CALLON PETROLEUM CO
Form 424B5
November 09, 2015
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Filed pursuant to Rule 424(b)(5)
Registration No. 333-202038

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has become effective under the Securities Act of 1933, as amended. This preliminary prospectus supplement and the accompanying prospectus dated February 11, 2015 are not offers to sell these securities, nor are they soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated November 9, 2015

Preliminary Prospectus Supplement

(To Prospectus dated February 11, 2015)

10,000,000 shares

Callon Petroleum Company

Common stock

We are selling 10,000,000 shares of common stock.

Our common stock is listed on the New York Stock Exchange (the NYSE) under the symbol CPE. On November 6, 2015, the last reported sale price of our common stock as reported on the NYSE was $8.83 per share.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-7 of this prospectus supplement and page 2 of the accompanying prospectus and the documents incorporated by reference herein and therein.

	Price to public	Underwriting discounts and commissions	Proceeds, before expenses, to us
Per Share	$	$	$
Total	$	$	$

The underwriters may also purchase up to an additional 1,500,000 shares of common stock from us at the public offering price per share set forth above, less underwriting discounts and commissions, within 30 days of the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary

is a criminal offense.

The underwriters expect to deliver the shares of common stock to purchasers on or before November , 2015.

Joint Book-Running Managers

J.P. Morgan **Credit Suisse**

The date of this prospectus supplement is November , 2015.

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Prospectus supplement

Prospectus

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About this prospectus supplement

Neither we nor any underwriter has authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus dated February 11, 2015 or any free writing prospectus we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement and the accompanying prospectus constitute an offer to sell only the shares of common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information we have included in this prospectus supplement or the accompanying prospectus is accurate only as of the date of this prospectus supplement or the accompanying prospectus and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since these dates.

This prospectus supplement, the accompanying prospectus and any free writing prospectus that we have prepared contain the terms of this offering. This prospectus supplement may add, update or change information contained or incorporated by reference in the accompanying prospectus. In addition, the information incorporated by reference in the accompanying prospectus may have added, updated or changed information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with any information in the accompanying prospectus (or any information incorporated therein by reference), this prospectus supplement will apply and will supersede such information in the accompanying prospectus.

It is important for you to read and consider all information contained in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference before making your investment decision. You should also read and consider the additional information under the caption Where You Can Find More Information in the accompanying prospectus.

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Cautionary note regarding forward-looking statements

This prospectus supplement, the underlying prospectus and the documents incorporated by reference in this prospectus supplement include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as anticipate, project, intend, estimate, expect, believe, predict, budget, projection, goal, plan, forecast, target or s intended to identify forward-looking statements.

All statements, other than statements of historical facts, included in this prospectus supplement, the underlying prospectus and the documents incorporated by reference in this prospectus supplement that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements, including such things as:

- our oil and gas reserve quantities, and the discounted present value of these reserves;
- the amount and nature of our capital expenditures;
- our future drilling and development plans and our potential drilling locations;
- the timing and amount of future production and operating costs;
- commodity price risk management activities and the impact on our average realized prices;
- business strategies and plans of management; and
- prospect development and property acquisitions.

Some of the risks, which could affect our future results and could cause results to differ materially from those expressed in our forward-looking statements, include:

- general economic conditions including the availability of credit and access to existing lines of credit;
- the volatility of oil and natural gas prices;
- the uncertainty of estimates of oil and natural gas reserves;
- the impact of competition;

the availability and cost of seismic, drilling and other equipment and oilfield personnel;

operating hazards inherent in the exploration for and production of oil and natural gas;

difficulties encountered during the exploration for and production of oil and natural gas;

difficulties encountered in delivering oil and natural gas to commercial markets;

changes in customer demand and producers supply;

the uncertainty of our ability to attract capital and obtain financing on favorable terms;

compliance with, or the effect of changes in, the extensive governmental regulations regarding the oil and natural gas business including those related to climate change and greenhouse gases;

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- the financial impact of accounting regulations and critical accounting policies;
- the comparative cost of alternative fuels;
- credit risk relating to the risk of loss as a result of non-performance by our counterparties;
- weather conditions; and
- the risk factors discussed under the heading Risk factors in this prospectus supplement, the underlying prospectus and those discussed in the documents we have incorporated by reference.

All forward-looking statements, expressed or implied, included in this prospectus supplement, the underlying prospectus and the documents we incorporate by reference are expressly qualified in their entirety by this cautionary note. This cautionary note should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this prospectus supplement.

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Summary

This summary provides a brief overview of information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. Because it is abbreviated, this summary does not contain all of the information that you should consider before investing in our common stock. You should carefully read this entire prospectus supplement, the accompanying prospectus, and any free writing prospectus distributed by us before making an investment decision, including the information presented under the headings Risk factors and Cautionary note regarding forward-looking statements in this prospectus supplement and the financial statements and other information incorporated by reference into this prospectus supplement and the accompanying prospectus.

In this prospectus supplement, unless the context otherwise requires, the terms we, us, our, and the company refer to Callon Petroleum Company and its consolidated subsidiaries.

Overview

Callon Petroleum Company is an independent oil and natural gas company established in 1950. We are focused on the acquisition, development, exploration and exploitation of unconventional, onshore, oil and natural gas reserves in the Permian Basin in West Texas and, more specifically, the Midland Basin. Our drilling activity in this area to date has been predominantly focused on the horizontal development of several prospective intervals, including multiple levels of the Wolfcamp formation and, more recently, the Lower Spraberry shale. We have assembled a multi-year inventory of potential horizontal well locations and intend to add to this inventory through delineation drilling of emerging zones on our existing acreage and acquisition of additional locations through acreage purchases, joint ventures and asset swaps.

Our net daily production for the third quarter of 2015 was 9,739 BOE/d (approximately 77% oil), representing an approximately 73% increase over comparable net daily production in the third quarter of 2014. The increase is primarily attributable to an increased number of producing wells from acquisitions and the results of our horizontal drilling program. We currently operate two horizontal drilling rigs and have 78 wells producing from five horizontal zones in the Midland Basin. The producing wells include the addition in the fourth quarter of 2015 of a well targeting the Middle Spraberry shale.

Recent developments

During the third quarter of 2015, we accelerated a planned shift in operational focus to our Central Midland Basin properties, with a particular focus on the Lower Spraberry. Since early September, we dedicated our two horizontal rigs to the Carpe Diem and Casselman-Bohannon fields, where we plan to operate the rigs through 2016.

On November 6, 2015, we completed the acquisition of additional working interests in the Carpe Diem and Casselman-Bohannon fields for an approximate aggregate purchase price of $29.5 million. The acquisition was funded with borrowings from our revolving credit facility. Transaction highlights include:

- Average working interest of approximately 15.24% (12.07% net revenue interest) in the Carpe Diem field (2,586 gross acres), increasing our working interest to 100% (79.19% net revenue interest)

- Average working interest of approximately 3.75% (2.81% net revenue interest) in the Casselman-Bohannon fields (6,238 gross acres), increasing our working interest to 66.45% (49.83% net revenue interest)

- 628 net surface acres, predominantly in Midland and Andrews Counties, Texas

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Estimated net daily production of 360 Boe/d (84% oil) for the month of October 2015

We estimate that approximately 80% of our 2016 operational capital program will be dedicated to the Carpe Diem and Casselman-Bohannon fields.

Corporate information

Our principal executive offices are located at 200 North Canal Street, Natchez, Mississippi 39120. Our telephone number is (601) 442-1601, and our website is www.callon.com. Information contained on or accessible through our website is not incorporated by reference into or otherwise a part of this prospectus supplement or the accompanying prospectus.

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The offering

Issuer	Callon Petroleum Company
Common stock offered by us	10,000,000 shares
Common stock outstanding immediately after this offering	76,315,551 shares (77,815,551 if the underwriters exercise their option to purchase additional shares in full)
Option to purchase additional shares	We have granted the underwriters a 30-day option to purchase up to an aggregate of 1,500,000 additional shares of our common stock.
Use of proceeds	The net proceeds from this offering will be approximately $ million after deducting underwriting discounts and commissions and estimated offering expenses, or approximately $ million if the underwriters exercise their option to purchase additional shares in full.
	We intend to use the net proceeds of this offering to repay amounts outstanding under our credit facility, which were used in part to finance recent acquisitions, with any remainder being used for general corporate purposes, which may include future acquisitions.
Dividend policy	We have not declared or paid any cash or other dividends on our common stock, and we do not expect to declare or pay any cash or other dividends on our common stock in the foreseeable future. See Dividend Policy.
Risk factors	You should carefully read and consider the information beginning on page S-7 of this prospectus supplement and page 2 of the accompanying prospectus set forth under the headings Risk factors and all other information set forth in this prospectus supplement, the accompanying prospectus, and the documents incorporated herein and therein by reference before deciding to invest in our common stock.
Conflicts of interest	We will use a portion of the net proceeds of this offering to repay indebtedness owed by us to certain affiliates of the underwriters that are lenders under our credit facility. See Use of Proceeds. As such repayment may constitute more than 5% of the net proceeds, this offering will be made in compliance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority, Inc. The appointment of a qualified independent underwriter is not required in connection with this offering as a bona fide public market, as defined in Rule 5121, exists for our common stock. See Underwriting; conflicts of interest Conflicts of Interest.
NYSE symbol	CPE

The number of shares to be outstanding after this offering is based on 66,315,551 shares of our common stock outstanding as of November 1, 2015 and excludes 1,415,610 shares that may be issued pursuant to outstanding awards under our equity compensation plans. Unless otherwise indicated, the information in this prospectus supplement assumes that the underwriters will not exercise their option to purchase additional shares.

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Risk factors

An investment in our common stock involves risks. Prior to making a decision about investing in our common stock, you should carefully consider the risk factors and discussed under the heading Risk Factors in the accompanying underlying prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated herein by reference. The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our operations. If any of these risks actually occurs, our business, results of operations and financial condition could suffer, and you could lose your investment in us.

Risks related to our business

Depressed oil and natural gas prices may adversely affect our results of operations and financial condition.

Our success is highly dependent on prices for oil and natural gas, which are extremely volatile, and the oil and natural gas markets are cyclical. Approximately 80% of our anticipated 2015 production, on a BOE basis, is oil. Starting in the second half of 2014, the NYMEX price for a barrel of oil has fallen sharply, from a price of $105.37 on June 30, 2014 to $46.58 on November 4, 2015. In addition, NYMEX prices for natural gas have been low compared with historical prices. Extended periods of low prices for oil or natural gas will have a material adverse effect on us. The prices of oil and natural gas depend on factors we cannot control such as weather, economic conditions, and levels of production, actions by OPEC and other countries and government actions. Prices of oil and natural gas will affect the following aspects of our business:

- our revenues, cash flows and earnings;
- the amount of oil and natural gas that we are economically able to produce;
- our ability to attract capital to finance our operations and the cost of the capital;
- the amount we are allowed to borrow under our credit facilities;
- the profit or loss we incur in exploring for and developing our reserves; and
- the value of our oil and natural gas properties.

Any substantial and extended decline in the price of oil or natural gas could have an adverse effect on our borrowing capacity, our ability to obtain additional capital, and our revenues, profitability and cash flows.

If oil and natural gas prices remain depressed for extended periods of time, we may be required to take additional write-downs of the carrying value of our oil and natural gas properties.

We may be required to write-down the carrying value of our oil and natural gas properties when oil and natural gas prices are low. Under the full cost method, which we use to account for our oil and natural gas properties, the net capitalized costs of our oil and natural gas properties may not exceed the present value, discounted at 10%, of future net cash flows from estimated net proved reserves, using the preceding 12-months average oil and natural gas prices based on closing prices on the first day of each month, plus the lower of cost or fair market value of our unevaluated properties. If net capitalized costs of our oil and natural gas properties exceed this limit, we must charge the amount of the excess to earnings. This type of charge will not affect our cash flows, but will reduce the book value of our stockholders equity. Because the oil price we are required to use to estimate our future net cash flows is the average price over the 12 months prior to the date of determination of future net cash flows, the full effect of falling prices may not be reflected in our estimated net cash flows for several quarters. We review the carrying value of our properties quarterly and once incurred, a write-down of oil and natural gas properties is not reversible at a later date, even if prices increase.

For the three month period ended September 30, 2015, we recorded an $87.3 million write-down of oil and natural gas properties as a result of the ceiling test limitation driven primarily by the significant decrease in oil prices beginning in the fourth quarter of 2014. Further impairments may occur if commodity prices continue to fall. For example, not taking into account subsequent drilling results, production, changes in oil and natural gas prices, and changes in future development and operating costs, a 10% decrease in oil and natural gas prices would have resulted in an additional $120.4 million write down in the third quarter of 2015. Based on prevailing commodity prices in the current environment, we expect to incur additional ceiling test write-downs in the future.

Our hedging program may limit potential gains from increases in commodity prices or may result in losses or may be inadequate to protect us against continuing and prolonged declines in commodity prices.

We enter into hedging arrangements from time to time to reduce our exposure to fluctuations in oil and natural gas prices and to achieve more predictable cash flow. Our hedges at September 30, 2015 are in the form of swaps, collars and short calls placed with the commodity trading branches of certain national banking institutions and with certain other commodity trading groups. We cannot assure you that these or future counterparties will not become credit risks in the future. Hedging arrangements expose us to risks in some circumstances, including situations when the counterparty to the hedging contract defaults on the contractual obligations or there is a change in the expected differential between the underlying price in the hedging agreement and actual prices received. These hedging arrangements may also limit the benefit we could receive from increases in the market or spot prices for oil and natural gas. We cannot assure you that the hedging transactions we have entered into, or will enter into, will adequately protect us from fluctuations in oil and natural gas prices. In addition, at September 30, 2015, we had approximately 500 billion Btu of gas volumes hedged for NYMEX Henry Hub prices and 442 thousand barrels of oil volumes hedged for NYMEX WTI prices for the remainder of 2015, and approximately 1.5 million barrels of oil volumes hedged for NYMEX WTI prices for 2016, in addition to basis differential hedges tied to Midland oil pricing. These hedges may be inadequate to protect us from continuing and prolonged declines in oil and natural gas prices. To the extent that oil and natural gas prices remain at current levels or decline further, we will not be able to hedge future production at the same pricing level as our current hedges and our results of operations and financial condition would be negatively impacted.

Risks related to our common stock

Because we have no plans to pay any dividends for the foreseeable future, investors must look solely to stock appreciation for a return on their investment in us.

We have never declared or paid cash dividends on our common stock. We currently intend to retain future earnings and other cash resources, if any, for the operation and development of our business and do not anticipate paying any cash dividends on our common stock in the foreseeable future. Payment of any future dividends will be at the discretion of our board of directors after taking into account many factors, including our financial condition, operating results, current and anticipated cash needs and plans for expansion. In addition, our current credit facility prohibits and our second lien term facility restricts us from paying cash dividends on our common stock. Any future dividends may also be restricted by any debt financing arrangements that we may enter into from time to time. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

Our certificate of incorporation and bylaws contain provisions that could discourage an acquisition or change of control of us.

Our certificate of incorporation authorizes our board of directors to issue preferred stock without shareholder approval. If our board of directors elects to issue preferred stock, it could be more difficult for a third party to acquire control of us. In addition, provisions of the certificate of incorporation and bylaws, such as limitations on shareholder proposals at meetings of shareholders and restrictions on the ability of our shareholders to call

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special meetings, could also make it more difficult for a third party to acquire control of us. Our certificate of incorporation provides that our board of directors is divided into three classes, each elected for staggered three-year terms. Thus, control of the board of directors cannot be changed in one year; rather, at least two annual meetings must be held before a majority of the members of the board of directors could be changed.

These provisions of our certificate of incorporation and bylaws may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider in his or her best interest, including attempts that might result in a premium over the market price for the common stock.

Future issuances of our common shares may adversely affect the price of our common shares.

The future issuance of a substantial number of common shares into the public market, or the perception that such issuance could occur, could adversely affect the prevailing market price of our common shares. A decline in the price of our common shares could make it more difficult to raise funds through future offerings of our common shares or securities convertible into common shares.

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Use of proceeds

The net proceeds from this offering will be approximately $ million, after deducting the underwriting commissions and estimated offering expenses payable by us (or approximately $ million if the underwriters option to purchase additional shares is exercised in full). We intend to use the net proceeds of this offering to repay amounts outstanding under our credit facility, which were used in part to finance recent acquisitions, with any remainder being used for general corporate purposes, which may include future acquisitions.

As of September 30, 2015, our credit facility, which matures on March 11, 2019, had $99 million of borrowings outstanding and a weighted average interest rate of 2.21% per annum. As of September 30, 2015, we also had outstanding $300 million under our secured second lien term loan that matures on October 8, 2021 and an interest rate of 8.5% per annum.

Certain affiliates of the underwriters are acting, and will continue to act, as lenders under our credit facility and, in such capacity, may receive net proceeds from this offering used to repay borrowings outstanding thereunder. See Underwriting; conflicts of interest.

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Capitalization

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2015 on an actual basis and on an as adjusted basis to give effect to this offering and the application of the estimated net proceeds as described in the Use of proceeds as if this offering had occurred on September 30, 2015.

The table below should be read in conjunction with, and is qualified in its entirety by reference to Use of proceeds in this prospectus supplement and Management s Discussion and Analysis of Financial Condition and Results of Operations, included in our Annual Report on Form 10-K for the year ended December 31, 2014 and our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015, which are incorporated by reference herein.

	As of September 30, 2015	
	Actual	**As adjusted**
	(in thousands)	
Cash and cash equivalents	$ 1,922	$
Long term debt, less current portion:		
Senior secured revolving credit facility(1)	99,000	
Secured second lien term loan	300,000	
Total long term debt	$ 399,000	$
Stockholders equity		
Common stock	$ 663	$
Series A preferred stock	16	
Capital in excess of par value	592,287	
Accumulated deficit	(225,885)	
Total stockholders equity	$ 367,081	$
Total capitalization	$ 766,081	$

(1) Subsequent to the quarterly period ended September 30, 2015, we drew down an additional $51.0 million, including $29.5 million to fund the acquisition of additional working interests in the Carpe Diem and Casselman-Bohannon fields on November 6, 2015 as described in Summary Recent developments. This amount is expected to be repaid with the proceeds of this offering.

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Price range of common stock

Our common stock is listed and traded on the NYSE under the symbol CPE. The following table sets forth the range of high and low sales prices of our common stock for the periods presented:

	Common stock	
	High	Low
Year ended December 31, 2015		
Fourth quarter (through November 6)	$ 9.40	$ 7.35
Third quarter	$ 9.65	$ 6.03
Second quarter	$ 9.40	$ 7.35
First quarter	$ 8.15	$ 4.66
Year ending December 31, 2014		
Fourth quarter	$ 8.99	$ 4.09
Third quarter	12.09	8.46
Second quarter	11.75	8.15
First quarter	9.00	6.13
Year ending December 31, 2013		
Fourth quarter	$ 7.60	$ 5.18
Third quarter	5.49	3.40
Second quarter	4.00	3.19
First quarter	5.82	3.62

The closing price of our common stock on the NYSE on November 6, 2015 was $8.83 per share. On November 1, 2015, we had 66,315,551 issued and outstanding shares of common stock, which were held by 2,933 holders of record. Holders of record do not include owners for whom common stock may be held in street name or whose common stock is restricted.

Dividend policy

We have never declared or paid any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that our board of directors considers relevant. In addition, the terms of our credit facility restrict the payment of dividends to the holders of our common stock and any other equity holders.

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Underwriting; conflicts of interest

We are offering the shares of common stock described in this prospectus supplement through a number of underwriters. J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC are acting as joint book-running managers of the offering and as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement, the number of shares of common stock listed next to its name in the following table:

Name	Number of shares
J.P. Morgan Securities LLC	
Credit Suisse Securities (USA) LLC	
Total	10,000,000

The underwriters are committed to purchase all the shares of common stock offered by us if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

The underwriters propose to offer the shares of common stock directly to the public at the public offering price set forth on the cover page of this prospectus supplement and to certain dealers at that price less a concession not in excess of $ per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to $ per share from the public offering price. After the public offering of the shares, the offering price and other selling terms may be changed by the underwriters.

The underwriters have an option to buy up to 1,500,000 additional shares of common stock from us. The underwriters have 30 days from the date of this prospectus supplement to exercise this option to purchase additional shares of common stock. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters option to purchase additional shares.

	Without option exercise	With full option exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $250,000.

A prospectus supplement in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

No sales of similar securities

We, our executive officers and our directors have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 45 days after the date of this prospectus supplement without first obtaining the written consent of J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, announce the intention to sell, sell or contract to sell any common stock;
- sell any option or contract to purchase any common stock;
- purchase any option or contract to sell any common stock;
- grant any option, right or warrant for the sale of any common stock;
- otherwise transfer or dispose of any common stock;
- request or demand that we file a registration statement related to any common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

New York Stock Exchange Listing

The shares are listed on the NYSE under the symbol CPE.

Stabilization and short positions

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be covered shorts, which are short positions in an amount not greater than the underwriters option referred to above, or may be naked shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other tbottom">

3,653	**TOTAL COMMON STOCK**	
(Identified Cost $269,206)		**352,479**

See Notes to Financial Statements

THE ZWEIG TOTAL RETURN FUND, INC.

SCHEDULE OF INVESTMENTS AND SECURITIES SOLD SHORT (Continued)

DECEMBER 31, 2014

($ reported in thousands)

	Number of Shares	Value
CLOSED END FUND 0.8%		
Templeton Dragon Fund, Inc.	161,000	$ 3,870
TOTAL CLOSED END FUND		
(Identified Cost $3,182)		**3,870**
EXCHANGE-TRADED FUND 0.7%		
iShares Nasdaq Biotechnology Index Fund	11,200	3,398
TOTAL EXCHANGE-TRADED FUND		
(Identified Cost $3,027)		**3,398**
TOTAL LONG TERM INVESTMENTS 98.7%		
(Identified Cost $404,885)		**494,352**
SHORT-TERM INVESTMENT 1.0%		
Money Market Mutual Fund 1.0%		
Fidelity Money Market Portfolio Institutional Shares		
(seven-day effective yield 0.110%)	4,866,459	4,866
TOTAL SHORT-TERM INVESTMENT (Identified Cost $4,866)		**4,866**
TOTAL INVESTMENTS, BEFORE SECURITIES SOLD SHORT 99.7%		
(Identified Cost $409,751)		**499,218**[(1)]
SECURITIES SOLD SHORT (1.4)%		
COMMON STOCKS		
Consumer Discretionary (0.4)%		
Mattel, Inc.	62,000	(1,918)
		(1,918)
Industrials (0.4)%		
Manitowoc Co., Inc. (The)	96,000	(2,122)
		(2,122)
Information Technology (0.6)%		
Analog Devices, Inc.	56,000	(3,109)
		(3,109)
TOTAL SECURITIES SOLD SHORT		
(Proceeds $7,845)		**(7,149)**[(1)]
		Value
TOTAL INVESTMENTS, NET OF SECURITIES SOLD SHORT		
(Identified Cost $401,906) 98.3%		**$ 492,069**
		8,756

Other assets and liabilities, net 1.7%	
NET ASSETS 100.0%	**$ 500,825**

[1] Federal Income Tax Information: For tax information at December 31, 2014, see Note 11 Federal Income Tax Information in the Notes to Financial Statements.
[2] Non-income producing.
[3] Principal amount is adjusted daily pursuant to the change in the Consumer Price Index.
[4] All or a portion of securities segregated as collateral for securities sold short.

Country Weightings (Unaudited)

United States	93%
United Kingdom	2
Bermuda	1
Canada	1
China	1
France	1
Liberia	1
Total	100%
% of total investments net of securities sold short as of December 31, 2014	

See Notes to Financial Statements

THE ZWEIG TOTAL RETURN FUND, INC.

SCHEDULE OF INVESTMENTS AND SECURITIES SOLD SHORT (Continued)

DECEMBER 31, 2014

($ reported in thousands)

The following table provides a summary of inputs used to value the Fund s net assets as of December 31, 2014 (See Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at December 31, 2014	Level 1 Quoted Prices	Level 2 Significant Observable Inputs
Debt Securities:			
U.S. Government Securities	$ 103,379	$	$ 103,379
Corporate Bonds	31,226		31,226
Equity Securities:			
Common Stock	352,479	352,479	
Closed End Fund	3,870	3,870	
Exchange-Traded Fund	3,398	3,398	
Short-Term Investment	4,866	4,866	
Total Investments before Securities Sold Short	$ 499,218	$ 364,613	$ 134,605
Liabilities:			
Securities Sold Short	(7,149)	(7,149)	
Total Liabilities	$ (7,149)	$ (7,149)	$

There are no Level 3 (significant unobservable input) priced securities.

There were no transfers between Level 1 and Level 2 related to securities held at December 31, 2014.

See Notes to Financial Statements

THE ZWEIG TOTAL RETURN FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES

DECEMBER 31, 2014

(Reported in thousands except shares and per share amounts)

Assets:	
Investment at value before securities sold short (Identified cost $409,751)	$ 499,218
Deposits held with prime broker	7,858
Receivables:	
Dividends and interest	1,882
Tax reclaims	10
Prepaid expenses	36
Total assets	509,004
Liabilities:	
Cash overdraft	559
Securities sold short at value (Proceeds $7,845)	7,149
Payables:	
Investment advisory fee	298
Administration fee	28
Professional fees	48
Transfer agent fees and expenses	7
Interest payable	4
Other accrued expenses	86
Total liabilities	8,179
Net Assets	**$ 500,825**
Capital	
Capital paid in on shares of beneficial interest	$ 406,067
Accumulated undistributed net investment income (loss)	1,346
Accumulated undistributed net realized gain (loss)	3,249
Net unrealized appreciation (depreciation) on investments	89,467
Net unrealized appreciation (depreciation) on securities sold short	696
Net Assets	**$ 500,825**
Net Asset Value	
(Net assets/shares outstanding) Shares outstanding 32,451,834	$ 15.43

See Notes to Financial Statements

THE ZWEIG TOTAL RETURN FUND, INC.

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2014

($ Reported in thousands)

Investment Income:	
Dividends (net of foreign taxes withheld $61)	$ 8,334
Interest	5,009
Total investment income	13,343
Expenses:	
Investment advisory fees	3,537
Administration fees	328
Professional fees	322
Printing fees and expenses	277
Directors fees	230
Transfer agent fees and expenses	104
Custodian fees	9
Miscellaneous	195
Expenses before dividends on short sales and interest	5,002
Dividends on short sales	177
Interest expense on short sales	26
Total expenses	5,205
Net investment income	**8,138**
Net Realized and Unrealized Gain (Loss):	
Net realized gain (loss) on:	
Investments	25,480
Foreign currency transactions	(74)
Securities sold short	(51)
Capital gain distributions	700
Net change in unrealized appreciation (depreciation) on:	
Investments	(1,937)
Foreign currency translations	6
Securities sold short	1,323
Net realized and unrealized gain (loss)	**25,447**
Net increase (decrease) in net assets resulting from operations	**$ 33,585**

See Notes to Financial Statements

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THE ZWEIG TOTAL RETURN FUND, INC.

STATEMENTS OF CHANGES IN NET ASSETS

($ Reported in thousands)

	Year Ended December 31, 2014	Year Ended December 31, 2013
INCREASE (DECREASE) IN NET ASSETS		
Operations		
Net investment income	$ 8,138	$ 9,924
Net realized gain (loss)	26,055	28,850
Net change in unrealized appreciation (depreciation)	(608)	40,817
Net increase in net assets resulting from operations	33,585	79,591
Dividends and distributions to shareholders from		
Net investment income	(7,922)	(9,533)
Net realized short-term gains	(297)	(3,262)
Net realized long-term gains	(27,178)	(20,834)
Tax return of capital		(1,568)
Total dividends and distributions to shareholders (Note 11)	(35,397)	(35,197)
Capital share transactions		
Common Shares repurchased	(11,713)	(22,253)
Net increase (decrease) in net assets derived from capital share transactions	(11,713)	(22,253)
Net increase (decrease) in net assets	(13,525)	22,141
NET ASSETS		
Beginning of period	514,350	492,209
End of period	**$ 500,825**	**$ 514,350**
Accumulated undistributed net investment income (loss) at end of period	$ 1,346	$ 815
Other Information:		
Capital share transactions were as follows:		
Common Shares outstanding at beginning of period	33,297,234	34,966,839
Common Shares repurchased	(845,400)	(1,669,605)
Common Shares outstanding at end of period	32,451,834	33,297,234

See Notes to Financial Statements

THE ZWEIG TOTAL RETURN FUND, INC.

FINANCIAL HIGHLIGHTS

(Selected data for a share outstanding throughout each period)

Per share data, including the proportionate impact to market price, has been restated to reflect the effects of a 1-for-4 reverse stock split effective as of the start of trading on the NYSE on June 27, 2012.

	Year Ended December 31,				
	2014	2013	2012	2011	2010
PER SHARE DATA					
Net asset value, beginning of period	$ 15.45	$ 14.08	$ 14.28	$ 15.96	$ 16.52
Income from investment operations					
Net investment income (loss)[3]	0.25	0.29	0.28	0.24	0.20
Net realized and unrealized gains (losses)	0.78	2.02	0.64	0.16	0.84
Total from investment operations	1.03	2.31	0.92	0.40	1.04
Dividends and Distributions					
Dividends from net investment income	(0.24)	(0.27)	(0.28)	(0.24)	(0.20)
Distributions from net realized gains	(0.85)	(0.70)	(0.21)	(0.20)	(0.32)
Tax return of capital		(0.05)	(0.63)	(1.08)	(1.08)
Total dividends and distributions	(1.09)	(1.02)	(1.12)	(1.52)	(1.60)
Anti-dilutive impact of repurchase plan (Note 6)	0.04	0.08			
Dilutive effect on net asset value as a result of rights offering			[4]	(0.56)[6]	
Net asset value, end of period	$ 15.43	$ 15.45	$ 14.08	$ 14.28[8]	$ 15.96[8]
Market value, end of period[1]	$ 14.01	$ 13.94	$ 12.31	$ 12.12[8]	$ 14.24[8]
Total investment return[2]	8.54%	22.37%	10.92%	(4.65)%[7]	1.04%
Total return on net asset value[5]	7.86%	18.58%	7.68%	4.46%	7.21%

RATIOS/SUPPLEMENTAL DATA

Net Assets, end of period (in thousands)	$ 500,825	$ 514,350	$ 492,209	$ 513,808	$ 457,035
Ratio of expenses to average net assets (after expense waivers)	1.03%	0.99%	0.95%(9)	0.88%	1.10%
Ratio of expenses to average net assets (before expense waivers)	1.03%(10)	1.04%(10)	1.09%(9)(10)	0.97%(10)	1.10%
Ratio of net investment income to average net assets	1.61%	1.97%	1.95%	1.71%	1.19%
Portfolio turnover rate	38%	52%	47%	46%	25%

(1) Closing Price New York Stock Exchange.

(2) Total investment return is calculated assuming a purchase of common shares of the opening of the first day and sale on the closing of the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund s Automatic Reinvestment and Cash Purchase Plan. Total investment return is not annualized for periods of less than one year. Brokerage commissions that a shareholder may pay are not reflected. Total return does not reflect the deduction of taxes that a shareholder may pay on fund distributions or the sale of fund shares.

See Notes to Financial Statements

THE ZWEIG TOTAL RETURN FUND, INC.

FINANCIAL HIGHLIGHTS (Continued)

(Selected data for a share outstanding throughout each period)

(3) Computed using average shares outstanding.
(4) Amount is less than $0.005.
(5) NAV Return is calculated using the opening Net Asset Value price of the Fund s common stock on the first business day and the closing Net Asset Value price of the Fund s common stock on the last business day of each period reported. Dividends and distributions, if any, are assumed for the purpose of this calculation, to be reinvested at prices obtained under the Fund s Automatic Reinvestment and Cash Purchase Plan.
(6) Shares were sold at a 5% discount from a 5 day average market price from 1/3/11 to 1/7/11.
(7) Total investment return includes the dilutive effect of the 2011 rights offering. Without this effect, the total investment return would have been (2.59)%.
(8) The Fund had a 1:4 reverse stock split with ex-dividend date of June 27, 2012. Prior year net asset values and per share amounts have been restated to reflect the impact of the reverse stock split (See Note 7). The net asset value and market price reported at the original dates prior to the reverse stock split were as follows:

For the Years Ended December 31,	2011	2010
Net Asset Value (prior to reverse stock split)	$ 3.57	$ 3.99
Market Price (prior to reverse stock split)	$ 3.03	$ 3.56

(9) The fund incurred certain non-recurring proxy and reverse stock split costs in 2012. When excluding these costs, the Ratio of expenses to average net assets (after expense waivers) would be 0.87% and the Ratio of expenses to average net assets (before expense waivers) would be 1.01%.
(10) Ratios of expenses, excluding dividends on short sales and interest expense for the periods ended December 31 are as follows:

2014	2013	2012	2011
0.99%	1.02%	1.09%	0.97%

See Notes to Financial Statements

THE ZWEIG TOTAL RETURN FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 1. Organization

The Zweig Total Return Fund, Inc. (the Fund) is a closed-end, diversified management investment company registered under the Investment Company Act of 1940 (the Act). The Fund was incorporated under the laws of the State of Maryland on July 21, 1988. The Fund s investment objective is to seek total return, consisting of capital appreciation and income.

Note 2. Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates and those differences could be significant.

A. Security Valuation:

Security valuation procedures for the Fund, which include nightly price variance, as well as back-testing such as bi-weekly unchanged price, monthly secondary source and transaction analysis, have been approved by the Board of Directors (the Board , or the Directors). All internally fair valued securities are approved by a valuation committee (the Valuation Committee) appointed by the Board. The Valuation Committee is comprised of certain members of management as identified by the Board and convenes independently from portfolio management. All internally fair valued securities, referred to below, are updated daily and reviewed in detail by the Valuation Committee monthly unless changes occur within the period. The Valuation Committee reviews the validity of the model inputs and any changes to the model. Internal fair valuations are reviewed by the Board at least quarterly.

The Fund utilizes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

Level 1 quoted prices in active markets for identical securities (security types generally include listed equities).

Level 2 prices determined using other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3

prices determined using significant unobservable inputs (including the Valuation Committee s own assumptions in determining the fair value of investments).

A description of the valuation techniques applied to the Fund s major categories of assets and liabilities measured at fair value on a recurring basis is as follows:

Equity securities are valued at the official closing price (typically last sale) on the exchange on which the securities are primarily traded or, if no closing price is available, at the last bid price and are categorized as Level 1 in the hierarchy. Restricted equity securities and private placements that are not widely traded, are illiquid or are internally fair valued by the Valuation Committee are generally categorized as Level 3 in the hierarchy.

THE ZWEIG TOTAL RETURN FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2014

Certain non-U.S. securities may be fair valued in cases where closing prices are not readily available or are deemed not reflective of readily available market prices. For example, significant events (such as movement in the U.S. securities market, or other regional and local developments) may occur between the time that non-U.S. markets close (where the security is principally traded) and the time that a Fund calculates its net asset value (NAV) (at the close of regular trading on the New York Stock Exchange (NYSE) generally, 4 p.m. Eastern time) that may impact the value of securities traded in these non-U.S. markets. In such cases the Funds fair value non-U.S. securities using an independent pricing service which considers the correlation of the trading patterns of the non-U.S. security to the intraday trading in the U.S. markets for investments such as ADRs, financial futures, exchange-traded funds (ETFs), and certain indexes as well as prices for similar securities. Such fair valuations are categorized as Level 2 in the hierarchy. Because the frequency of significant events is not predictable, fair valuation of certain non-U.S. common stocks may occur on a frequent basis.

Debt securities, including restricted securities, are valued based on evaluated quotations received from independent pricing services or from dealers who make markets in such securities. For most bond types, the pricing service utilizes matrix pricing that considers one or more of the following factors: yield or price of bonds of comparable quality, coupon, maturity, current cash flows, type, and current day trade information, as well as dealer supplied prices. These valuations are generally categorized as Level 2 in the hierarchy. Structured debt instruments such as mortgage-backed and asset-backed securities may also incorporate collateral analysis and utilize cash flow models for valuation and are generally categorized as Level 2 in the hierarchy. Pricing services do not provide pricing for all securities, and therefore indicative bids from dealers are utilized which are based on pricing models used by market makers in the security and are generally categorized as Level 2 in the hierarchy. Debt securities that are not widely traded, are illiquid, or are internally fair valued by the Valuation Committee are generally categorized as Level 3 in the hierarchy.

Listed derivatives, such as options, that are actively traded are valued based on quoted prices from the exchange and are categorized as Level 1 in the hierarchy. Over-the-counter (OTC) derivative contracts, which include forward currency contracts and equity-linked instruments, do not require material subjectivity, as pricing inputs are observed from actively quoted markets and are categorized as Level 2 in the hierarchy.

Investments in open-end mutual funds are valued at NAV. Investments in closed-end mutual funds are valued as of the close of regular trading on the NYSE each business day. Both are categorized as Level 1 in the hierarchy.

A summary of the inputs used to value the Fund s net assets by each major security type is disclosed at the end of the Schedule of Investments and Securities Sold Short for the Fund. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

B. Security Transactions and Investment Income:

Security transactions are recorded on the trade date. Realized gains and losses from sales of securities are determined on the identified cost basis. Dividend income is recognized on the ex-dividend date, or in the case of certain foreign securities, as soon as the Fund is notified. Interest income is recorded on the accrual basis. The Fund amortizes premiums and accretes discounts using the effective interest method.

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THE ZWEIG TOTAL RETURN FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2014

C. Federal Income Taxes:

The Fund is treated as a separate taxable entity. It is the Fund s intention to comply with the requirements of Subchapter M of the Internal Revenue Code and to distribute substantially all of its taxable income to its shareholders. Therefore, no provision for federal income taxes or excise taxes has been made.

The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable based upon current interpretations of the tax rules and regulations that exist in the markets in which it invests.

Management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. As of December 31, 2014, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2011 forward (with limited exceptions).

D. Dividends and Distributions to Shareholders:

Distributions are recorded by the Fund on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences may include the treatment of non-taxable dividends, market premium and discount, non-deductible expenses, expiring capital loss carryovers, foreign currency gain or loss, operating losses and losses deferred due to wash sales. Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications to capital paid in on shares of beneficial interest.

The Fund has a Managed Distribution Plan to pay 7 percent of the Fund s NAV on an annualized basis. Distributions may represent earnings from net investment income, realized capital gains, or, if necessary, return of capital. Shareholders should not draw any conclusions about the Fund s investment performance from the terms of the Fund s Managed Distribution Plan.

E. Foreign Currency Translation:

Non-U.S. investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the foreign currency exchange rate effective at the end of the reporting period. Cost of investments is translated at the currency exchange rate effective at the trade date. The gain or loss resulting from a change in currency exchange rates between the trade and settlement date of a portfolio transaction is treated as a gain or loss on foreign currency. Likewise, the gain or loss resulting from a change in currency exchange rates between the date income is accrued and the date it is paid is treated as a gain or loss on foreign currency. The Fund does not isolate that portion of the results of operations arising from changes in foreign exchange rates on investments from the fluctuations arising from changes in the market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

F. Short Sales:

A short sale is a transaction in which the Fund sells a security it does not own in anticipation of a decline in market price. To sell a security short, the Fund must borrow the security. The Fund s obligation to replace the security borrowed and sold short will

THE ZWEIG TOTAL RETURN FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2014

be fully collateralized at all times by the proceeds from the short sale retained by the broker and by cash and securities deposited in a segregated account with the Fund s custodian. If the price of the security sold short increases between the time of the short sale and the time the Fund replaces the borrowed security, the Fund will realize a loss, and if the price declines during the period, the Fund will realize a gain. Any realized gain will be decreased by, and any realized loss increased by, the amount of transaction costs. On ex-dividend date, dividends on short sales are recorded as an expense to the Fund.

In accordance with the terms of its prime brokerage agreement, the Fund may receive rebate income or be charged a fee based on borrowed securities which is under interest expense on short sales on the Statement of Operations. Such income or fee is calculated on a daily basis based on the market value of each borrowed security and a variable rate that is dependent upon the availability of such security.

Note 3. Investment Advisory Fees and Other Transactions with Affiliates

($ reported in thousands)

Zweig Advisers LLC, an indirect wholly-owned subsidiary of Virtus Investment Partners, Inc. (Virtus), is the adviser (the Adviser) to the Fund.

A. Investment Advisory Fee:

The Investment Advisory Agreement (the Agreement) between the Adviser and the Fund provides that, subject to the direction of the Board of Directors of the Fund and the applicable provisions of the Act, the Adviser is responsible for the management of the Fund s portfolio. The responsibility for making decisions to buy, sell, or hold a particular investment rests with the Adviser, subject to review by the Board of Directors and the applicable provisions of the Act. For the services provided by the Adviser under the Agreement, the Fund pays the Adviser a monthly fee equal, on an annual basis, of 0.70% of the Fund s average daily managed assets. The Fund s managed assets are equal to the total assets of the Fund minus the sum of all accrued liabilities of the Fund (other than the aggregate amount of any outstanding borrowings or other indebtedness, constituting financial leverage).

B. Administration Services:

Virtus Fund Services, LLC, an indirect wholly-owned subsidiary of Virtus, serves as administrator to the Fund. During the year ended December 31, 2014, the Fund incurred administration fees of $328, which are included in the Statement of Operations.

C. Directors Fee:

For the year ended December 31, 2014, the Fund incurred director fees totaling $230 which are included in the Statement of Operations.

Note 4. Purchases and Sales of Securities

($ reported in thousands)

Purchases and sales of securities (excluding U.S. Government and agency securities and short-term investments) for the year ended December 31, 2014, were as follows:

	Purchases	Sales
	$ 189,847	$ 225,269

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THE ZWEIG TOTAL RETURN FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2014

Note 5. Indemnifications

Under the Fund s organizational documents and related agreements, its directors and officers are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund enters into contracts that provide a variety of indemnifications to other parties. The Fund s maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these arrangements and expects the risk of loss to be remote.

Note 6. Capital Stock and Reinvestment Plan; Repurchase Program; Dividend

At December 31, 2014, the Fund had one class of common stock, par value $0.001 per share, of which 500,000,000 shares are authorized and 32,451,834 shares are outstanding.

Registered shareholders may elect to have all distributions paid by check mailed directly to the shareholder by Computershare as dividend paying agent. Pursuant to the Automatic Reinvestment and Cash Purchase Plan (the Plan), shareholders not making such election will have all such amounts automatically reinvested by Computershare, as the Plan agent, in whole or fractional shares of the Fund, as the case may be. During the years ended December 31, 2014 and December 31, 2013, there were no shares issued pursuant to the Plan.

Pursuant to the Board approved stock repurchase program, the Fund may repurchase up to 20% of its outstanding shares in the open market at a discount to NAV. The Fund started its buyback of shares on April 11, 2012. From January 1, 2013 through December 31, 2013, the Fund repurchased 1,669,605 shares at an average price of $13.30. The average discount to NAV at which repurchases were executed during this period was 10.72%. From January 1, 2014 through December 31, 2014, the Fund repurchased 845,400 shares at an average price of $13.83. The average discount to NAV at which repurchases were executed during this period was 10.12%. As of December 31, 2014, there are 3,313,033 shares remaining (representing 10.2% of the Fund s shares then outstanding) that are authorized to be purchased under the repurchase plan in the future.

On January 2, 2015, the Fund announced a distribution of $0.090 per share to shareholders of record on December 31, 2014. This distribution had an ex-dividend date of January 6, 2015, and was paid on January 9, 2015.

Note 7. Reverse Stock Split

Prior to the opening of trading on the NYSE on June 27, 2012, the Fund implemented a 1 for 4 reverse stock split. The Fund s shares are trading on a reverse split-adjusted basis under a new CUSIP number (989837208). The net effect of the Fund s reverse stock split was to decrease the number of the Fund s outstanding common shares and increase the NAV per common share by a proportionate amount. While the number of the Fund s outstanding common shares declined, neither the Fund s holdings nor the total value of shareholders investments were affected. Immediately after the reverse stock split, each common shareholder held the same percentage of the Fund s outstanding common shares that he or she held immediately prior to the reverse stock split, subject to adjustments for fractional shares resulting from the split. Per share data, including the proportionate impact to market price, in the Financial Highlights table has been restated to reflect the reverse stock split.

THE ZWEIG TOTAL RETURN FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2014

Note 8. Borrowings

($ reported in thousands)

The Fund employs leverage in the form of borrowing on margin and/or using proceeds from shorts, which allows the Fund to use its long positions as collateral, in order to purchase additional securities. Borrowing on margin and/or using proceeds from shorts are secured by assets of the Fund that are held with the Fund s custodian in a separate account. The Fund is permitted to borrow up to 33.33% of its total assets.

During the year ended December 31, 2014, the Fund utilized borrowing on margin and/or using proceeds from shorts for 66 days at an average interest rate of 0.45% and with an average daily borrowing balance during that period of $13,182. For the year ended December 31, 2014, the interest costs related to borrowing amounted to $11 and are included within the Interest Expense on the Statement of Operations.

As of December 31, 2014, there was no outstanding borrowing.

Note 9. Credit Risk and Asset Concentrations

In countries with limited or developing markets, investments may present greater risks than in more developed markets and the prices of such investments may be volatile. The consequences of political, social or economic changes in these markets may have disruptive effects on the market prices of these investments and the income they generate, as well as the Fund s ability to repatriate such amounts.

The Fund may invest a high percentage of its assets in specific sectors of the market in its pursuit of a greater investment return. Fluctuations in these sectors of concentration may have a greater impact on the Fund, positive or negative, than if the Fund did not concentrate its investments in such sectors.

Note 10. Regulatory Exams

From time to time, the Fund s investment adviser and/or its affiliates may be involved in litigation and arbitration as well as examinations and investigations by various regulatory bodies, including the SEC, involving compliance with, among other things, securities laws, client investment guidelines, laws governing the activities of broker-dealers and other laws and regulations affecting their products and other activities. At this time, the Fund s investment adviser believes that the outcomes of such matters are not likely, either individually or in the aggregate, to be material to these financial statements.

Note 11. Federal Income Tax Information

($ reported in thousands)

At December 31, 2014, federal tax cost and aggregate gross unrealized appreciation (depreciation) of securities held by the Fund were as follows:

	Federal Tax Cost	Unrealized Appreciation	Unrealized Depreciation	Net Unrealized Appreciation (Depreciation)
Investments	$ 410,028	$ 100,115	$ (10,925)	$ 89,190
Securities Sold Short	(7,845)	1,162	(466)	696

The differences between book basis cost and tax basis cost were attributable primarily to the tax deferral of losses on wash sales and passive activity losses.

THE ZWEIG TOTAL RETURN FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2014

The components of distributable earnings on a tax basis (excluding unrealized appreciation (depreciation) which are disclosed in the table above) consist of undistributed ordinary income of $700 and undistributed long-term capital gains of $1,256.

The differences between the book and tax basis components of distributable earnings relate principally to the timing of recognition of income and gains for federal income tax purposes. Short-term gain distributions reported in the Statement of Changes in Net Assets, if any, are reported as ordinary income for federal tax purposes. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes.

The tax character of dividends and distributions paid during the years ended December 31, 2014 and 2013 was as follows:

	Year Ended	
	2014	**2013**
Ordinary income	$ 7,817	$ 13,175
Long-term capital gains	27,499	22,152
Total	$ 35,316	$ 35,327

The difference between the distributions reported on the Statement of Changes in Net Assets and this table is due to distributions that are declared in December and paid in January that qualify to be treated for tax purposes, as paid in the year the distribution was declared.

Note 12. Reclassification of Capital Accounts

($ reported in thousands)

As of December 31, 2014, the Fund increased undistributed net investment income by $315, increased the accumulated net realized gain by $65, and decreased capital paid in on shares of beneficial interest by $380.

Note 13. Subsequent Event Evaluations

Management has evaluated the impact of all subsequent events on the Fund through the date the financial statements were issued, and has determined that there are no subsequent events that require recognition or disclosure in these financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Directors

and Shareholders of

The Zweig Total Return Fund, Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments and securities sold short, 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 Zweig Total Return Fund, Inc. (the Fund) at December 31, 2014, 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 Fund 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards 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, 2014 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 2, 2015

THE ZWEIG TOTAL RETURN FUND, INC.

TAX INFORMATION (Unaudited)

For the fiscal year ended December 31, 2014, the Fund makes the following disclosures for

federal income tax purposes. Below is listed the percentage, or the maximum amount allowable, of its ordinary income dividends (QDI) to qualify for the lower tax rates applicable to individual

shareholders, and the percentage of ordinary income dividends earned by the Fund which

qualifies for the dividends received deduction (DRD) for corporate shareholders. The actual percentage of QDI and DRD for the calendar year will be designated in year-end tax statements. The Fund designates the amount below, or if subsequently different, as long-term capital gains dividends (LTCG) subject to the 15% rate gains category ($ reported in thousands).

QDI	DRD	LTCG
98%	86%	$ 26,686

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KEY INFORMATION

Zweig Shareholder Relations: 1-800-272-2700

For general information and literature, as well as updates on net asset value, share price, major industry groups and other key information.

REINVESTMENT PLAN

Many of you have questions about our reinvestment plan. We urge shareholders who want to take advantage of this plan and whose shares are held in Street Name, to consult your broker as soon as possible to determine if you must change registration into your own name to participate.

REPURCHASE OF SECURITIES

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may from time to time purchase its shares of common stock in the open market when Fund shares are trading at a discount from their net asset value.

PROXY VOTING INFORMATION (FORM N-PX)

The Adviser votes proxies relating to portfolio securities in accordance with procedures that have been approved by the Fund s Board of Directors. You may obtain a description of these procedures, along with information regarding how the Fund voted proxies during the most recent 12-month period ended June 30, free of charge, by calling toll-free 1-800-272-2700. This information is also available through the Securities and Exchange Commission s (SEC) website at *http://www.sec.gov.*

FORM N-Q INFORMATION

The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Form N-Q is available on the SEC s website at http://www.sec.gov. Form N-Q may be reviewed and copied at the SEC s Public Reference Room. Information on the operation of the SEC s Public Reference Room can be obtained by calling toll-free 1-800-SEC-0330.

CERTIFICATION (Unaudited)

In accordance with the requirements of the Sarbanes-Oxley Act, the Fund s CEO (the President of the Fund) and CFO (the Treasurer of the Fund) have filed the required Section 302 certifications with the SEC on Form N-CSR.

In accordance with Section 303A of the NYSE listed company manual, the CEO certification has been filed with the NYSE.

BOARD CONSIDERATION AND APPROVAL OF

INVESTMENT ADVISORY AGREEMENT

Pursuant to Section 15(c) of the Investment Company Act of 1940, as amended (the 1940 Act), after an initial two-year term, the board of directors of an investment company, including a majority of the directors who have no direct or indirect interest in the investment advisory agreement and are not interested persons, as defined in the 1940 Act (Independent Directors), of the investment company must review and approve at least annually the investment advisory agreement between the investment company and its investment adviser.

During the most recent twelve month period covered by this report, the Board of Directors (the Board) of The Zweig Total Return Fund, Inc. (the Fund), including a majority of the Independent Directors, approved the continuation of the Fund s investment advisory agreement (the Advisory Agreement) with Zweig Advisers LLC (the Adviser).

Specifically, at a telephonic meeting held on October 29, 2014, the Independent Directors discussed a draft response from the Adviser to a request from independent legal counsel to the Independent Directors, made on behalf of the Independent Directors, for information relevant to the annual review of the Advisory Agreement, and following that meeting certain supplementary information was obtained from the Adviser as part of the review process. Thereafter, at an in-person meeting held on November 19, 2014, the Board, including the Independent Directors, considered all factors it deemed relevant and reached the conclusions described below relating to the Adviser and the Advisory Agreement. The Independent Directors were advised by their independent legal counsel throughout the review and approval process.

1. Nature, Extent and Quality of Services. The Board considered the nature, extent and quality of the services performed by the Adviser, including portfolio management, supervision of Fund operations and compliance and regulatory filings and disclosures to shareholders, general oversight of other service providers, oversight and management of Fund legal issues, assistance to the Directors in fulfilling their duties in that role and other services. The Directors concluded that the services are extensive in nature and that the Adviser delivered an acceptable level of service.

2. Investment Performance of the Fund and Adviser. The Board considered the investment performance for the Fund over various periods of time as compared to that of its performance group and performance universe as selected by Management Practice Inc., an independent consulting firm (MPI), at the request of the Independent Directors, and as included in the reports prepared by Lipper, Inc., an independent provider of investment company data. The Board considered, among other performance data, that, while the Fund s total return performance was below the Performance Group medians for all periods and below the Performance Universe medians for all periods except the one-year period ended September 30, 2014, its total return performance was above the returns of the benchmark index for the one- and three-year periods ended September 30, 2014. Additionally, the Board noted the Fund s total return performance for the one- and three-year periods ended September 30, 2014 was strong on an absolute basis.

The Directors concluded that the Adviser was delivering acceptable performance results consistent with the long-term investment strategies being pursued by the Fund.

3. Costs of Services and Profits Realized by the Adviser.

(a) Costs of Services to Funds: Fees and Expenses. The Board considered the Fund s management fee rate and expense ratio relative to the Fund s Expense Group. The Board noted that the Fund s contractual management fee at common asset levels and total expenses were below the respective Expense Group medians.

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BOARD CONSIDERATION AND APPROVAL OF

INVESTMENT ADVISORY AGREEMENT (Continued)

The Board concluded that the management fee is acceptable based upon the qualifications, experience, reputation and performance of the Adviser. The Board also concluded that the expense ratio of the Fund was within an acceptable range relative to its Expense Group.

(b) Profitability and Costs of Services to Adviser. The Board considered the Adviser s overall profitability and costs. The Board concluded that the Adviser s profitability was at an acceptable level in light of the nature, extent and quality of the services being provided to the Fund.

4. Extent of Economies of Scale as Fund Grows and Whether Fee Levels Reflect Economies of Scale. The Directors considered whether there have been material economies of scale with respect to the management of the Fund and whether the Adviser has shared with the Fund any material economies of scale. The Board noted that economies of scale may develop for certain funds as their assets increase and their fixed fund-level expenses decline as a percentage of assets, but that closed-end funds such as the Fund typically do not have the ability to increase substantially their asset base as do open-end funds. The Directors concluded that the Fund has not experienced material unshared economies of scale.

The Directors also considered whether the management fee rate is reasonable in relation to the asset size of the Fund and whether any economies of scale exist at that size. The Directors concluded that, given the Fund s closed-end structure, the management fee was reasonable in relation to the asset size of the fund. At the same time, the Directors agreed that it would be appropriate to monitor this issue in the event that the assets of the Fund were to increase substantially via a secondary or rights offering, capital appreciation, reinvested dividends, the use of leverage or some other means.

5. Other Relevant Considerations.

(a) Adviser Personnel and Methods. The Directors considered the size, education and experience of the Adviser s staff, its fundamental research capabilities and approach to attracting and retaining portfolio managers and other research and management personnel, and concluded that, in each of these areas, the staff was structured in such a way to support the level of services being provided to the Fund.

(b) Other Benefits to the Adviser. The Directors also considered the character and amount of other incidental benefits received by the Adviser and its affiliates from their association with the Fund. The Directors concluded that potential fall-out benefits that they may receive, such as greater name recognition or increased ability to obtain research or brokerage services, appear to be reasonable and may, in some cases, benefit the Fund.

Conclusions

In considering the Advisory Agreement, the Independent Directors did not deem any single factor controlling, but rather considered the factors identified in *Gartenberg v. Merrill Lynch Asset Management, Inc.* and cited with approval in *Jones v. Harris Associates L.P.* Based on this review, it was the judgment of the Independent Directors that the continuation of the Advisory Agreement was in the best interests of the Fund and its shareholders. As a part of their decision-making process, the Independent Directors noted their belief that a long-term relationship with a capable, conscientious adviser is in the best interests of the Fund. The Independent Directors also were mindful of the notion that shareholders purchase Fund shares because they want the Adviser to manage their assets, and that investors do so with full knowledge of the Adviser s performance and fee schedule. As such, the Independent Directors considered, in particular, whether the Adviser managed the Fund in accordance with its investment objectives and policies as disclosed to shareholders, and concluded that the Fund was so managed.

Upon conclusion of their review and discussion, the Board, including the Independent Directors, unanimously approved the continuation of the Advisory Agreement.

FUND MANAGEMENT

Information pertaining to the Directors and officers of the Fund as of December 31, 2014 is set forth below. The address of each individual, unless otherwise noted, is c/o Zweig Advisers, LLC, 100 Pearl Street, Hartford, CT 06103.

DISINTERESTED DIRECTORS

Name, Year of Birth (YOB) and Position(s) with the Funds Number of Portfolios in Fund Complex Overseen by Director	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years and Other Directorships Held
Charles H. Brunie YOB: 1930 Director 2	Term: Until 2015 Served Since 1998	Chairman, Brunie Associates (investments) (since April 2001); Oppenheimer Capital (1969-2000), Chairman (1980-1990), Chairman Emeritus (1990-2000); Chairman Emeritus, Board of Trustees, Manhattan Institute (since 1990); Trustee, Milton and Rose D. Friedman Foundation for Vouchers (since 1996); Trustee, Hudson Institute (2002-2008); Chairman of the Board, American Spectator (since 2002); Chartered Financial Analyst (since 1969).
James B. Rogers, Jr. YOB: 1942 Director, Chair of the Nominating Committee 2	Term: Until 2015 Served Since 1986	Director, First China Financial Network Holdings Limited (since 2014); Director, Phos Agro (since 2014); Director, Spanish Mountain Gold Limited (since 2014); Director, Genagro Services, Ltd. (since 2011); Director, FAB Universal Corp. (2013-2014); Private investor (since 1980); Chairman, Beeland Interests (Media and Investments) (since 1980); Regular Commentator on Fox News (2002-2007); Author of Investment Biker: On the Road with Jim Rogers (1994), Adventure Capitalist (2003), Hot Commodities (2004), A BULL IN CHINA (2007) and A Gift to My Children (2009).
R. Keith Walton YOB: 1964 Lead Independent Director 2	Term: Until 2017 Served Since 2004	Lead Independent Director of the Zweig Fund, Inc. (since 2013); Co-lead Independent Director of The Zweig Total Return Fund, Inc. (2006-2013); Vice President, Strategy, Arizona State University (since 2013); Global Head of Government Affairs for Alcoa (2011-2013); Senior Managing Director, BSE Management LLC (2010); Principal and Chief Administrative Officer, Global Infrastructure Partners (2007-2009); Director, Blue Crest Capital Management Funds (since 2006); Executive Vice President and Secretary

		(1996-2007) of the University at Columbia University; Director, Orchestra of St. Luke s (since 2000); Member (since 1997), Nominating and Governance Committee Board of Directors (since 2004), Council on Foreign Relations; Member of the Trilateral Commission (since 2009); Director of the Association for the Benefit of Children (since 2009); Director (2002-2009), Member, Executive Committee (2002-2009), Chair, Audit Committee (2003-2009), Apollo Theater Foundation, Inc.; Vice President and Trustee, The Trinity Episcopal School Corporation (2003-2009); Member, The Gillen Brewer School Board (2007-2009).
William H. Wright II YOB: 1960 Director, Chair of the Audit Committee	Term: Until 2016 Served Since 2013	Director (since 1999) and Chairman (since 2010), Josiah Macy Foundation; Director of Mount Sinai Health Systems (since 1999); Retired Managing Director of Morgan Stanley (1982-2010); Member of Yale University Council (2001-2012); Chairman of the Board of Yale Alumni Fund (2004-2006).

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FUND MANAGEMENT (Continued)

DISINTERESTED DIRECTORS (Continued)

Name, Year of Birth (YOB) and Position(s) with the Funds Number of Portfolios in Fund Complex Overseen by Director	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years and Other Directorships Held
Brian T. Zino YOB: 1952 Director, Chair of the Audit Committee 2	Term: Until 2017 Served Since 2014	Retired President of J&W Seligman Co. Inc. (1994-2008), Trustee of Bentley University (Since 2011), Director of J&W Seligman Co. Inc. (1986-2008), Director of Union Data Service Center (1987-2008), Director of Seligman Family of Mutual Funds (1986-2008), Director of Tri Continental Corp (1998-2008), Director of ICI Mutual Ins Co (1998-2009), Member of the Board of Governors of ICI (1998-2008).

INTERESTED DIRECTOR*

Name, Year of Birth (YOB) and Position(s) with the Funds Number of Portfolios in Fund Complex Overseen by Director	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years and Other Directorships Held
George R. Aylward YOB: 1964 Director, Chairman of the Board and President 64	Term: Until 2016 Served Since 2006	Director, President and Chief Executive Officer (since 2008), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various senior officer positions with Virtus affiliates (since 2005); Trustee (since 2012), Virtus Variable Insurance Trust; Trustee and President (since 2011), Virtus Global Multi-Sector Income Fund and Virtus Total Return Fund; and Chairman, President and Chief Executive Officer (since 2006), The Zweig Total Return Fund, Inc.

* Director considered to be an interested person, as that term is defined in the Act. George R. Aylward is considered an interested person because, among other things, he is an officer of the Adviser.

FUND MANAGEMENT (Continued)

OFFICERS WHO ARE NOT DIRECTORS**

Name, Year of Birth (YOB) and Position(s) with the Funds	Principal Occupation(s) During Past 5 Years and Other Directorships Held
Carlton Neel YOB: 1967 Executive Vice President	Executive Vice President and Portfolio Manager, Zweig Advisers LLC (since 2003); Managing Director and Co-Founder, Shelter Rock Capital Partners, LP (2002-2003); Senior Vice President and Portfolio Manager, Zweig Advisers LLC (1995-2002); Vice President, JP Morgan & Co. (1990-1995).
David Dickerson YOB: 1967 Senior Vice President	Senior Vice President and Portfolio Manager, Zweig Advisers LLC (since 2003); Managing Director and Co-Founder, Shelter Rock Capital Partners, LP (2002-2003); Vice President and Portfolio Manager, Phoenix/Zweig Advisers LLC (1993-2002).
Nancy J. Engberg YOB: 1956 Vice President and Chief Compliance Officer	Vice President (since 2008) and Chief Compliance Officer (2008-2011), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2003) with Virtus affiliates; Vice President (since 2008) and Chief Compliance Officer (since 2011), Virtus Mutual Funds; Vice President (since 2010), Chief Compliance Officer (since 2011), Virtus Variable Insurance Trust; Vice President and Chief Compliance Officer (since 2011), Virtus Closed-End Funds; Vice President and Chief Compliance Officer (since 2012), The Zweig Closed-End Funds.
William Renahan YOB: 1969 Vice President, Chief Legal Officer and Secretary	Senior Legal Counsel and Vice President, Virtus Investment Partners, Inc. since 2012; Vice President, Chief Legal Officer, Counsel and Secretary, Virtus Global Multi-Sector Income Fund and Virtus Total Return Fund, since 2012, and Vice President and Assistant Secretary, Duff & Phelps Global Utility Income Fund Inc., since 2012; Managing Director, Legg Mason, Inc. and predecessor firms 1999- June 2012.
W. Patrick Bradley YOB: 1972 Treasurer, Chief Financial Officer	Senior Vice President, Fund Services (since 2010), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2006) with Virtus affiliates; Senior Vice President (since 2013), Vice President (2011-2013), Chief Financial Officer and Treasurer (since 2006), Virtus Mutual Funds; Senior Vice President (since 2013), Vice President (2011-2013), Chief Financial Officer and Treasurer (since 2004), Virtus Variable Insurance Trust; Senior Vice President (since 2013), Vice President (2011-2013), Chief Financial Officer and Treasurer (since 2011), Virtus Closed-End Funds (2 portfolios); Senior Vice President (since 2013), Vice President (2012-2013) and Treasurer (Chief Financial Officer) (since 2007), The Zweig Closed-End Funds; Vice President and Assistant Treasurer (since 2011), Duff & Phelps Global Utility Income Fund Inc.; and Director (since 2013), Virtus Global Funds, PLC.
Jacqueline Porter YOB: 1958	Vice President, Fund Administration and Tax, Virtus Investment Partners (since 2008); Phoenix Equity Planning Corporation (1995-2008); Vice President and Assistant Treasurer, multiple funds in the Virtus Mutual Fund Complex and Virtus Variable Insurance Trust (formerly Phoenix Edge Series Fund) (since 1995).

Vice President and Assistant
Treasurer

** The Term of each Officer expires immediately following the 2015 Annual Meeting of Shareholders. Each Board considers reappointments annually.

Automatic Reinvestment and Cash Purchase Plan

The Zweig Total Return Fund, Inc. (the Fund) allows you to conveniently reinvest distributions monthly in additional Fund shares thereby enabling you to compound your returns from the Fund. By choosing to reinvest, you ll be able to invest money regularly and automatically, and watch your investment grow.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

Enrollment in the Reinvestment Plan

It is the policy of the Fund to automatically reinvest distributions payable to shareholders. A registered shareholder automatically becomes a participant in the Fund s Automatic Reinvestment and Cash Purchase Plan (the Plan). The Plan authorizes the Fund to credit all shares of common stock to participants upon a distribution regardless of whether the shares are trading at a discount or premium to the net asset value. Registered shareholders may terminate their participation and receive distributions in cash by contacting Computershare Trust Company, N.A. (the Plan Administrator). The termination will become effective with the next distribution if the Plan Administrator is notified at least 7 business days prior to the distribution payment date. Registered shareholders that wish to change their distribution option from cash payment to reinvest may do so by contacting the Plan Administrator at 1-800-272-2700.

In the case of banks, brokers, or other nominees which hold your shares for you as the beneficial owner, the Plan Administrator will administer the Plan based on the information provided by the bank, broker or nominee. To the extent that you wish to participate in the Plan, you should contact the broker, bank or nominee holding your shares to ensure that your account is properly represented. If necessary, you may have your shares taken out of the name of the broker, bank or nominee and register them in your own name.

How shares are purchased through the Reinvestment Plan

When a distribution is declared, nonparticipants in the plan will receive cash. Participants in the Plan will receive shares of the Fund valued as described below:

If on the payable date of the distribution, the market price of the Fund s common stock is less than the net asset value, the Plan Administrator will buy Fund shares on behalf of the Participant in the open market, on the New York Stock Exchange (NYSE) or elsewhere. The price per share will be equal to the weighted average price of all shares purchased, including commissions. Commission rates are currently $0.02 per share, although the rate is subject to change and may vary. If, following the commencement of purchases and before the Plan Administrator has completed its purchases, the trading price equals or exceeds the most recent net asset value of the common shares, the Plan Administrator may cease purchasing shares on the open market and the Fund may issue the remaining shares at a price equal to the greater of (a) the net asset value on the last day the Plan Administrator purchased shares or (b) 95% of the market price on such day. In the case where the Plan Administrator has terminated open market purchases and the Fund has issued the remaining shares, the number of shares received by the Participant in respect of the cash distribution will be based on the weighted average of prices paid for shares purchased in the open market and the price at which the Fund issued the remaining shares. Under certain circumstances, the rules and regulations of the Securities and Exchange Commission may require limitation or temporary suspension of market purchases of shares under the Plan. The Plan Administrator will not be accountable for its inability to make a purchase during such a period.

If on the payable date of the distribution, the market price is equal to or exceeds the net asset value, Participants will be issued new shares by the Fund at the greater of the (a) the net asset value on the payable date or (b) 95% of the market price on such date.

The automatic reinvestment of 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 payment date, a distribution in an amount equal to the cash the participant could have received instead of shares. If you participate in the Plan, you will receive a Form 1099-DIV concerning the Federal tax status of distributions paid during the year.

Voluntary Cash Purchase Plan

Participants in the Plan have the option of making additional cash payments for investment in shares of the Fund. Such payments can be made in any amount from $100 per payment to $3,000 per month. The Plan Administrator will use the funds received to purchase Fund shares in the open market on the 15th of each month or the next business day if the 15th falls on a weekend or holiday (the Investment Date). The purchase price per share will be equal to the weighted average price of all shares purchased on the Investment Date, including commissions. There is no charge to shareholders for Cash Purchases. The plan administrator s fee will be paid by the Fund. However, each participating shareholder will pay pro rata share of brokerage commissions incurred (currently $0.02 per share, but may vary and is subject to change) with respect to the Plan Administrator s open market purchases in connection with all cash investments. Voluntary cash payments should be sent to Computershare Trust Company, N.A., PO Box 43078, Providence, RI 02940-3078.

Participants have an unconditional right to obtain the return of any cash payment if the Plan Administrator receives written notice at least 5 business days before such payment is to be invested.

Automatic Monthly Investment

Participants in the Plan may purchase additional shares by means of an Automatic Monthly Investment of not less than $100 nor more than $3,000 per month by electronic funds transfer from a predesignated U.S. bank account. If a Participant has already established a Plan account and wishes to initiate Automatic Monthly Investments, the Participant must complete and sign an automatic monthly investment form and return it to the Plan Administrator together with a voided check or deposit slip for the account from which funds are to be withdrawn. Automatic monthly investment forms may be obtained from the Plan Administrator by calling 1-800-272-2700.

Termination of Shares

Shareholders wishing to liquidate shares held with the Plan Administrator must do so in writing or by calling 1-800-272-2700. The Plan Administrator does not charge a fee for liquidating your shares; however, currently a brokerage commission of $0.02 will be charged. This charge may vary and is subject to change.

Once terminated, you may re-enroll in the Plan (provided you still have shares registered in your name) by contacting the Plan Administrator at 1-800-272-2700.

Additional Information

For more information regarding the Automatic Reinvestment and Cash Purchase Plan, please contact the Plan Administrator at 1-800-272-2700 or visit our website at Virtus.com.

The Fund 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 distribution. The Plan also may be amended or terminated by the Plan Administrator with at least 90 days written notice to participants in the Plan.

DIRECTORS AND OFFICERS

George R. Aylward, *Chairman, President, and Chief Executive Officer*

Charles H. Brunie, *Director*

James B. Rogers, Jr., *Director*

R. Keith Walton, *Director*

William H. Wright II, *Director*

Brian T. Zino, *Director*

Carlton Neel, *Executive Vice President*

David Dickerson, *Senior Vice President*

W. Patrick Bradley, *Senior Vice President, Treasurer, and Chief Financial Officer*

William Renahan, *Vice President, Chief Legal Officer, and Secretary*

Jacqueline Porter, *Vice President and Assistant Treasurer*

Nancy Engberg, *Vice President and Chief Compliance Officer*

Investment Adviser

Zweig Advisers LLC

100 Pearl Street

Hartford, CT 06103-4506

Fund Administrator

Virtus Fund Services, LLC

100 Pearl Street

Hartford, CT 06103-4506

Custodian

JPMorgan Chase Bank, NA

1 Chase Manhattan Plaza

New York, NY 10005-1401

Transfer Agent

Computershare Trust Company, NA

P.O. Box 43078

Providence, RI 02940-3078

Independent Registered

Public Accounting Firm

PricewaterhouseCoopers LLP

2 Commerce Square Suite 1700

2001 Market Street

Philadelphia PA 19103-7042

Fund Counsel

Dechert LLP

One International Place

40th Floor

Boston, MA 02110-2605

This report is transmitted to the shareholders of The Zweig Total Return Fund, Inc. for their information. This is not a prospectus, circular, or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.

For more information about

The Zweig Total Return Fund, Inc.,

please contact us at **1-800-272-2700**

or **zweig@virtus.com**

or visit **Virtus.com**.

Q4-14

Item 2. Code of Ethics.

(a) The registrant, as of the end of the period covered by this report, has adopted a code of ethics that applies to the registrant s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.

(c) There have been no amendments, during the period covered by this report, to a provision of the code of ethics that applies to the registrant s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, and that relates to any element of the code of ethics described in Item 2(b) of the instructions for completion of Form N-CSR.

(d) The registrant has not granted any waivers, during the period covered by this report, including an implicit waiver, from a provision of the code of ethics that applies to the registrant s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, that relates to one or more of the items set forth in paragraph (b) of the instructions for completion of this Item.

Item 3. Audit Committee Financial Expert.

(a)(1) The Registrant s Board of Trustees has determined that the Registrant has an audit committee financial expert serving on its Audit Committee.

(a)(2) Brian T. Zino has been determined by the Registrant to possess the technical attributes identified in Instruction 2(b) of Item 3 to Form N-CSR to qualify as an audit committee financial expert . Mr. Zino is an independent trustee pursuant to paragraph (a)(2) of Item 3 to Form N-CSR.

(a)(3) Not applicable.

Item 4. Principal Accountant Fees and Services.

Audit Fees

(a) The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant s annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years are $36,400 for 2014 and $32,000 for 2013.

Audit-Related Fees

(b) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant s financial statements and are not reported under paragraph (a) of this Item are $1,742 for 2014 and $2,853 for 2013. Such audit-related fees include out of pocket expenses and cross fund fees.

Tax Fees

(c) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning are $8,150 for 2014 and $8,400 for 2013.

Tax Fees are those primarily associated with review of the Trust s tax provision and qualification as a regulated investment company (RIC) in connection with audits of the Trust s financial statement, review of year-end distributions by the Fund to avoid excise tax for the Trust, periodic discussion with management on tax issues affecting the Trust, and reviewing and signing the Fund s federal income tax returns.

All Other Fees

(d) The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item are $0 for 2014 and $0 for 2013.

(e)(1) Disclose the audit committee s pre-approval policies and procedures described in paragraph (c)(7) of Rule 2-01 of Regulation S-X.

The Zweig Total Return Fund, Inc. (the Fund) Board has adopted policies and procedures with regard to the pre-approval of services provided by PwC. The Audit Committee pre-approves: (i) all audit and non-audit services to be rendered to the Fund by PwC; and (ii) all non-audit services to be rendered to the Fund, financial reporting of the Fund provided by PwC to the Adviser or any affiliate thereof that provides ongoing services to the Fund (collectively, Covered Services). The Audit Committee has adopted pre-approval procedures authorizing a member of the Audit Committee to pre-approve from time to time, on behalf of the Audit Committee, all Covered Services to be provided by PwC which are not otherwise pre-approved at a meeting of the Audit committee, provided that such delegate reports to the full Audit Committee at its next meeting. The pre-approval procedures do not include delegation of the Audit committee s responsibilities to management. Pre-approval has not been waived with respect to any of the services described above since the date on which the Audit Committee adopted its current pre-approval procedures.

(e)(2) The percentage of services described in each of paragraphs (b) through (d) of this Item that were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X are as follows:

(b) 0%

(c) 0%

(d) N/A

(f) The percentage of hours expended on the principal accountant s engagement to audit the registrant s financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant s full-time, permanent employees was less than fifty percent.

(g) The aggregate non-audit fees billed by the registrant s accountant for services rendered to the registrant, and rendered to the registrant s investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant was $430,462 for 2014 and $434,669 for 2013.

(h) The registrant s audit committee of the board of directors has considered whether the provision of non-audit services that were rendered to the registrant s investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant s independence.

Item 5. Audit Committee of Listed Registrants.

The registrant has a separately designated audit committee consisting of all the independent directors of the registrant. Audit Committee Members are: Charles H. Brunie, Brian T. Zino, William H. Wright II, James B. Rogers and R. Keith Walton.

Item 6. Investments.

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

(b) Not applicable.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

The Proxy Voting Policies are attached herewith.

POLICY REGARDING PROXY VOTING

I. ***Definitions.*** As used in this Policy, the following terms shall have the meanings ascribed below:

A. Adviser refers to the primary adviser of each registered investment company covered by this policy.

B. Board refers to the Boards of Trustees or Directors of the Funds (collectively, the Fund).

C. Corporate Governance Matters refers to changes involving the corporate ownership or structure of an issuer whose securities are within a Portfolio Holding, including changes in the state of incorporation, changes in capital structure, including increases and decreases of capital and preferred stock issuance, mergers and other corporate restructurings, and anti-takeover provisions such as staggered boards, poison pills, and supermajority voting provisions.

D. Delegate refers to the Adviser or Subadviser to whom responsibility has been delegated to vote proxies for the applicable Portfolio Holding, including any qualified, independent organization engaged by an Adviser or Subadviser to vote proxies on behalf of such delegated entity.

E. Management Matters refers to stock option plans and other management compensation issues.

F. Portfolio Holding refers to any company or entity whose securities are held within the investment portfolio(s) of one or more of the Funds as of the date a proxy is solicited.

G. Proxy Contests refer to any meeting of shareholders of an issuer for which there are at least two sets of proxy statements and proxy cards, one solicited by management and the others by a dissident or group of dissidents.

H. Social Issues refers to social and environmental issues.

I. Subadviser refers, individually or collectively, to each registered investment adviser that serves as investment subadviser to one or more of the Fund.

J. Subadviser Procedures shall have such meaning as described in Article IV, Section C hereof.

K. Takeover refers to hostile or friendly efforts to effect radical change in the voting control of the board of directors of a company.

II. ***General Policy.*** It is the intention of the Fund to exercise stock ownership rights in Portfolio Holdings in a manner that is reasonably anticipated to further the best economic interests of shareholders of the Fund. Accordingly, the Fund or its Delegate(s) shall endeavor to analyze and vote all proxies that are considered likely to have financial implications, and, where appropriate, to participate in corporate governance, shareholder proposals, management communications and

[1] Funds include Virtus Alternative Solutions Trust, Virtus Equity Trust, Virtus Insight Trust, Virtus Opportunities Trust, Virtus Global Multi-Sector Income Fund, Virtus Total Return Fund, Virtus Variable Insurance Trust, Duff & Phelps Select Energy MLP Fund, Inc., The Zweig Fund, Inc. and The Zweig Total Return Fund, Inc.

legal proceedings. The Fund and its Delegate(s) must also identify potential or actual conflicts of interest in voting proxies and address any such conflict of interest in accordance with this Policy.

III. ***Factors to consider when voting.***

A. A Delegate may abstain from voting when it concludes that the effect on shareholders economic interests or the value of the Portfolio Holding is indeterminable or insignificant.

B. In analyzing **anti-takeover measures**, the Delegate shall vote on a case-by-case basis taking into consideration such factors as overall long-term financial performance of the target company relative to its industry competition. Key measures which shall be considered include, without limitation, five-year annual compound growth rates for sales, operating income, net income, and total shareholder returns (share price appreciation plus dividends). Other financial indicators that will be considered include margin analysis, cash flow, and debit levels.

C. In analyzing **contested elections**, the Delegate shall vote on a case-by-case basis taking into consideration such factors as the qualifications of all director nominees. The Delegate shall also consider the independence and attendance record of board and key committee members. A review of the corporate governance profile shall be completed highlighting entrenchment devices that may reduce accountability.

D. In analyzing **corporate governance matters**, the Delegate shall vote on a case-by-case basis taking into consideration such factors as tax and economic benefits associated with amending an issuer s state of incorporation, dilution or improved accountability associated with changes in capital structure, management proposals to require a supermajority shareholder vote to amend charters and bylaws and bundled or conditioned proxy proposals.

E. In analyzing **executive compensation proposals** and **management matters**, the Adviser shall vote on a case-by-case basis taking into consideration such factors as executive pay and spending on perquisites, particularly in conjunction with sub-par performance and employee layoffs.

F. In analyzing **proxy contests for control**, the Delegate shall vote on a case-by-case basis taking into consideration such factors as long-term financial performance of the target company relative to its industry; management s track record; background to the proxy contest; qualifications of director nominees (both slates); evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met; and stock ownership positions.

G. A Delegate shall generally vote against shareholder **social matters** proposals.

IV. ***Delegation***.

A. In the absence of a specific direction to the contrary from the Board of the Fund, the Adviser or Sub-adviser that is managing a Fund is responsible for voting proxies for all Portfolio Holdings of such Fund in accordance with this Policy, or for delegating such responsibility as described below.

B. The Adviser and any Subadviser delegated with authority to vote proxies for Portfolio Holdings shall be deemed to assume a duty of care to safeguard the best interests of the Fund and its shareholders. No Delegate shall accept direction or inappropriate influence from any other client, director or employee of any affiliated company and shall not cast any vote inconsistent with this Policy without obtaining the prior approval of the Fund or its duly authorized representative(s).

C. With regard to each Fund for which there is a duly appointed Subadviser, the Subadviser shall vote proxies for the Portfolio Holdings in accordance with Articles II, III and V of this Policy, provided, however, that the Subadviser may vote proxies in accordance with its own proxy voting policy/procedures (Subadviser Procedures) provided that the Adviser must have reviewed the Subadviser Procedures and determined them to be reasonably designed to further the best economic interests of the affected Fund shareholders. The Subadviser will promptly notify the Adviser of any material changes to the Subadviser Procedures. The Adviser will periodically review the votes by the Subadviser for consistency with this Policy.

V. ***Conflicts of Interest.***

A. The Fund and its Delegate(s) seek to avoid actual or perceived conflicts of interest in the voting of proxies for Portfolio Holdings between the interests of Fund shareholders, on one hand, and those of the Adviser, Subadviser, Delegate, principal underwriter, or any affiliated person of the Fund, on the other hand. The Board may take into account a wide array of factors in determining whether such a conflict exists, whether such conflict is material in nature, and how to properly address or resolve the same.

B. While each conflict situation varies based on the particular facts presented and the requirements of governing law, the Board or its delegate(s) may take the following actions, among others, or otherwise give weight to the following factors, in addressing material conflicts of interest in voting (or directing Delegates to vote) proxies pertaining to Portfolio Holdings: (i) rely on the recommendations of an established, independent third party with qualifications to vote proxies such as Institutional Shareholder Services; (ii) vote pursuant to the recommendation of the proposing Delegate; (iii) abstaining; or (iv) where two or more Delegates provide conflicting requests, vote shares in proportion to the assets under management of each proposing Delegate.

C. Each Adviser or Subadviser that is managing a Fund shall promptly notify the Chief Compliance Officer of the Fund (or, in the case of a Subadviser, the Chief Compliance Officer of the Adviser) in the event that any actual or potential conflict of interest is identified, and provide the Adviser s or Subadviser s recommendations for protecting the best interests of Fund s shareholders. No Adviser (or Subadviser) shall waive any conflict of interest or vote any conflicted proxies without the prior approval of the Board or the President of the Fund pursuant to section D of this Article.

D. In the event that a determination, authorization or waiver under this Policy is requested at a time other than a regularly scheduled meeting of the Board, the President of the Fund shall be empowered with the power and responsibility to interpret and apply this Policy and provide a report of his or her determinations at the next following meeting of the Board.

VI. ***Miscellaneous.***

A. A copy of the current Policy with Respect to Proxy Voting and the voting records for each Fund reconciling proxies with Portfolio Holdings and recording proxy voting guideline compliance and justification, shall be kept in an easily accessible place and available for inspection either physically or through electronic posting on an approved website.

B. The Adviser shall present a report of any material deviations from this Policy at every regularly scheduled meeting of the Board and shall provide such other reports as the Board may request from time to time. Each Adviser shall provide to the Fund or any shareholder a record of its effectuation of proxy voting pursuant to this Policy at such times and in such format or medium as the Fund or such shareholders shall reasonably request. Each Adviser and each affected Subadviser shall be solely responsible for complying with the disclosure and reporting requirements under applicable laws and regulations, including, without limitation, Rules 204-2 and 206(4)-6 under the Investment Advisers Act of 1940 (the 1940 Act), as amended. Each Adviser shall gather, collate and present information relating to the its proxy voting activities of those of each Delegate in such format and medium as the Fund shall determine from time to time in order for the Fund to discharge its disclosure and reporting obligations pursuant to Rule 30b1-4 under the 1940 Act.

C. Each Adviser and/or each affected Subadviser shall pay all costs associated with proxy voting for Portfolio Holdings pursuant to this Statement of Policy and assisting the Fund in providing public notice of the manner in which such proxies were voted.

D. Each Adviser or Subadviser may delegate its responsibilities hereunder to a proxy committee established from time to time by the Adviser or Subadviser, as the case may be. In performing its duties hereunder, the Adviser or Subadviser, or any duly authorized committee, may engage the services of a research and/or voting adviser or agent, the cost of which shall be borne by such entity.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

(a)(1) Identification of Portfolio Manager(s) or Management Team Members and Description of Role of Portfolio Manager(s) or Management Team Members

Following are the names, titles and length of service of the person or persons employed by or associated with the registrant or an investment adviser of the registrant who are primarily responsible for the day-to-day management of the registrant s portfolio (Portfolio Manager) and each Portfolio Manager s business experience during the past 5 years as of the date of filing of this report: Carlton Neel and David Dickerson have served as Co-Portfolio Managers of the Zweig Fund, Inc. (the Fund), a closed end fund managed by Zweig Advisers LLC (ZA) since April 1, 2003. Mr. Neel and Mr. Dickerson are Senior Vice Presidents of ZA and Mr. Neel is Senior Managing Director and Mr. Dickerson is Managing Director of Euclid Advisors, LLC (Euclid), an affiliate of ZA. Since April 1, 2003, they have also served as Co-Portfolio Managers for The Zweig Total Return Fund, Inc., a closed-end fund managed by ZA. From April 1, 2003 to June 9, 2008, Messrs. Neel and Dickerson were portfolio managers of the Virtus Market Neutral Fund. From 2008 through September, 2009 Messrs. Neel and Dickerson also assumed responsibility for asset allocation activities for three Virtus mutual fund of funds. Since 2008, Messrs. Neel and Dickerson have been portfolio managers of Virtus Alternatives Diversifier Fund, which is subadvised by Euclid. From March 2009 until June 2013, Messrs. Neel and Dickerson were portfolio managers for the Virtus Growth & Income Fund. During March 2009, Messrs. Neel and Dickerson became Portfolio Managers for the Virtus Balanced Fund (equity portion), Virtus Tactical Allocation Fund (equity portion), Virtus Growth & Income Series and Virtus Strategic Allocation Series (equity portion), which are all subadvised by Euclid.

Mr. Neel and Mr. Dickerson began their investment career at the Zweig Companies in 1995 and 1993, respectively.

(a)(2) Other Accounts Managed by Portfolio Manager(s) or Management Team Member and Potential Conflicts of Interest

Other Accounts Managed by Portfolio Manager(s) or Management Team Member

The following information is provided as of the fiscal year ended December 31, 2014.

Mr. Neel and Mr. Dickerson are responsible for the day-to-day management of other portfolios of other accounts, namely The Zweig Fund, Inc., the Virtus Alternatives Diversifier, Virtus Balanced Fund (equity portion), Virtus Tactical Allocation Fund (equity portion), Virtus Growth & Income Series and Virtus Strategic Allocation Series (equity portion). For both Mr. Neel and Mr. Dickerson, the following are tables which provide the number of other accounts managed within the Type of Accounts and the Total Assets for each Type of Account. Also provided for each Type of Account is the number of accounts and the total assets in the accounts with respect to which the advisory fee is based on the performance of the account.

Name of Portfolio Manager or	Type of Accounts	Total No. of Accounts Managed	Total Assets (in millions)	No. of Accounts where	Total Assets in Accounts where

Team Member				Advisory Fee is Based on Performance	Advisory Fee is Based on Performance
David Dickerson	Registered Investment Companies:	6	$1,079	0	$0

	Other Pooled Investment Vehicles:	0	$0	0	$ 0
	Other Accounts:	0	$0	0	$0
Carlton Neel	Registered Investment Companies:	6	$1,079	0	$0
	Other Pooled Investment Vehicles:	0	$0	0	$0
	Other Accounts:	0	$0	0	$0

Potential Conflicts of Interests

There may be certain inherent conflicts of interest that arise in connection with the Mr. Neel s and Mr. Dickerson s management of each Fund s investments and the investments of any other accounts they manage individually or together. Such conflicts could arise from the aggregation of orders for all accounts managed by a particular portfolio manager, the allocation of purchases across all such accounts, the allocation of IPOs and any soft dollar arrangements that the Adviser may have in place that could benefit the Funds and/or such other accounts. The Board of Trustees/Directors has adopted on behalf of the Funds policies and procedures designed to address any such conflicts of interest to ensure that all transactions are executed in the best interest of the Funds shareholders. The Advisers and Sub adviser are required to certify their compliance with these procedures to the Board of Trustees on a quarterly basis. There have been no material compliance issues with respect to any of these policies and procedures during the Funds most recent fiscal year ended December 31, 2014. Additionally, there are no material conflicts of interest between the investment strategy of a Fund and the investment strategy of other accounts managed by Mr. Neel and Mr. Dickerson since portfolio managers generally manage funds and other accounts having similar investment strategies.

(a)(3) Compensation Structure of Portfolio Manager(s) or Management Team Members

For the most recently completed fiscal year ended December 31, 2014, following is a description of Mr. Neel s and Mr. Dickerson s compensation structure as portfolio managers of ZA.

Virtus and certain of its affiliated investment management firms, including Duff & Phelps, Euclid, Kayne, Newfleet, Newfound and Zweig (collectively, Virtus), believe that the firm s compensation program is adequate and competitive to attract and retain high-caliber investment professionals. Investment professionals at Virtus receive a competitive base salary, an incentive bonus opportunity and a benefits package. Certain professionals who supervise and manage others also participate in a management incentive program reflecting their personal contribution and team performance. Certain key individuals also have the opportunity to take advantage of a long-term incentive compensation program, including potential awards of Virtus restricted stock units (Virtus RSUs) with multi-year vesting, subject to Virtus board of directors approval.

Following is a more detailed description of Virtus compensation structure.

Base Salary. Each portfolio manager is paid a fixed base salary, which is designed to be competitive in light of the individual s experience and responsibilities. Base salary is determined using compensation survey results of investment industry compensation conducted by an independent third party in evaluating competitive market compensation for its investment management professionals.

Incentive Bonus. Annual incentive payments are based on targeted compensation levels, adjusted based on profitability, investment performance factors and a subjective assessment of contribution to the team effort. The short-term incentive payment is generally paid in cash, but a portion may be made in Virtus RSUs. Individual payments are assessed using comparisons of actual investment performance with specific peer group or index measures. Performance of the Funds managed is generally measured over one-, three- and five year periods and an individual manager s participation is based on the performance of each Fund/account managed.

While portfolio manager compensation contains a performance component, this component is adjusted to reward investment personnel for managing within the stated framework and for not taking unnecessary risk. This approach ensures that investment management personnel remain focused on managing and acquiring securities that correspond to a Fund s mandate and risk profile and are discouraged from taking on more risk and unnecessary exposure to chase performance for personal gain. Virtus believes it has appropriate controls in place to handle any potential conflicts that may result from a substantial portion of portfolio manager compensation being tied to performance.

Other benefits. Portfolio managers are also eligible to participate in broad-based plans offered generally to employees of Virtus and its affiliates, including 401(k), health and other employee benefit plans.

In summary, the Investment Manager believes that overall compensation is both fair and competitive while rewarding employees for not taking unnecessary risks to chase personal performance.

(a)(4) Disclosure of Securities Ownership

For the most recently completed fiscal year ended December 31, 2014, beneficial ownership of shares of the Fund by Messrs. Dickerson and Neel are as follows. Beneficial ownership was determined in accordance with rule 16a-1(a)(2) under the Securities Exchange Act of 1934 (17 CFR 240.161-1(a)(2)).

Name of Portfolio Manager or Team Member	Dollar ($) Range of Fund Shares Beneficially Owned
David Dickerson	$100,001 to $500,000
Carlton Neel	$500,001 to $1,000,000

(b) Not applicable.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

REGISTRANT PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 2014	5,600	$14.32	5,600	3,375,933
August 2014	9,400	$14.18	9,400	3,366,533
September 2014	0		0	3,366,533
October 2014	14,500	$12.91	14,500	3,352,033
November 2014	35,500	$13.98	35,500	3,316,533
December 2014	3,500	$13.94	3,500	3,313,033
Total	68,500	$13.80	68,500	3,313,033

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

a. The date each plan or program was announced: 3/13/12 and expanded 9/19/12 and 2/10/14
b. The dollar amount (or share or unit amount) approved: 6,884,886 shares

c. The expiration date (if any) of each plan or program: None

d. Each plan or program that has expired during the period covered by the table: None

e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases: None

Item 10. Submission of Matters to a Vote of Security Holders.

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

Item 11. Controls and Procedures.

(a) The registrant s principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant s second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 12. Exhibits.

(a)(1) Code of ethics, or any amendment thereto, that is the subject of disclosure required by Item 2 is attached hereto.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

(a)(3) Not applicable.

(b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

(c) A copy of the Registrant s notice to shareholders pursuant to Rule 19(a) under the 1940 Act which accompanied distributions paid during the period ended December 31, 2014 pursuant to the Registrant s Managed Distribution Plan are filed herewith as required by the terms of the Registrant s exemptive order issued on November 17, 2008.

(12.other) Not applicable.

SIGNATURES

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

(Registrant) The Zweig Total Return Fund, Inc.

By (Signature and Title)* /s/ George R. Aylward
George R. Aylward, President
(principal executive officer)

Date 3/11/2015

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

By (Signature and Title)* /s/ George R. Aylward
George R. Aylward, President
(principal executive officer)

Date 3/11/2015

By (Signature and Title)* /s/ W. Patrick Bradley
W. Patrick Bradley, Senior Vice President, Chief Financial Officer and Treasurer
(principal financial officer)

Date 3/11/2015

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