ZWEIG TOTAL RETURN FUND INC
Form N-30B-2
November 20, 2001

November 1, 2001

[PHOTO]

Dear Shareholder:

The Zweig Total Return Fund's net asset value decreased 2.8% during the quarter ended September 30, 2001, including $0.18 in reinvested distributions.

For the nine months ended September 30, 2001, the Fund's net asset value declined 5.9%, including $0.54 in reinvested distributions. The Fund's average overall exposure during the period was 89%.

The third quarter was a difficult one for the equity markets. The Dow Jones Industrial Average dropped 15.8%, its worst showing since the last quarter of 1987. The Nasdaq composite declined 31%, and the S&P 500 Index was down nearly 15%./1/ According to Lipper Inc., 99% of equity mutual funds finished the quarter in the red, and the average diversified mutual fund dipped 16.2%.

/1/The Dow Jones Industrial Average and the S&P 500 Index measure broad stock market total-return performance. The Nasdaq composite measures technology-oriented stock total-return performance. All of the indices are unmanaged and not available for direct investment.

In line with our indicators, which have served us so well in the past, we were bullish during the quarter for the following reasons. Historically, going back to 1913, there have been roughly 11.9 cumulative years when we were in a similar mode--three or more Federal Reserve interest rate cuts and a growing money supply--and the average annual return for the S&P 500 during that period was 32.8%. The average rate of return for the remaining 76 years was in the vicinity of 2.2%.

That is basically why we were bullish. Other indicators pointed in the same direction. What went wrong--and that was before the terrorist attacks on September 11--is that I underestimated the impact of the bursting of the technology bubble on the market and the economy. I thought the Fed actions would induce capital expenditures in other areas sooner and stimulate consumer spending. The housing market, for example, did show improvement. However, conditions unexpectedly worsened in August and the events of September 11 only exacerbated the market's weakness.

DISTRIBUTION DECLARED

In accordance with our policy of distributing 10% of net assets per year, which equals 0.83% per month (10% divided by 12 months), the Fund announced a distribution of $0.056 per share payable on November 26, 2001 to shareholders of record on November 13, 2001. The amount of the distribution depends on the exact net asset value at the time of declaration. For the November distribution, 0.83% of the Fund's net asset value was equivalent to $0.056 per share. Including this distribution, the Fund's payout since inception is now $11.36 per share.

MARKET OUTLOOK

Our bond exposure on September 30 was 60% compared with 57% at the end of the second quarter. If we were fully invested, we would be 62.5% in bonds and 37.5% in stocks. Consequently, at 60%, we are at approximately 96% of a full position (60%/62.5%).

Treasury securities performed very strongly in the third quarter. As economic weakness accelerated, the Federal Reserve cut interest rates dramatically. The 30-year Treasury bond began the quarter yielding 5.69% but rallied smartly to 5.42% at the end of September. While the long bond performed well, the sharpest rally came in the front end of the yield curve, as two-year notes moved 131 basis points, from 4.16% to 2.85%.

The main factors for the powerful performance of shorter dated Treasury notes included an acceleration of worldwide economic woes, with most U.S. data pointing to a possible recession; the so-called "flight to quality," with investors favoring short maturity Treasuries over all other investments after the terrorist attacks; and the Fed's steep rate cuts.

The Fed has now cut the overall Federal funds rate--the rate it can directly affect--a total of 400 basis points this year. This is, by far, the most dramatic reduction implemented by the Fed in so short a time. It seems the Fed wants the investing public to know that it stands willing to do whatever it takes to avert a major recession, stemming from a loss in consumer confidence after the attacks. As a result, excess liquidity has been flowing to the safety of U.S. Treasury notes and bonds.

Our equity exposure as of September 30 was 34%. At this figure, we were at about 91% of a full position (34%/37.5%). At the close of the second quarter, we were at 39%, slightly above our benchmark of 37.5%.

The World Trade Center attack is perhaps the equivalent of a 1000-year flood. It presents an entirely new and different set of largely unpredictable eventualities. However, what happened to the market after the sneak attack on Pearl Harbor on December 7, 1941, might provide a clue. At the time of the attack, the market was already down roughly 10% from its previous high. On news of the attack, the Dow fell 8.8% over a two-week period before recovering in early January. By November 1942, less than a year later, the Dow had rallied back to its pre-attack level.

As far as the post-September 11 stock market is concerned, I think there will be at least five and perhaps six areas of economic stimulus that will be very important. They are:

One, we will see some tax cuts. I am not sure how Congress will work out the specifics, but there is some bipartisanship and we'll get something.

Two, there will be more government spending. President Bush is requesting an economic stimulus package of $75 billion on top of $40 billion in emergency spending and $15 billion to the airlines. And, we expect there will be more of that.

Three, we have lower oil prices, partly because of the attack. The effect is almost like a tax cut.

Four, the Fed has cut rates two more times since the attack, and it is flooding the economy with liquidity. This may be temporary, but it should help.

Five, the insurance companies will pay out at least $40 billion. That is not just for the World Trade Center. It includes life and other property insurance that will go back to rebuilding the economy.

Then, there is a sixth stimulus that has nothing to do with the terrorist attack. It is the

huge inventory drop, which I was paying a lot of attention to prior to September 11. Capacity utilization is also way down, but at some point, inventory gets so thin that it has to be rebuilt.

These are all positives for the economy. As for negatives, we may see one for housing, depending on the direction of prices. Also, consumer confidence is pretty poor. Consumer confidence is also low at the end of a recession. That did not bother me before the attack, but there's an additional fear factor here. If consumers are reluctant to spend--and I am not making a prediction--there could be some problems.

I don't know whether or when people will go back to living normally, but there will be increased spending. But will it be enough to give us a vigorous recovery? My guess is probably not. However, I think we will come off the lows.

There is an enormous shock effect right now. Whatever the gross national product is for the third and fourth quarters, I believe we will see a positive first quarter in 2002, but I don't look for it to be huge.

Prior to the attack, consumers were concerned about the weakening economy. S&P 500 earnings were down about 22% for the quarter, and the unemployment rate was up 1% this year to 4.9%. However, the S&P has returned 15.8% in previous periods when earnings were down versus only 3.8% when earnings were up 10% or better. In addition, in the nine previous cases when unemployment rose 1% as it has this year, the S&P was higher a year later in every case by an average of 24.9%. History shows that once economic weakness is this widespread and the Fed is cutting rates, stocks soon bottom and head sharply higher.

My indicators are bullish. Our monetary model is supported by nine Fed cuts, T-bills yields down over 50%, long bond yields off over 20%, and a dramatically steeper yield curve. Our sentiment model is extremely bullish as well because of the widespread pessimism. The puts/calls ratio, investor sentiment surveys, and cash levels show that investors have raised cash in fear of lower stock prices. In previous instances when investors have shown this level of pessimism, the market has returned over 32% a year.

In view of the above considerations, we remain bullish and as of this writing, are about 93% invested.

PORTFOLIO COMPOSITION

Our leading industry groups as of September 30 included health care, financial services, technology, telecommunications, oil and oil services, and retailing. These groups all appeared on our June 30 listing. During the quarter, we increased our position in health care, a category that held up well in a difficult market. Our holdings were trimmed in oil and oil services, a group that underperformed. Technology lost exposure because of market weakness.

Some of our largest individual holdings include Pfizer, Microsoft, General Electric, Citigroup, Wal-Mart, Johnson & Johnson, Tyco, SBC Communications, Verizon, and Eli Lilly.

Eli Lilly is new to our portfolio. Johnson & Johnson, SBC Communications, and Verizon showed relatively good performance during the quarter. Among the top holdings listed in our previous quarterly report, we have reduced our stake in AOL Time Warner, and IBM and Intel underperformed.

Sincerely,

/s/ Martin E. Zweig, Ph.D.
Martin E. Zweig, Ph.D.
Chairman

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THE ZWEIG TOTAL RETURN FUND, INC.

STATEMENT OF NET ASSETS
September 30, 2001
(Unaudited)

		Number of Shares	Value
Common Stocks	33.58%		
Aerospace & Air Transport	0.19%		
United Technologies Corp.		24,500	$ 1,139,250
Automotive	0.12%		
General Motors Corp.		16,000	686,400
Building & Forest Products	0.60%		
Cemex S.A. de CV, ADR..............................		28,856	592,702
International Paper Co.		39,700	1,381,560
Weyerhaeuser Co.		32,000	1,558,720
			3,532,982
Chemicals	0.31%		
Dow Chemical Co.		55,900	1,831,284
Commercial Services	0.22%		
Omnicom Group, Inc.		20,000	1,298,000
Consumer Products	1.38%		
Anheuser-Busch Cos., Inc.		32,000	1,340,160
Avon Products, Inc.		16,000	740,000
Kimberly-Clark Corp.		32,000	1,984,000
PepsiCo, Inc.		47,800	2,318,300
Procter & Gamble Co.		24,000	1,746,960
			8,129,420
Electronics -- Electrical	1.50%		
Celestica, Inc.		16,000(a)	436,800
Emerson Electric Co.		32,000	1,505,920
Flextronics International Ltd.		16,000(a)	264,640
General Electric Co.		162,000	6,026,400
Jabil Circuit, Inc.		32,000(a)	572,800
			8,806,560
Engineering & Machinery	0.12%		
SPX Corp.		8,500	704,650

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		Number of Shares	Value
Financial Services	6.72%		
American International Group, Inc.		51,100	$ 3,985,800
Bank of America Corp.		63,700	3,720,080
Capital One Financial Corp.		32,000	1,472,960
Citigroup, Inc.		129,000	5,224,500
Fannie Mae..		43,100	3,450,586
Freddie Mac.......................................		57,000	3,705,000
H & R Block, Inc.		64,000	2,467,840
Household International, Inc.		32,000	1,804,160
Lehman Brothers Holdings, Inc.		36,800	2,092,080
Lincoln National Corp.		32,000	1,492,160
MBNA Corp.		32,000	969,280
Merrill Lynch & Co., Inc.		24,000	974,400
MetLife, Inc.		48,000	1,425,600
Morgan Stanley Dean Witter & Co.		36,900	1,710,315
SouthTrust Corp.		32,200	820,134
Washington Mutual, Inc.		63,850	2,456,948
Wells Fargo & Co.		40,000	1,778,000
			39,549,843
Health Care	5.86%		
American Home Products Corp.		32,000	1,864,000
Amgen, Inc.		32,000(a)	1,880,640
Bristol-Myers Squibb Co.		47,800	2,655,768
Cardinal Health, Inc.		24,100	1,782,195
Eli Lilly & Co.		48,000	3,873,600
Guidant Corp.		38,400(a)	1,478,400
Johnson & Johnson		82,800	4,587,120
MedImmune, Inc.		31,900(a)	1,136,597
Pfizer, Inc.		159,200	6,383,920
Pharmacia Corp.		56,000	2,271,360
St. Jude Medical, Inc.		24,000	1,642,800
Tenet Healthcare Corp.		38,100(a)	2,272,665
UnitedHealth Group, Inc.		40,000	2,660,000
			34,489,065
Investment Companies	0.92%		
Nasdaq-100 Index..................................		122,000	3,535,560
Semiconductor Holders Trust.......................		63,000	1,862,280
			5,397,840
Manufacturing	1.14%		
Caterpillar, Inc.		32,000	1,433,600
Honeywell International, Inc.		32,000	844,800
Tyco International Ltd.		98,000	4,459,000
			6,737,400

		Number of Shares	Value
Media	1.21%		
Comcast Corp., Class A		46,700(a)	$ 1,675,129
Gannett Co., Inc		16,000	961,760
Gemstar-TV Guide International, Inc		39,000(a)	768,690
McGraw-Hill Cos., Inc.		35,500	2,066,100
New York Times Co., Class A		28,500	1,112,355
Viacom, Inc., Class B		16,100(a)	555,450
			7,139,484
Metals	0.21%		
Alcoa, Inc.		39,900	1,237,299
Oil & Oil Services	2.27%		
Anadarko Petroleum Corp.		38,400	1,846,272
BJ Services Co.		32,000(a)	569,280
Chevron Corp.		24,200	2,050,950
El Paso Corp.		32,000	1,329,600
Enron Corp.		30,100	819,623
Exxon Mobil Corp.		89,200	3,514,480
Occidental Petroleum Corp.		32,000	778,880
Santa Fe International Corp.		16,000	340,000
Talisman Energy, Inc.		24,000	816,240
USX-Marathon Group		47,600	1,273,300
			13,338,625
Railroads	0.13%		
CSX Corp.		24,000	756,000
Restaurants	0.22%		
McDonald's Corp.		48,000	1,302,720
Retailing	1.97%		
Home Depot, Inc.		71,000	2,724,270
Kroger Co.		32,000	788,480
Lowe's Cos., Inc.		59,300	1,876,845
Target Corp.		36,200	1,149,350
Wal-Mart Stores, Inc.		102,500	5,073,750
			11,612,695

Number of

		Shares	Value
Technology	5.18%		
AOL Time Warner, Inc.		79,900(a)	$ 2,644,690
Applied Materials, Inc.		29,800(a)	847,512
Cisco Systems, Inc.		129,700(a)	1,579,746
Corning, Inc.		17,000	149,940
Cypress Semiconductor Corp.		33,000(a)	490,380
Dell Computer Corp.		87,100(a)	1,613,963
Electronic Data Systems Corp.		39,900	2,297,442
EMC Corp.		50,000(a)	587,500
First Data Corp.		31,700	1,846,842
Intel Corp.		141,400	2,890,216
International Business Machines Corp.		38,400	3,544,320
JDS Uniphase Corp.		17,000(a)	107,440
Lucent Technologies, Inc.		62,800	359,844
Microchip Technology, Inc.		24,500(a)	656,600
Microsoft Corp.		119,500(a)	6,114,815
Motorola, Inc.		32,200	502,320
Network Appliance, Inc.		17,000(a)	115,600
Oracle Corp.		122,700(a)	1,543,566
QUALCOMM, Inc.		24,500(a)	1,164,730
Siebel Systems, Inc.		39,800(a)	517,798
Sun Microsystems, Inc.		98,000(a)	810,460
USinternetworking, Inc.		29,950(a)	8,086
Yahoo!, Inc.		8,800(a)	77,528
			30,471,338
Telecommunications	2.92%		
ADC Telecommunications, Inc.		57,500(a)	200,675
Amdocs Ltd.		32,000(a)	852,800
AT&T Corp.		98,000	1,891,400
AT&T Wireless Services, Inc.		72,736(a)	1,086,676
General Motors Corp., Class H		65,000	866,450
Nokia Corp., ADR		70,000	1,095,500
Nortel Networks Corp.		65,000	364,650
SBC Communications, Inc.		87,900	4,141,848
Telephone & Data Systems, Inc.		15,900	1,499,370
TyCom Ltd.		22,500(a)	176,625
Verizon Communications, Inc.		71,900	3,890,509
WorldCom, Inc. -- WorldCom Group		73,950(a)	1,112,208
			17,178,711

		Number of Shares	Value
Utilities -- Electric & Gas	0.39%		
Calpine Corp.		43,400(a)	$ 989,954
Exelon Corp.		28,800	1,284,480
			2,274,434

Total Common Stocks			197,614,000
Unit Investment Trusts	0.43%		
S&P MidCap 400 Depositary Receipts		31,800	2,516,970
		Principal Amount	
United States Government Obligations	59.63%		
FHLMC, 6.875%, 1/15/05		$70,500,000	77,244,242
FHLMC, 5.125%, 10/15/08		38,100,000	38,560,515
FHLMC, 7.00%, 3/15/10		42,000,000	47,410,776
United States Treasury Notes, 6.00%, 8/15/09		21,900,000	24,090,876
United States Treasury Bonds, 10.75%, 5/15/03		15,000,000	16,907,235
United States Treasury Bonds, 8.125%, 5/15/21		33,700,000	44,620,923
United States Treasury Bonds, 6.875%, 8/15/25		40,500,000	47,913,404
United States Treasury Bonds, 5.25%, 11/15/28		40,000,000	38,603,160
United States Treasury Bonds, 5.375%, 2/15/31		15,700,000	15,606,789
Total United States Government Obligations			350,957,920
Short-term Investments	5.56%		
CitiBank Capital, 3.47%, 10/01/01		10,000,000	10,000,000
Volkswagen Corp., 3.40%, 10/01/01		22,700,000	22,700,000
Total Short Term Investments			32,700,000
Total Investments -- 99.20%			583,788,890
Cash and Other Assets Less Liabilities -- 0.80%			4,715,053
Net Assets (Equivalent to $6.51 per share based on 90,417,863 shares of capital stock outstanding) -- 100%			$588,503,943

(a) Non-income producing security

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THE ZWEIG TOTAL RETURN FUND, INC.

FINANCIAL HIGHLIGHTS
September 30, 2001
(Unaudited)

	Total Net Assets		Net Asset Value per share	
Beginning of period: December 31, 2000		$671,055,863		$ 7.48
Net investment income	$ 12,420,590		$ 0.14	
Net realized and unrealized loss on investments	(51,187,488)		(0.57)	
Dividends from net investment income and distributions from				

net long-term and short-term capital gains................	(48,559,194)		(0.54)	
Net asset value of shares issued to shareholders in reinvestment of dividends resulting in issuance of common stock..................	4,774,172		--	
Net decrease in net assets/net asset value..................		(82,551,920)		(0.97)
End of period: September 30, 2001...........................		$588,503,943		$ 6.51

KEY INFORMATION

1-800-272-2700 Zweig Shareholder Relations:
For general information and literature

1-800-272-2700 The Zweig Total Return Fund Hot Line:
For 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.

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.

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OFFICERS AND DIRECTORS

Quarterly Report

Martin E. Zweig, Ph.D.
Chairman of the Board and President

Jeffrey Lazar
Executive Vice President and Treasurer

Nancy J. Engberg
Secretary

Christopher M. Capano
Vice President

Charles H. Brunie
Director

Elliot S. Jaffe
Director

Wendy Luscombe
Director

Alden C. Olson, Ph.D.
Director

James B. Rogers, Jr.
Director

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[LOGO] Zweig
The Zweig Total
Return Fund, Inc.

September 30, 2001

PXP 1376 3206-3Q-01

[LOGO] PHOENIX INVESTMENT PARTNERS
A member of The Phoenix Companies, Inc