Pfd., ADR	16,339,880
	AEROSPACE -- 0.2%	
14,021	Northrop Grumman Corp.,	
	7.00% Cv. Pfd., Ser. B	1,735,099
	TELECOMMUNICATIONS -- 0.0%	
15,000	Citizens Communications Co.,	
	5.00% Cv. Pfd.	653,100
	BROADCASTING -- 0.0%	
43,000	ProSieben Sat.1 Media AG, Pfd.	201,677
	EQUIPMENT AND SUPPLIES -- 0.0%	
500	Sequa Corp.,	
	$5.00 Cv. Pfd.	39,500

SHARES		MARKET VALUE

	WIRELESS COMMUNICATIONS -- 0.0%	
10,760,547	Telesp Celular Participacoes SA, Pfd.+ ....$	23,169
	TOTAL PREFERRED STOCKS	18,992,425

PRINCIPAL AMOUNT		
	CORPORATE BONDS -- 0.3%	
	ENVIRONMENTAL SERVICES -- 0.1%	
$2,039,000	Waste Management Inc., Sub. Deb. Cv. 4.00%, 02/01/02	2,049,195
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1%	
1,500,000	Standard Motor Products Inc., Sub. Deb. Cv. 6.75%, 07/15/09	1,016,250
	AVIATION: PARTS AND SERVICES -- 0.1%	
1,000,000	Kaman Corp., Sub. Deb. Cv. 6.00%, 03/15/12	916,250
	PUBLISHING -- 0.0%	
200,000	News America Holdings Inc., Sub. Deb. Cv. Zero Coupon, 03/31/02	265,368
	HOTELS AND GAMING -- 0.0%	
230,000	Hilton Hotels Corp., Sub. Deb. Cv. 5.00%, 05/15/06	187,162
	CONSUMER PRODUCTS -- 0.0%	
1,000,000	Pillowtex Corp., Sub. Deb. Cv. 6.00%, 03/15/12+	0
	TOTAL CORPORATE BONDS	4,434,225

SHARES		
	WARRANTS -- 0.0%	
	METALS AND MINING -- 0.0%	
5,000	Harmony Gold Mining Co. Ltd., ADR, expires 06/29/03	9,500
	FOOD AND BEVERAGE -- 0.0%	
62,463	Advantica Restaurant Group Inc., expires 01/07/05+	1,249
	TOTAL WARRANTS	10,749

PRINCIPAL AMOUNT		MARKET VALUE

	U.S. GOVERNMENT OBLIGATIONS -- 15.1%	
$205,140,000	U.S. Treasury Bills, 1.83% to 3.45%++, due 10/04/01 to 12/13/01	$ 204,402,710
	REPURCHASE AGREEMENTS -- 1.8%	
24,215,000	Agreement with State Street Bank & Trust Co., 3.05%, dated 09/28/01, due 10/01/01, proceeds at maturity $24,221,155 (c)	24,215,000
TOTAL INVESTMENTS -- 100.7% (Cost $1,116,753,656)		1,364,814,693
OTHER ASSETS, LIABILITIES, AND LIQUIDATION VALUE OF CUMULATIVE PREFERRED STOCK -- (22.8)%		(308,442,222)
NET ASSETS -- COMMON STOCK -- 77.9% (128,408,254 common shares outstanding)		1,056,372,471
NET ASSETS -- PREFERRED STOCK -- 22.1% (11,967,900 preferred shares outstanding)		299,197,500
TOTAL NET ASSETS -- 100.0%		$1,355,569,971
NET ASSET VALUE PER COMMON SHARE ($1,056,372,471 / 128,408,254 shares outstanding)		$8.23

PRINCIPAL AMOUNT		SETTLEMENT DATE	NET UNREALIZED DEPRECIATION
FORWARD FOREIGN EXCHANGE CONTRACTS			
4,992,000(d)	Deliver Hong Kong Dollars in exchange for USD 639,820	08/01/02	$(326)

For Federal tax purposes:

Aggregate cost	$1,116,753,656
Gross unrealized appreciation	$ 344,035,276
Gross unrealized depreciation	(95,974,239)
Net unrealized appreciation	$ 248,061,037

(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 September 30, 2001, the market value of Rule 144A securities amounted to $163,026 or 0.0% of total net assets.

(c) Collateralized by U.S. Treasury Bond, 6.63%, due 02/15/27, market value $24,701,178.
(d) Principal amount denoted in Hong Kong Dollars.
+ Non-income producing security.
++ Represents annualized yield at date of purchase.
ADR - American Depositary Receipt
BDR - Brazilian Depositary Receipt
RNC - Non-Convertible Savings Shares
USD - United States Dollars

	% of Market Value	Market Value
GEOGRAPHIC DIVERSIFICATION		
United States	85.8%	$1,171,328,381
Europe	9.9	134,889,349
Asia/Pacific Rim	2.4	32,480,764
Canada	1.0	13,031,445
Latin America	0.9	12,610,722
South Africa	0.0	474,032
Total Investments	100.0%	$1,364,814,693

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 State Street Bank and Trust Company ("State Street") 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 State Street Bank and Trust Company
P.O. Box 8200
Boston, MA 02266-8200

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 State Street at 1 (800) 336-6983.

SHAREHOLDERS WISHING TO LIQUIDATE REINVESTED SHARES held at State Street Bank 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, State Street will buy Common Stock in the open market, or on the New York Stock Exchange or elsewhere, for the participants' accounts, except that State Street 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.

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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 State Street 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 State Street for investments in the Equity Trust's shares at the then current market price. Shareholders may send an amount from $250 to $10,000. State Street will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. State Street 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 State Street Bank and Trust Company, P.O. Box 8200, Boston, MA 02266-8200 such that State Street receives such payments approximately 10 days before the 15th of the month. 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 State Street 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.

DIRECTORS AND OFFICERS

THE GABELLI EQUITY TRUST INC.
ONE CORPORATE CENTER, RYE, NY 10580-1434

DIRECTORS

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PRESIDENT, JOHN DEWEY ACADEMY

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

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FINANCIAL SECURITY ASSURANCE HOLDINGS LTD.

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PRESIDENT AND CHIEF EXECUTIVE OFFICER,
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SECRETARY

INVESTMENT ADVISOR

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One Corporate Center
Rye, New York 10580-1434

CUSTODIAN

Boston Safe Deposit and Trust Company

COUNSEL

Willkie Farr & Gallagher

TRANSFER AGENT AND REGISTRAR

State Street Bank and Trust Company

STOCK EXCHANGE LISTING

	COMMON	7.25% PREFERRED	7.20% PREFERRED
NYSE-Symbol:	GAB	GAB Pr	GAB PrB
Shares Outstanding:	128,408,254	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 1-800-GABELLI (1-800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: HTTP://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.

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THIRD QUARTER REPORT
SEPTEMBER 30, 2001

GBFCM 09/01