ZWEIG TOTAL RETURN FUND INC
Form N-CSR
March 11, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number 811-05620

The Zweig Total Return Fund, Inc.

(Exact name of registrant as specified in charter)

101 Munson Street

Greenfield, MA 01301-9683

(Address of principal executive offices) (Zip code)

Kevin J. Carr, Esq.

Vice President, Chief Legal Officer, Counsel and Secretary for Registrant

100 Pearl Street

Hartford, CT 06103-4506

(Name and address of agent for service)

Registrant s telephone number, including area code: (800) 272-2700

Date of fiscal year end: December 31

Date of reporting period: December 31, 2012

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

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

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

OFFICERS AND DIRECTORS

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

Charles H. Brunie, *Director*

Wendy Luscombe, *Director*

Alden C. Olson, Ph.D., *Director*

James B. Rogers, Jr., *Director*

R. Keith Walton, *Director*

Carlton Neel, *Executive Vice President*

David Dickerson, *Senior Vice President*

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

Kevin J. Carr, *Vice President and Assistant Secretary*

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

Jacqueline Porter, *Vice President and Assistant Treasurer*

Nancy Engberg, *Chief Compliance Officer and Vice President*

Investment Adviser

Zweig Advisers LLC

100 Pearl Street

Hartford, CT 06103-4506

Fund Administrator

VP Distributors, LLC

101 Munson Street

Suite 104

Greenfield, MA 01301-9684

Custodian

The Bank of New York Mellon

One Wall Street

New York, NY 10005-2588

Transfer Agent

Computershare Trust Company, NA

P.O. Box 43078

Providence, RI 02940-3078

Independent Registered

Public Accounting Firm

PricewaterhouseCoopers LLP

2001 Market Street

Philadelphia, PA 19103-7042

Fund Counsel

Dechert LLP

200 Clarendon St.

27th Floor

Boston, MA 02116-5021

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.

Q4-12

The Zweig Total Return Fund, Inc.

Annual Report

December 31, 2012

FUND DISTRIBUTIONS AND MANAGED DISTRIBUTION PLAN

The Fund has a Managed Distribution Plan to pay 7% of the Fund s net asset value on an annualized basis. Distributions may represent earnings from net investment income, realized capital gains, or, if necessary, return of capital. The board believes that regular monthly, fixed cash payouts will enhance shareholder value and serve the long-term interests of shareholders. You should not draw any conclusions about the Fund s investment performance from the amount of the distributions or from the terms of the Fund s Managed Distribution Plan.

The Fund has distributed more than its income and net realized capital gains in 2012; therefore, a portion of your distributions will be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund s investment performance and should not be confused with yield or income.

The amounts and sources of distributions reported in Section 19(a) notices of the 1940 Act are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund s investment experience during its fiscal year and may be subject to changes based on tax regulations. The Fund will send shareholders a Form 1099-DIV for 2012 that tells you how to report distributions for federal income tax purposes.

The Board may amend, suspend or terminate the Managed Distribution Plan at any time, without prior notice to shareholders if it deems such action to be in the best interest of the Fund and its shareholders.

Information on the Zweig funds is available at *www.Virtus.com.* Section 19(a) notices are posted on the website at:.
http://www.virtus.com/products/closed/details.aspx?type=individual&fundid=ZTR

February 1, 2013

Dear Fellow Zweig Total Return Fund Shareholder:

I am pleased to share with you the manager s report and commentary for the Zweig Total Return Fund, Inc. for the fiscal year ended December 31, 2012.

The fund s net asset value (NAV) increased 0.01% for the quarter ending December 31, 2012, including $0.248 in reinvested distributions. During the same period, the fund s benchmark composite index consisting of 50% S&P 500® and 50% Barclays Capital U.S. Government Bond Index, decreased 0.21%, including reinvested dividends. Quarterly performance for the composite s underlying indexes included respective declines of 0.38% and 0.06% for the S&P 500® and Barclays Capital U.S. Government Bond Index. The fund s average allocations for the quarter were approximately 60% in equities, 37% in bonds, and 3% in cash equivalents.

For the fiscal year ended December 31, 2012, the fund s NAV gained 7.68%, including $1.112 in reinvested distributions. During the same period, the fund s benchmark composite index rose 9.0%, including reinvested dividends. Annual performance for the benchmarks underlying indexes included respective gains of 16.0% and 2.02% for the S&P 500® and Barclays Capital U.S. Government

Bond Index. The fund s average allocations for the year were 53% in equities, 36% in bonds, and 11% in cash equivalents.

In closing, as we went to press with this report, we learned with great sadness of the sudden passing of Dr. Martin Zweig, the fund s founder and our respected colleague, on February 18. Marty will be missed and long remembered for his many contributions to the funds that bear the legacy of his name.

On behalf of the entire Virtus team, including the investment professionals at Zweig Advisers LLC, thank you for entrusting your assets to us. Should you have any questions or require support, please contact customer service at 1-800-272-2700 or through the closed-end fund section of our website, www.virtus.com.

Sincerely,

George R. Aylward

President, Chairman and

Chief Executive Officer

The Zweig Total Return

Fund, Inc.

For information regarding the indexes cited, and key investment terms used in this report see page 9.

MARKET OUTLOOK AND OVERVIEW

U.S. stock markets ended 2012 on strong footing. The Dow Jones Industrial Average (Dow) rose 166.03 points on December 31, 2012, the largest increase on the final trading day of the year in the history of the index. The surge came on expectations that the House of Representatives would pass a Senate bill to avert the so-called fiscal cliff with its automatic widespread tax increases and spending cuts. Following House approval of the bill late on New Year s Day, the Dow soared 308.41 points on January 2, 2013, setting yet another record for its best year-opening trading day ever.

In terms of performance, U.S. equities had a lackluster fourth quarter, with declines of 1.7% for the Dow, 0.4% for the S&P 500®, and 2.7% for the NASDAQ Composite® Index. However, results for all of 2012 were much more positive: the Dow climbed 10.2%, the S&P 500 gained 16.0% and the NASDAQ Composite rose 17.5%.

Global equity markets also ended 2012 in positive territory. The Dow Jones Global ex-U.S. Index gained 13.6%[(1)]. European stocks, as measured broadly by the benchmark STOXX® Europe 600, rose 14.4%[(1)], and Germany led country performance, with the DAX climbing 29.1%[(1)]. In the Asia-Pacific region, India was the top performer, with the SENSEX up 25.7%[(1)]. Japan s Nikkei 225 Stock Average rose 22.9%[(1)], while China was the laggard, with the Shanghai Composite Index only up 3.2%[(1)].

As 2012 neared to a close, the Federal Reserve (the Fed), a key mover of the markets, gave mixed signals about its intentions toward monetary policy. In December, the Fed announced that it would continue to hold interest rates low, as long as the unemployment rate held

above 6.5%, and that it would continue its $85 billion monthly purchases of treasuries and mortgage-backed securities through 2013. However, in the wake of the Fed s December meeting, its members were about evenly divided between ending the bond-buying program by sometime around the middle of 2013 and extending it for a longer period, leaving its future plans unspecified.

In its final gross domestic product estimate for the third quarter of 2012, the U.S. Commerce Department expected the U.S. economy to grow at an annualized rate of 3.1%, an increase from its previous estimate of 2.7%. The agency attributed the rise to increased exports, higher consumer spending, and, for the first time in three years, added growth by local and state governments. Meanwhile, the United Nations Organization for Economic Cooperation and Development released its forecast in November that the U.S economy would grow 2.0% in 2013 and 2.8% in 2014, and for Japan s GDP to expand just 0.7% in 2013 and 0.8% in 2014. The group viewed the euro region as likely remaining in recession until early 2013, leading to a 0.1% contraction in GDP for the entire year, and growth of just 1.3% in 2014.

U.S. manufacturing activity increased moderately in December, according to the Institute for Supply Management (ISM), a trade group of purchasing agents. The ISM Manufacturing Index edged up to 50.7 in December from 49.5 in November, its lowest reading since July 2009. A reading above 50 indicates expansion in the manufacturing sector, while a reading below 50 shows contraction.

In the U.S. labor market, job creation held steady in December yet remains modest overall. Employers added 155,000 new jobs, approximately equal to the average monthly growth for the last two years, according to the Labor

(1) Return excludes reinvested dividends.

For information regarding the indexes cited, and key investment terms used in this report see page 9.

Department. The unemployment rate held at 7.8% in December, unchanged from the upwardly revised November figure. The agency also noted slight increases in wage growth and longer working hours. Although job growth has been somewhat tepid for a typical economic recovery, it has been steady enough to produce gains in consumer-oriented stocks, which have been lifted by the prospect of increased consumer spending. This trend of continued improvement in the jobs picture should bode well for holdings in the portfolio such as Amazon.com and Ford Motor Co.

Housing, a key factor in the U.S. economy, is showing signs of significant growth, based on Commerce Department data reported for November. Home building permits issued in the month hit their highest level in nearly four-and-a-half years, rising 3.6% to a seasonally-adjusted annual rate of 899,000 units, the highest figure since July 2008. Sales of new homes also gained 4.4% in the month, to a seasonally-adjusted annual rate of 377,000, the highest level since April 2010. Home resales also surged, according to the National Association of Realtors, which reported existing homes selling at a seasonally-adjusted annual rate of 5.04 million units in November. That marks a 5.9% rise from October and a 14.5% increase from a year earlier.

The portfolio holds several stocks that stand to gain from a continued housing recovery, including homebuilder DR Horton and regional banks such as U.S. Bancorp and BB&T Corp. In addition, JPMorgan Chase has favorable exposure to both the housing market and credit cards, a business which tends to improve as home prices increase.

Consumer spending, which accounts for about 70% of the U.S. economy, increased 0.4% in November following a 0.1% dip in October, according to the Commerce Department. Incomes

gained 0.6% in November, the largest increase in 11 months. Corporate spending also strengthened as durable goods orders jumped 0.7% in November, following an upwardly adjusted figure of 1.1% for October. Hurricane Sandy had a large negative effect on October spending data, so the positive November data continues to give us confidence that the economy is improving at the margin. As referenced earlier, the portfolio is positioned to benefit from a cyclical recovery through ownership of consumer-oriented stocks.

Amid the upbeat economic news was a dampening note from the Conference Board s Consumer Confidence Index, which sagged 6 percentage points in December from November, its lowest level since last April. However, we view this dip as a hiccup associated with the uncertainty over the fiscal cliff and related tax policy coming out of Washington at the time. Since clarity has been established on the tax front for 2013, consumer confidence is picking up and President Obama s approval rating has been rising, which is a good indicator of confidence from the larger population.

Meanwhile, the overall Consumer Price Index (CPI), a key metric of inflation, declined 0.3% in November on a seasonally-adjusted basis, and rose 1.8% year over year, according to the U.S. Bureau of Labor Statistics. Excluding volatile food and energy prices, core CPI gained 0.1% in November and was up 1.9% for the 12 months. Muted inflation is generally a bullish environment for stocks and one of the main reasons the Fund s exposure to equities is higher than average.

At the same time, however, there are some cautionary signs we are watching. Reflecting slower consumer demand, U.S exports of goods and services in October showed the biggest decline in nearly four years. The Commerce Department reported a 3.6% drop in exports to

For information regarding the indexes cited, and key investment terms used in this report see page 9.

$180.5 billion, the largest percentage decline since January 2009. Imports slipped 2.1% to $222.8 billion, its lowest level since April 2011. As a result, the U.S. trade deficit widened 4.9% to $42.2 billion. This could be related to Hurricane Sandy, so we will continue to closely monitor trade data.

The decline in trade volume was matched by the weakness of the U.S dollar in 2012 against the euro and emerging market currencies. However, the dollar gained ground against the Japanese yen. Showing little change from the start of 2012, the euro finished the year at $1.3462, a rise of 1.8%. As measured against the yen, the dollar ended the year at Y86.74, an increase of 13%. Dollar weakness tends to be a mixed bag for stocks, although is usually bullish for commodity-oriented stocks such as those within the materials and energy sectors. The Fund remains overweight in these areas, and its holdings in Chevron, Schlumberger, and Monsanto should benefit from a weaker dollar.

U.S. mergers and acquisitions (M&A) in 2012 totaled $871 billion, a decline from $908 billion in 2011, according to Dealogic. There was little change in Europe s M&A volume of $737 billion, off 1% from 2011. In the Asia-Pacific region, deal volume fell 5% to $584 billion. Global M&A deals totaled $2.6 trillion, roughly in line with 2011 activity.

The dollar volume of U.S initial public offerings rose 15% in 2012 to $38.9 billion, topping China and Hong Kong for the first time since 2008, according to Dealogic. China raised $38.1 billion, down 59%, while Europe slumped to $13.8 billion, off 62% from 2011. Globally, 751 companies raised $113.1 billion in 2012, down 29% from the volume of $159.8 billion raised by 1,277 companies in 2011.

Appraising the market outlook at year-end 2012, Wall Street was more optimistic than Main Street investors. In its December 31 weekly poll of financial advisors, the Investors Intelligence Survey found 48.1% bullish and only 24.1% bearish. This compares with the year-end weekly sentiment survey by the American Association of Individual Investors that registered 44.4% bulls and 30.2% bears. The disparity between the two investor groups was greater a few months earlier at September 30, with advisors at 51.0% bulls and 24.9% bears, and investors split 36.1 % bulls and 36.5% bears. By comparison, at the end of 2011, advisor sentiment was 50.5% bulls and 29.5% bears, with investors 40.6% bulls and 30.8% bears. Although these sentiment indicators point to a mixed outlook for stocks, longer term trends such as mutual fund flows paint a more bullish picture. Fund flow data continues to show mutual fund investors are underrepresented in stocks and favoring bonds, which are trading at very low yields.

Based on current earnings estimates, Standard & Poor s reported that its S&P 500 Index was trading at a price-to-earnings (P/E) ratio of 16.4 on December 31, 2012. This compares with 15.6 on September 30, 2012 and 14.25 on December 31, 2011. For trailing 12-month earnings, S&P reported a P/E of 16.4 (same as that for current earnings) on December 31, 2012, 16.7 on September 30, 2012, and 14.5 on December 31, 2011. Earnings estimates have been coming down somewhat, which has the potential to boost growth once earnings season arrives as muted expectations make it easier for companies to exceed earnings forecasts.

The overall picture that we see is one of an improving economy, both domestically and globally, muted inflation, and continued earnings growth. Although the consumer still faces headwinds related to debt reduction and both federal and state governments need to address budget

For information regarding the indexes cited, and key investment terms used in this report see page 9.

deficits, there is marked improvement on both fronts, especially relative to expectations. The improvement in housing data is very encouraging, and while not up to the standards of many previous recoveries, the jobs numbers are getting better. Finally, ongoing support from the Fed to do whatever it deems necessary to aid the economy will continue to be supportive of higher stock prices. Due to these factors, the Fund has 65% of its assets invested in equities, which is above the historic average. As always, we remain flexible and will closely monitor conditions as to the level of investment in the portfolio and which stocks and sectors to be invested in.

BOND MARKET

Early in 2012, the U.S. economy appeared to be in a period of slow but stable growth. As a result, the Treasury market was fairly quiet. The yield on the benchmark 10-year Treasury note rose slightly following improving economic data and solid corporate earnings. However, indications of slowing domestic and global growth started in late March, increasing global demand for safe-haven Treasuries. As Europe s sovereign debt situation worsened, the U.S. Treasury market began a steady rally that left the 10-year note at generational lows. By late July, at the height of global recession concerns, the 10-year yield touched an all-time low of 1.39%. In addition, the Federal Reserve pledged in September, and expanded on its commitment in December, to continue its aggressive bond buying program, effectively limiting any meaningful increase in yields.

U.S. negotiations to avert the year-end fiscal cliff and the European Central Bank s aggressive

bond-buying actions to address the European debt crisis affected markets in the second half of the year. However, Treasury yields held within a narrow margin; the 10-year note broke above 1.8% several times from August through December, only to drop below 1.6% subsequently. While economic growth seems to be slowly improving in the U.S. and more strongly in the emerging markets, the Fed s low interest rate policy and bond buying programs are dampening any dramatic moves in the U.S. Treasury market.

U.S. Treasuries benefit from lower growth, which dampen projected inflation. Current expectations of low inflation, and possibly even deflation, permeate the investment psyche. Furthermore, a flight to quality into Treasury notes and bonds occurs when there is global strife. Corporate bonds have benefited from a combination of very solid balance sheet management and lower so-called risk-free yields. Additionally, sovereign debt of other nations has done well.

Our bond portfolio currently contains corporate bonds, Treasuries, Treasury Inflation-Protected Securities (TIPS), and foreign government bonds of stable countries, such as Australia. We made several moves over the last year, at times owning somewhat higher duration (duration is a measure, in years, of a bond s interest rate risk). However, our view is that stocks generally offer a slightly better risk/reward profile. At year-end, the fund had 36% of its assets in bonds with an average low duration of two years. We continue to look for ways to increase yield within the portfolio without taking additional duration risk. As always we remain flexible.

For information regarding the indexes cited, and key investment terms used in this report see page 9.

PORTFOLIO COMPOSITION

On December 31, 2012, the Fund s leading equity sectors included financials, information technology, health care, energy, and consumer discretionary. During the second half of the year, we increased our weighting of financials and energy and reduced our weighting of consumer staples and information technology. The portfolio is generally positioned for a somewhat better-than-expected economic growth picture tied to both consumer and cyclical stocks. We continue to be diversified in a number of sectors and industries, but are underrepresented in stocks that are considered defensive. We see better relative value in more cyclically sensitive areas and have more holdings in names that will benefit from a global economic recovery.

The Fund s leading individual equity positions on December 31, 2012 included Abbott Laboratories, Apple, BlackRock, DuPont, Freeport-McMoRan, Johnson & Johnson, JPMorgan Chase, QUALCOMM, Verizon, and Williams.

During the second half of the year, we acquired BlackRock and Freeport-McMoRan and added to our positions on DuPont and Johnson & Johnson. No longer in the leading positions are Altria and IBM, where we trimmed our positions, and Intel, which we sold out. There was no change in the shares held of PepsiCo, which appeared in our previous listing.

Sincerely,

Carlton Neel

Executive Vice President

Zweig Advisers, LLC

Martin E. Zweig, Ph.D.

Founder of Fund

Asset Allocation as of December 31, 2012

The following graph illustrates asset allocations within certain sectors and as a percentage of total investments as of December 31, 2012.

The views expressed in the Market Outlook and Overview reflect those of its authors only through its date. These views are subject to change at any time, based on market and other conditions and should not be construed as a recommendation of any kind. The material may also contain forward-looking statements that involve risk and uncertainty, and there is no guarantee they will come to pass.

There can be no assurance that the fund will achieve its investment objective.

The value of the Fund will fluctuate with the value of the underlying securities.

Performance data quoted represents past results. Past performance is no guarantee of future results.

For information regarding the indexes cited, and key investment terms used in this report see page 9.

The market price of equity securities may be affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium sized companies may enhance that risk.

U.S. government securities may be subject to price fluctuations. An agency may default on an obligation not backed by the United States. Any guarantee on U.S. government securities does not apply to the value of the fund s shares.

Shares of closed-end investment companies such as the fund, trade in the market above, at, and below net asset value. This characteristic is a risk separate and distinct from the risk that the fund s net asset value could decline. The fund is not able to predict whether its shares will trade above, below or at net asset value in the future.

This information does not represent an offer, or the solicitation of an offer, to buy or sell securities of the Fund.

Key Investment Terms

American Depositary Receipt (ADR): Represents shares of foreign companies traded in U.S. dollars on U.S. exchanges that are held by a U.S. bank or a trust. Foreign companies use ADRs in order to make it easier for Americans to buy their shares.

American Association of Individual Investors: A nonprofit organization with about 150,000 members whose purpose is to educate individual investors regarding stock market portfolios, financial planning, and retirement accounts.

Commerce Department: The cabinet department in the U.S. Government that deals with business, trade and commerce. Its objective is to foment higher standards of living for Americans through the creations of jobs. It aims to achieve this by promoting an infrastructure of monetary and economic growth, competitive technology and favorable international trade.

Conference Board Report: Widely followed economic indicators, particularly the Consumer Confidence Index (CCI). The Conference Board also connects some 2,000 companies via forums and peer-to-peer meetings to discuss what matters to companies today: issues such as top-line growth in a shifting economic environment and corporate governance standards.

Consumer Price Index: Measures the pace of inflation by measuring the change in consumer prices of goods and services, including housing, electricity, food, and transportation, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Also called the cost-of-living index.

DAX Index: A total return index of 30 selected German blue chip companies traded on the Frankfurt Stock exchange. It is a free float weighted index.

Dow Jones Global ex. U.S. Index℠: A market capitalization-weighted index which covers approximately 95% of the market capitalization of the represented countries of Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Indonesia, Ireland, Italy, Japan, Latvia, Lithuania, Malaysia, Malta, Mexico, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand and the United Kingdom.

Dow Jones Industrial Average℠: A price-weighted average of 30 blue chip stocks. The index is calculated on a total return basis with dividends reinvested.

Federal Reserve: The central bank of the United States, responsible for controlling the money supply, interest rates and credit with the goal of keeping the U.S. economy and currency stable. Governed by a seven- member board, the system includes 12 regional Federal Reserve Banks, 25 branches and all national and state banks that are part of the system.

Gross Domestic Product: The market value of all officially recognized final goods and services produced within a country in a given period.

Inflation: Rise in the prices of goods and services resulting from increased spending relative to the supply of goods on the market.

Initial public offering: A company s first sale of stock to the public.

Institute for Supply Management Report on Business®: An economic forecast, released monthly, that measures U.S. manufacturing conditions and is arrived at by surveying 300 purchasing professionals in the manufacturing sector representing 20 industries in all 50 states.

Investors Intelligence Survey: A weekly survey published by Chartcraft, an investment services company, of the current sentiment of approximately 150 market newsletter writers. Participants are classified into three categories: bullish, bearish or waiting for a correction.

Labor Department: A U.S. government cabinet body responsible for standards in occupational safety, wages and number of hours worked, unemployment insurance benefits, re-employment services and a portion of the country s economic statistics.

NASDAQ Composite® Index: A market capitalization-weighted index of all issues listed in the NASDAQ (National Association Of Securities Dealers Automated Quotation System) Stock Market, except for closed-end funds, convertible debentures, exchange traded funds, preferred stocks, rights, warrants, units and other derivative securities. The index is calculated on a total return basis with dividends reinvested.

Nikkei 225 Stock Average: A price weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

Organization for Economic Cooperation and Development (OECD): An association of 34 nations in Europe, North America and the Pacific with a goal to promote policies to enhance the economic welfare of its members. Its primary

function is to collect analyze and report on economic growth data for its member countries.

Price-to-earnings ratio (P/E): A valuation measure calculated by dividing a stock s price by its current or projected earnings per share. The P/E ratio gives an idea of how much an investor is paying for current or future earnings power.

S&P 500® Index: A free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested.

STOXX Europe 600 Index: A broad based capitalization weighted index of European based stocks. It is a free float weighted index.

SENSEX: The benchmark index of the Bombay Stock Exchange (BSE). It is composed of 30 of the largest and most actively-traded stocks on the BSE.

Shanghai Composite Index: A capitalization weighted index that tracks the daily price performance of all A shares and B shares listed on the Shanghai Stock Exchange.

The Zweig Total Return Fund Composite Index: A composite index consisting of 50% Barclays Capital U.S. Government Bond Index (formerly Lehman Brothers Government Bond Index) and 50% S&P 500® Index.

Indexes cited are unmanaged and not available for direct investment; therefore their performance does not reflect the expenses associated with the active management of an actual portfolio.

THE ZWEIG TOTAL RETURN FUND, INC.

SCHEDULE OF INVESTMENTS AND SECURITIES SOLD SHORT

December 31, 2012

($ reported in thousands)

		Par	Value
INVESTMENTS			
U.S. GOVERNMENT SECURITIES	**26.4%**		
U.S. Treasury Bond 1.750%, 5/15/22[3]		$ 20,000	$ 20,150
U.S. Treasury Inflation Indexed Bonds			
1.625%, 1/15/15[3]		28,000	36,033
2.000%, 1/15/16[3]		25,000	32,301
2.375%, 1/15/17[3]		31,000	41,314
Total U.S. Government Securities			
(Identified Cost $117,325)			129,798
FOREIGN GOVERNMENT SECURITIES	**8.6%**		
Commonwealth of Australia			
6.500%, 5/15/13		5,000	5,263
5.500%, 12/15/13		11,000	11,730
Commonwealth of New Zealand Series 413, 6.500%, 4/15/13		7,000	5,850
Kingdom of Norway Series 470, 6.500%, 5/15/13		80,000[4]	14,638
Singapore Government Bond 3.625%, 7/1/14		6,000	5,163
Total Foreign Government Securities			
(Identified Cost $40,661)			42,644
CORPORATE BONDS	**2.2%**		
INDUSTRIALS 2.2%			
CSX Corp. 6.250%, 3/15/18		4,000	4,874
Ingersoll-Rand Global Holding Co., Ltd. 6.875%, 8/15/18		4,814	5,876
Total Corporate Bonds			
(Identified Cost $8,327)			10,750

		Number of Shares	
COMMON STOCKS	**62.8%**		
CONSUMER DISCRETIONARY 8.3%			
Amazon.com, Inc.[2]		9,600	2,411
AutoZone, Inc.[2]		7,500	2,658
Coach, Inc.		92,000	5,107
Comcast Corp. Class A[5]		167,000	6,243
DR Horton, Inc.		223,000	4,411
Ford Motor Co.		402,000	5,206

See notes to financial statements

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	Number of Shares	Value
CONSUMER DISCRETIONARY (CONTINUED)		
Goodyear Tire & Rubber Co. (The)[2]	232,000	$ 3,204
Leggett & Platt, Inc.	152,000	4,137
Lululemon Athletica, Inc.[2]	32,000	2,439
Yum! Brands, Inc.	76,000	5,046
		40,862
CONSUMER STAPLES 4.7%		
Altria Group, Inc.	210,100	6,602
Heinz (H.J.) Co.	99,000	5,710
Kimberly-Clark Corp.[6]	54,000	4,559
PepsiCo, Inc.	89,000	6,090
		22,961
ENERGY 7.6%		
Chevron Corp.	55,000	5,948
ConocoPhillips	64,000	3,711
Continental Resources, Inc.[2]	39,000	2,866
Schlumberger Ltd.	68,000	4,712
Total SA Sponsored ADR	73,000	3,797
Valero Energy Corp.	147,000	5,015
Whiting Petroleum Corp.[2][6]	65,000	2,819
Williams Cos., Inc. (The)	202,000	6,613
WPX Energy, Inc.[2]	127,000	1,890
		37,371
FINANCIALS 10.3%		
Aflac, Inc.	109,000	5,790
BB&T Corp.	206,000	5,997
BlackRock, Inc.	32,000	6,615
Goldman Sachs Group, Inc. (The)	40,000	5,102
HCP, Inc.[6]	82,000	3,705
JPMorgan Chase & Co.	217,000	9,541
Lincoln National Corp.	183,000	4,740
New York Community Bancorp, Inc.	272,000	3,563
U.S. Bancorp	174,000	5,558
		50,611
HEALTH CARE 7.8%		
Abbott Laboratories	106,000	6,943
Biogen Idec, Inc.[2]	22,000	3,227
Bristol-Myers Squibb Co.[6]	115,000	3,748
Eli Lilly & Co.[6]	133,000	6,560
Express Scripts Holding Co.[2]	44,000	2,376
Gilead Sciences, Inc.[2]	54,000	3,966

See notes to financial statements

	Number of Shares	Value
HEALTH CARE (CONTINUED)		
Johnson & Johnson	110,000	$ 7,711
UnitedHealth Group, Inc.	77,000	4,176
		38,707
INDUSTRIALS 6.5%		
Alaska Air Group, Inc.(2)	39,000	1,681
Caterpillar, Inc.	61,000	5,464
Cummins, Inc.	59,000	6,393
Deere & Co.	59,000	5,099
Lockheed Martin Corp.	49,000	4,522
Robinson (C.H.) Worldwide, Inc.	41,000	2,592
Union Pacific Corp.	35,000	4,400
United Continental Holdings, Inc.(2)	74,000	1,730
		31,881
INFORMATION TECHNOLOGY 8.6%		
Apple, Inc.	18,700	9,968
Citrix Systems, Inc.(2)	43,000	2,827
EMC Corp.(2)	115,000	2,910
Google, Inc. Class A(2)	4,100	2,908
International Business Machines Corp.	12,000	2,299
MasterCard, Inc. Class A	8,200	4,028
Paychex, Inc.	114,000	3,550
QUALCOMM, Inc.	111,000	6,884
VeriSign, Inc.(2)(6)	73,000	2,834
Visa, Inc. Class A(5)(6)	27,000	4,093
		42,301
MATERIALS 5.0%		
CF Industries Holdings, Inc.	14,000	2,844
Du Pont (E.I.) de Nemours & Co.	163,000	7,330
Freeport-McMoRan Copper & Gold, Inc.	199,000	6,806
MeadWestvaco Corp.	117,000	3,729
Monsanto Co.	41,000	3,881
		24,590
TELECOMMUNICATION SERVICES 2.9%		
AT&T, Inc.	108,000	3,641
CenturyLink, Inc.(6)	92,000	3,599
Verizon Communications, Inc.	165,000	7,139
		14,379

See notes to financial statements

		Number of Shares	Value
Utilities 1.1%			
Duke Energy Corp.		43,000	$ 2,744
FirstEnergy Corp.		62,000	2,589
			5,333
Total Common Stocks			
(Identified Cost $276,852)			308,996
Exchange-Traded Funds	**0.7%**		
Templeton Dragon Fund, Inc.		131,000	3,726
Total Exchange-Traded Funds			
(Identified Cost $2,411)			3,726
Total Long Term Investments 100.7%			
(Identified Cost $445,576)			495,914
Short-Term Investments	**0.4%**		
Money Market Mutual Funds 0.4%			
Dreyfus Cash Management Fund Institutional Shares			
(seven-day effective yield 0.090%)		1,747,778	1,748
Total Short-Term Investments			
(Identified Cost $1,748)			1,748
Total Investments, before Securities Sold Short and Written Options 101.1%			
(Identified Cost $447,324)			497,662
Securities Sold Short	**(2.3)%**		
Common Stock (2.3)%			
Consumer Discretionary (1.7)%			
Buffalo Wild Wings, Inc.		48	(3,495)
Chipotle Mexican Grill, Inc.		9	(2,588)
Vail Resorts, Inc.		44	(2,380)
			(8,463)
Information Technology (0.6)%			
SanDisk Corp.		59	(2,570)
Total Securities Sold Short			
(Proceeds $10,559)			(11,033)

See notes to financial statements

		Contracts	Value
Written Options	**(0.0)%**		
Call Options (0.0)%			
Comcast Corp. expiring 1/19/13 strike price $38.00		1,670	$ (69)
Visa, Inc. expiring 3/16/13 strike price $155.00		218	(95)
Total Written Options (Premiums Received $225)			(164)
Total Investments, Net of Securities Sold Short and Written Option (Identified Cost $436,540)	**98.8%**		486,465(1)
Other assets and liabilities, net 1.2%			5,744
Net Assets 100.0%			$ 492,209

(1) Federal Income Tax Information : For tax information at December 31, 2012, see Note 12 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) Par value represents Norwegian Krone (reported in thousands).
(5) All or a portion segregated as collateral for written options.
(6) All or a portion of securities segregated as collateral for margin borrowing and/or securities sold short.

See notes to financial statements

($ reported in thousands)

Country Weightings (Unaudited)	
United States	89%
Australia	3%
Norway	3%
Bermuda	1%
China	1%
France	1%
New Zealand	1%
Singapore	1%
Total	100%

% of total investments as of December 31, 2012

The following table provides a summary of inputs used to value the Fund s net assets as of December 31, 2012 (See Security Valuation Note 2A in the Notes to Financial Statements.):

	Total Value at December 31, 2012	**Level 1 Quoted Prices**	**Level 2 Significant Observable Inputs**
Debt Securities:			
U.S. Government Securities	$ 129,798	$	$ 129,798
Foreign Government Securities	42,644		42,644
Corporate Bonds	10,750		10,750
Equity Securities:			
Common Stocks	308,996	308,996	
Exchange-Traded Funds	3,726	3,726	
Short-Term Investments	1,748	1,748	
Total Investments before Securities Sold Short and Written Options	$ 497,662	$ 314,470	$ 183,192
Liabilities:			
Securities Sold Short	(11,033)	(11,033)	
Written Options	(164)	(164)	
Total Liabilities	$ (11,197)	$ (11,197)	$

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

See notes to financial statements

THE ZWEIG TOTAL RETURN FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2012

(Reported in thousands except shares and per share amounts)

ASSETS:		
Investment at value before securities sold short and written options (Identified cost $447,324)		$ 497,662
Cash		77
Deposits with prime broker		10,733
Receivables:		
Dividends and interest		2,353
Tax reclaims		1
Prepaid expenses		43
Total Assets		510,869
LIABILITIES:		
Securities sold short at value (Proceeds $10,559)		11,033
Written options outstanding, at value (Premiums received $225)		164
Borrowings (Note 9)		7,000
Payables		
Investment advisory fee		235
Administration fee		27
Transfer agent fees and expenses		26
Professional fees		74
Interest payable		5
Other accrued expenses		96
Total Liabilities		18,660
NET ASSETS		$ 492,209
CAPITAL		
Capital paid in on shares of beneficial interest		$ 441,976
Accumulated undistributed net investment income (loss)		736
Accumulated undistributed net realized gain (loss)		(457)
Net unrealized appreciation (depreciation) on investments		50,428
Net unrealized appreciation (depreciation) on securities sold short		(474)
NET ASSETS		$ 492,209
NET ASSET VALUE PER SHARE		
(Net assets/shares outstanding) Shares outstanding	34,966,839	$ 14.08

See notes to financial statements

THE ZWEIG TOTAL RETURN FUND, INC.

STATEMENT OF OPERATIONS

Year Ended December 31, 2012

($ reported in thousands)

INVESTMENT INCOME:	
Interest	$ 7,666
Dividends (net of foreign taxes withheld of $52)	7,132
Total Investment Income	14,798
Expenses:	
Investment advisory fees	3,571
Administration fees	331
Directors fees	224
Printing fees and expenses	590
Professional fees	326
Transfer agent fees and expenses	190
Custodian fees	14
Miscellaneous	310
Expenses before dividends on short sales and interest expense	5,556
Dividends on short sales	5
Interest expense	9
Total Expenses	5,570
Less expenses waived by investment advisor	(714)
Net Expenses	4,856
Net Investment Income	9,942
NET REALIZED AND UNREALIZED GAIN (LOSSES)	
Net realized gain (loss) on:	
Investments	12,011
Written options	(3,227)
Foreign currency transactions	(81)
Securities sold short	(14)
Capital gain distributions	98
Net change in unrealized appreciation (depreciation) on:	
Investments	13,125
Written options	28
Foreign currency translations	52
Securities sold short	(474)
Net realized and unrealized gain (loss)	21,518
Net increase (decrease) in net assets resulting from operations	$ 31,460

See notes to financial statements

THE ZWEIG TOTAL RETURN FUND, INC.

STATEMENT OF CHANGES IN NET ASSETS

($ reported in thousands)

	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011
INCREASE (DECREASE) IN NET ASSETS		
Operations		
Net investment income	$ 9,942	$ 9,123
Net realized gain (loss)	8,787	6,976
Net change in unrealized appreciation (depreciation)	12,731	(3,821)
Net increase in net assets resulting from operations	31,460	12,278
Dividends and distributions to shareholders from		
Net investment income	(9,824)	(8,870)
Net realized short-term gains	(276)	(3,965)
Net realized long-term gains	(7,135)	(2,281)
Tax return of capital	(22,508)	(38,378)
Total dividends and distributions to shareholders	(39,743)	(53,494)
Capital share transactions		
Net proceeds from the sale of shares during rights offering (net of expenses of $644)	(103)[1]	97,989
Common Shares repurchased	(13,213)	
Net increase (decrease) in net assets derived from capital share transactions	(13,316)	97,989
Net increase (decrease) in net assets	(21,599)	56,773
NET ASSETS		
Beginning of period	513,808	457,035
End of period	$ 492,209	$ 513,808
Accumulated undistributed net investment income (loss) at end of period	$ 736	$ 687

Other Information:

Capital share transactions were as follows:[2]		
Common Shares outstanding at beginning of period	36,023,686	28,648,686
Common Shares repurchased	(1,056,847)	
Shares issued during rights offering		7,375,000
Common Shares outstanding at end of period	34,966,839	36,023,686

(1) Adjustment to bring costs estimated in connection with rights offering to actual.

(2) Share amounts for the year ended December 31, 2011 and common shares repurchased during 2012 have been adjusted to reflect the 1-for-4 reverse stock split that occurred effective the start of trading on the NYSE on June 27, 2012. See Notes 7 and 8 in the Notes to Financial Statements.

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,				
	2012	**2011**	**2010**	**2009**	**2008**
Per Share Data					
Net asset value, beginning of period	$ 14.28	$ 15.96	$ 16.52	$ 16.00	$ 19.88
Income From Investment Operations					
Net investment income (loss)(3)	0.28	0.24	0.20	0.20	0.28
Net realized and unrealized gains (losses)	0.64	0.16	0.84	1.92	(2.32)
Total from investment operations	0.92	0.40	1.04	2.12	(2.04)
Dividends and Distributions					
Dividends from net investment income	(0.28)	(0.24)	(0.20)	(0.24)	(0.40)
Distributions from net realized gains	(0.21)	(0.20)	(0.32)	(0.04)	(0.24)
Tax return of capital	(0.63)	(1.08)	(1.08)	(1.32)	(1.20)
Total dividends and distributions	(1.12)	(1.52)	(1.60)	(1.60)	(1.84)
Dilutive effect on net asset value as a result of rights offering	(4)	(0.56)(6)			(4)
Net asset value, end of period(8)	$ 14.08	$ 14.28	$ 15.96	$ 16.52	$ 16.00
Market value, end of period(1)(8)	$ 12.31	$ 12.12	$ 14.24	$ 15.64	$ 13.48
Total investment return(2)	10.92%	(4.65)%(7)	1.04%	29.74%	(16.90)%
Total return on net asset value(5)	7.68%	4.46%	7.21%	15.46%	(10.09)%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	$ 492,209	$ 513,808	$ 457,035	$ 473,217	$ 458,767
Ratio of expenses to average net assets (after expense waivers)	0.95%(9)	0.88%	1.10%	1.14%	1.03%
Ratio of expenses to average net assets (before expense waivers)	1.09%(9)	0.97%	1.10%	1.14%	1.03%
Ratio of net investment income to average net assets	1.95%	1.71%	1.19%	1.38%	1.66%
Portfolio turnover rate	47%	46%	25%	35%	61%

See notes to financial statements

(1) Closing Price New York Stock Exchange.
(2) Total investment return is calculated assuming a purchase of a share of the Fund s common stock at the opening NYSE share price on the first business day and a sale at the closing NYSE share price 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. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net assets from the beginning to the end of such years. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.
(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 Notes to Financial Statements). 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**	**2009**	**2008**
Net Asset Value (prior to reverse stock split)	$ 3.57	$ 3.99	$ 4.13	$ 4.00
Market Price (prior to reverse stock split)	$ 3.03	$ 3.56	$ 3.91	$ 3.37

(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%.