

THE  
Z W E I G  
FUND

*Automatic  
Reinvestment  
and  
Cash Purchase Plan*

THE  
Z W E I G  
TOTAL  
RETURN  
FUND



December 31, 2011

## **The Zweig Fund, Inc. and The Zweig Total Return Fund, Inc.**

Dear Shareholder:

In order to provide you with answers to the questions that are most frequently asked about the Automatic Reinvestment and Cash Purchase Plan established by The Zweig Fund, Inc. and The Zweig Total Return Fund, Inc., we have prepared this brochure to summarize the details of the Plan. The Plan provides a convenient way to compound returns by acquiring additional shares of the Fund's common stock automatically through the reinvestment of distributions paid on your shares.

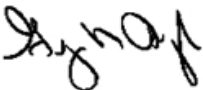
If you are a new shareholder and your shares are held in your name, you will automatically be a participant in the Plan and your distributions will be reinvested, unless you elect to receive your distributions in cash.

If your shares are held in the name of a broker, bank, or other nominee, you will need to instruct them to participate in the Plan and have your distributions reinvested on your behalf. You also may need to instruct your broker, bank or nominee to re-register your shares in your name to guarantee your participation in the Plan. If you do not notify them that you wish to participate in the Plan, and, if necessary, change the registration of your shares, your distributions may not be reinvested.

We hope this brochure will prove helpful in addressing your questions concerning the Plan. Starting in 2010, future terms and conditions of the plan have been incorporated within the annual report.

For additional information about The Zweig Fund, Inc. and The Zweig Total Return Fund, Inc., please visit [www.virtus.com](http://www.virtus.com), the website for Virtus Investment Partners, Inc. and Zweig Advisors LLC, the sub advisor of the Funds, is a wholly owned subsidiary of Virtus Investment Partners. For customer service, please call 1-800-272-2700.

Sincerely,



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George R. Aylward  
President, Chairman and  
Chief Executive Officer

## **What is the Managed Distribution Plan?**

The Funds have a Managed Distribution Plan to pay 10% 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, 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 Board may amend, suspend or terminate the Managed Distribution Plan without prior notice to Shareholders if it deems such action to be in the best interest of the Fund and its shareholders.

Information about the Zweig funds is available at [www.virtus.com](http://www.virtus.com). Pursuant to the requirements of the 1940 Act, a notice will accompany each distribution with respect to the estimated source of the distribution made on a GAAP basis. Section 19(a) notices are posted on the website.

## **How Often Does The Zweig Fund, Inc. Declare Distributions?**

The Zweig Fund pays shareholders a minimum of 10% of its net asset value each year on a quarterly basis at the rate of 2.5% per quarter. This figure is calculated on the basis of the Fund's net asset value at the market's close the day prior to each actual quarterly declaration date. For example, if the Fund's net asset value is \$4.00 per share at the time a distribution is declared, the quarterly distribution per share would be \$0.10 ( $\$4.00 \times 2.5\% = \$0.10$  per share). 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.

If under our policy, the sum of the Fund's net investment income and net short-term and long-term realized capital gains is greater than 10 percent of net asset value, the Fund would pay out the extra amount in the fourth quarter distribution. In the event that the Fund fails to earn 10 percent through net investment income and net short-term and long-term realized gains, the difference will be distributed from the Fund's assets. Such difference will generally be treated as a tax-free return of capital (up to the amount of the shareholder's tax basis on his or her

shares).

The Fund estimates that it has distributed more than its income and net realized capital gains for the calendar year 2011; therefore, a portion of your distribution will be a return of capital. A return of capital may occur 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.

### **How Often Does The Zweig Total Return Fund, Inc. Declare Distributions?**

The Zweig Total Return Fund pays shareholders a minimum of 10% of its net asset value each year on a monthly basis at the rate of 0.83% per month (10% divided by 12 months). This figure is calculated on the basis of the Fund's net asset value at the market's close the day prior to each actual monthly declaration date. For example, if the Fund's net asset value is \$4.00 per share at month end, the monthly distribution per share would be \$0.033 per share ( $\$4.00 \times 0.83\% = \$0.033$  per share). 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.

If under our policy, the sum of the Fund's net investment income and net short-term and long-term realized capital gains is greater than 10 percent of net asset value, the Fund would pay out the extra amount in the final year-end payment. In the event that the Fund fails to earn 10 percent through net investment income and net short-term and long-term realized gains, the difference will be distributed from the Fund's assets. Such difference will generally be treated as a tax-free return of capital (up to

the amount of the shareholder's tax basis on his or her shares).

The Fund estimates that it has distributed more than its income and net realized capital gains for the calendar year 2011; therefore, a portion of your distribution will be a return of capital. A return of capital may occur 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".

### **How Do I Enroll In the Plan?**

No enrollment is necessary if you are a new shareholder. Each new shareholder is considered a participant in the Plan. If your shares are registered in the name of a broker, bank or other nominee, please refer to the next section. All distributions will be automatically reinvested by Computershare Trust Company, N.A. as the plan administrator (the "Administrator" or "Plan Administrator"), in whole or fractional shares of the Fund. Registered shareholders (shareholders whose shares are registered on the books and records of the transfer agent in their names) may terminate their participation and receive distributions in cash by contacting 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.

## **What If My Shares Are Held By A Broker, Bank Or Other Nominee?**

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.

## **What Are The Benefits Of The Plan?**

The Plan provides you with a convenient way to reinvest your distributions in additional shares of the Fund, thereby enabling you to compound your returns from the Fund.

Another benefit of the Plan is that, under circumstances in which distributions consist of shares issued directly by the Fund, you do not pay any brokerage commissions to acquire these shares. Also, under circumstances in which the distributions are reinvested in shares that are purchased by the Plan Administrator on the open market, brokerage commissions should be lower than you would pay to buy shares on your own, since the Plan Administrator would purchase shares in large blocks.

You will receive a detailed account statement from the Plan Administrator showing your distributions, dates of reinvestment, number of shares acquired and purchase price paid per share and also showing the total number of shares you previously acquired and still hold through the Plan. These statements should be maintained as permanent records in order to determine cost basis for tax filings with the Internal Revenue Service. The Plan Administrator will charge \$20 per year for any lost statement requested prior to the last two years.

As a participant in the Plan, you will enjoy the safekeeping services provided by the Plan Administrator for all shares purchased on your behalf. You may also deposit the share certificates you currently hold in order to protect them against loss, theft or destruction. Simply send your certificates, along with a letter of instruction, to The Zweig Funds, c/o Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078. Since you bear the risk of loss in transit, the Plan Administrator recommends that you send the certificates by registered mail, return receipt requested and insured for 3% of the

value of the stock (minimum of \$20). **Please do not endorse the certificates.**

### **How Do I Receive Cash Distributions In Lieu Of Reinvestment?**

If you wish to receive distributions in cash paid by check or by direct deposit, you must request the Plan Administrator to terminate your participation. In order to be effective for a particular distribution, notice must be received by the Plan Administrator at least 7 business days before the payment date for such distribution.

Please call the Plan Administrator at 1-800-272-2700 or you may also request to terminate your participation by completing the appropriate section on the reverse side of the transaction form attached to your Plan statement. Shareholders with shares in the name of a nominee must contact the broker, bank or other nominee to change your election and receive cash distributions. Your broker may require notice more than 7 business days prior to the distribution payment date.

### **How Does The Reinvestment Plan Work?**

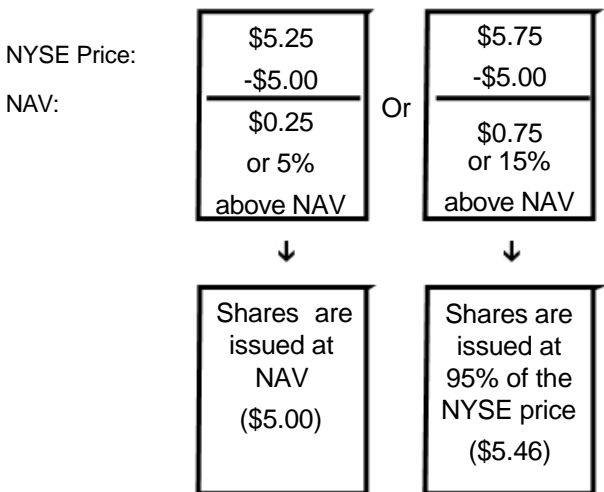
When a distribution is declared, nonparticipants in the Plan will receive cash. Participants in the Plan will receive Shares of the Fund valued as described below:

Effective February 1, 2011, each Fund will make the reinvestment determination using the market price of the respective Fund's common stock on the payable date of the distribution rather than the record date.

1. If on the payable date for the distribution, the market price of the Fund's common stock is less than the net asset value (NAV), 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 this rate is subject to change and may vary. 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 purchases during such a period. If, following the commencement of purchases and before the Plan Administrator has completed its purchases, the trading price equals or exceeds the most recent NAV 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 NAV 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 dividend or 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. The Plan Administrator may use its affiliates and/or affiliates of the Fund's investment adviser for all trading activity relative to the Plan on behalf of Plan Participants. Such affiliates will receive a commission in connection with such trading transactions.

2. If on the payable date for the distribution, the market price is equal to or exceeds the NAV, Participants will be issued new shares by the Fund at the greater of (a) the NAV on the payable date or (b) 95% of the market price on such date. Please see the 2 examples below.



**Will The Entire Amount Of My Distribution Be Reinvested?**

As a registered shareholder in the Plan, the entire amount of your distribution will be reinvested in shares. For any balance that is not sufficient to purchase a full share, the Plan Administrator will credit your account with a fractional share interest. The fractional share interest is included in all subsequent distributions, and you have voting rights on all full and fractional shares acquired under the Plan.

## **Is There Any Charge To Participate In The Plan?**

No, as a Participant in the Plan you will not pay any charge to have your distributions reinvested in additional shares. The Plan Administrator's fees for handling the reinvestment of distributions will be paid by the Fund. There will be no brokerage commissions for shares issued directly by the Fund in payment of distributions. However, each Participant will pay a 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 the reinvestment of distributions.

## **How Do I Terminate My Participation In The Plan?**

If the Plan Administrator is not holding any shares on your behalf, simply request the Administrator to terminate your participation in the Plan.

If the Plan Administrator is holding shares on your behalf, you have two options should you choose to discontinue your participation. You may either request the Plan Administrator to sell all of the shares and send the proceeds to you, net of any brokerage commissions, or you may receive a certificate for the appropriate number of full shares, along with a check in payment for any fractional share interest you may have. The payment for the fractional share interest will be valued at the sale price of the Fund's shares on the date your termination is effective.

Your request will be processed as soon as practical (generally, within 5 business days) provided the Plan Administrator receives the notice at least 7 business days prior to any distribution payment date. If such notification is received less than 7 business days prior to any distribution payment date, the request may not be processed until shares to be received from the reinvestment of distributions have been posted to your account (generally, a few days after the payable date). The Plan Administrator may use its affiliates and/or affiliates of the Fund's investment adviser for all trading activity relative to the Plan on behalf of Plan Participants. Such affiliates will receive a commission in connection with such trading transactions.

Once terminated, you may re-enroll in the Plan (provided you still have shares registered in your name) by contacting the Plan Administrator. To be effective for a particular distribution, the Plan Administrator must receive your request at least 2 business days prior to the associated distribution record date.

### **How Do I Sell My Distribution Reinvestment Shares?**

You may sell a portion of your Distribution Reinvestment Shares by contacting the Plan Administrator. You may call 1-800-272-2700 to liquidate shares if the dollar value of a sale is expected to be \$50,000 or less. If the dollar value is expected to exceed \$50,000, you must submit a written request to Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078, Attn: The Zweig Fund, Inc. or The Zweig Total Return Fund, Inc. This limitation is set to protect your account against unauthorized sales. In addition, the Administrator has the right to decline to process a sale by telephone if it determines, in its sole discretion, that supporting legal documentation is required. Your request to sell shares will be processed as soon as practical (generally, within 5 business days) after the Plan Administrator receives the request. The sale price per share will be equal to the weighted average price of all shares sold by the Plan Administrator on the applicable trading day, less brokerage commissions (currently \$0.02 per share, but may vary and is subject to change).

If you request a sale within a 30 day period of an address change, a signed written request is required. Please be sure to include the number of shares you wish to sell and the account number. The Administrator is not able to accept instructions to sell on a specific date, at a specific price, or for a specific dollar amount. If you wish the check to be sent to an address other than the address on record, the letter must contain a medallion guarantee stamped by a bank or brokerage firm.

## **Will I Be Issued Share Certificates For Transactions In The Plan?**

The Administrator will hold shares of common stock acquired pursuant to the Plan in book-entry (non-certificated) form. The Administrator will send account statements reporting the number of shares (including any fraction of a share) credited to the Participant's account after each acquisition. If a stock certificate is desired, it must be requested for each transaction. The Plan Administrator generally issues certificates, free of charge, within 5 business days after receipt of a Participant's request. Certificates will be issued only for full shares.

## **Are Distributions That Are Reinvested Subject To Income Taxes?**

The automatic reinvestment of distributions will not relieve Participants of any income tax which may be payable on such distributions. If you participate in the Plan, you will receive a Form 1099-DIV concerning the Federal tax status of distributions paid during the year.

## **How Can I Transfer Shares?**

To transfer some or all of your shares, simply contact the Plan Administrator for instructions. These requests must meet the same requirements as for the transfer of common stock certificates, including the requirement of a medallion signature guarantee. If the recipient is not already a registered shareholder, the Administrator will open an account in the recipient's name and will automatically enroll the account in the Plan unless otherwise directed.

**Please note, ANY request to update the registration of an existing shareowner account (e.g., adding or removing a Joint Tenant), may result in a transfer. If you request a change to the registration on your current account, please specify if the dividends should be reinvested or paid out in cash. If neither is mentioned in the request, the new account will automatically be enrolled in the Plan.**

## **Do You Offer DRS (Direct Registration System) Processing?**

Yes. This program provides for the ability to hold shares in a book-entry account rather than in certificate form offering several advantages over certificate shares. Specifically, you retain full ownership of your shares without having to hold a stock certificate. This eliminates the risk of a certificate being lost, damaged or stolen, and eliminates the cost of having to replace it. Also, if you have a brokerage account, shares can be easily moved electronically to and from your broker.

## **Cash Purchases (Via Check or Automatic Monthly Investment)**

Participants in the Plan have the option of making additional cash payments for investment in shares of The Zweig Fund, Inc. and The Zweig Total Return Fund, Inc. 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.

**To expedite this request, please utilize the tear off form attached to the bottom of your statement if you wish to make the purchase by check.**

To allow the Plan Administrator ample time to receive and process cash payments, the payments must be received by the Plan Administrator at least 2 business days prior to the Investment Date for which a cash purchase is desired. In the event that any cash payment is received or processed too late to be applied toward a purchase for the current month's Investment Date, it will be held by the Plan Administrator and applied to a purchase for the next month's Investment Date. Participants will not receive interest on cash payments held by the Plan Administrator pending investment.

**Send cash payments with the Optional Cash Investment form at the bottom of your statement to the address indicated on the front of the form.**

There is no charge to shareholders for Cash Purchases. The Plan Administrator's fees will be paid by the Fund. However, each participating shareholder will pay a 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.

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.

Checks must be payable in U.S. Dollars and drawn on a U.S. Bank or they will be returned to the Participant. Please make checks payable to Computershare — the Fund. The Plan Administrator will not accept cash, traveler's checks, money orders or third party checks for cash purchases. In the event that any check is returned unpaid for any reason, the Administrator will consider the request for investment of such money null and void and shall immediately remove from the Participant's account, shares if any, purchased upon the prior credit of such money. The Plan Administrator shall thereupon be entitled to sell these shares to satisfy any uncollected amounts. If the net proceeds of the sale of such shares are insufficient to satisfy the balance of the uncollected amount, the Plan Administrator shall be entitled to sell additional shares from the Participant's account to satisfy the uncollected balance. In addition, a \$25.00 fee will be applied to the Participant's account at the discretion of the Plan Administrator.

**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 (for a checking account) or deposit slip (for a savings account) for the account from which funds are to be withdrawn. Automatic monthly investment forms may be obtained from the Plan

Administrator (1-800-272-2700). Forms will be processed as soon as practical and will become effective within 30 days of receipt by the Plan Administrator.

Once the Automatic Monthly Investment is initiated, funds will be withdrawn from the Participant's designated bank account on the 5th of each month or the next business day if the 5th falls on a weekend or holiday.

Participants may terminate or change the amount of their Automatic Monthly Investment by contacting the Plan Administrator (1-800-272-2700). To be effective with respect to a particular deduction, the Plan Administrator should receive the request at least 7 business days prior to the debit date.

Participants already enrolled in the Automatic Monthly Investment feature wishing to change the bank or bank account number from which money is being withdrawn must complete a new enrollment form requesting this change.

Participants should note that such a change may require up to 30 days to take effect.

In the event that any deposit is returned unpaid for any reason, the Administrator will consider the request for investment of such money null and void and shall immediately remove from the Participant's account shares, if any, purchased upon the prior credit of such money. The Administrator shall thereupon be entitled to sell these shares to satisfy any uncollected amounts. If the net proceeds of the sale of such shares are insufficient to satisfy the balance of the uncollected amount, the Administrator shall be entitled to sell additional shares from the Participant's account to satisfy the uncollected balance. In addition, a \$25 returned funds fee will be applied to the Participant's account at the discretion of the Plan Administrator.

Other questions and correspondences concerning the Plan should be directed to:

**Regular Mail**

**Computershare Trust Company, N.A.  
PO Box 43078  
Providence, RI 02940-3078**

**Or**

**Overnight Delivery**

**Computershare Trust Company, N.A.  
Attn: Zweig Closed End Funds  
250 Royall Street  
Canton, MA 02021  
1-800-272-2700**

You may also access your Plan account on-line at [www.virtus.com](http://www.virtus.com) by clicking:

- “Individual Investors.”
- “Closed-End Funds”
- “Zweig Fund or Zweig Total Return Fund”
- “Zweig Closed-End Fund Account Access”

The Plan may be amended or terminated by the Fund or the Plan Administrator, with the Fund’s consent, upon written notice to Participants in the Plan.

**THE ZWEIG FUND, INC. AND  
THE ZWEIG TOTAL RETURN FUND, INC.**

**TERMS AND CONDITIONS OF THE AUTOMATIC  
REINVESTMENT AND CASH PURCHASE PLAN**

1. Each holder of shares (a "Shareholder") of common stock in The Zweig Fund, Inc. and The Zweig Total Return Fund, Inc. (the "Fund") whose Fund shares are registered in his or her own name will automatically be a participant ("Participant") in the Automatic Reinvestment and Cash Purchase Plan (the "Plan"). Shareholders should note that ANY request to update the registration of an existing shareowner account (e.g., adding or removing a Joint Tenant), may result in the establishment of a new account. If a Shareholder requests to make a change to the registration on his or her current account, he or she should specify if the dividends should be reinvested or paid in cash. If neither is mentioned in the request, the new account will automatically be enrolled in the Plan. A Shareholder whose shares are registered in the name of a broker-dealer or other nominee (the "Nominee") will be a Participant if (a) such a service is provided by the Nominee and (b) the Nominee makes such an election on behalf of the Shareholder to participate in the Plan. Computershare Trust Company, N.A., with Computershare Shareholder Services, Inc. acting as service agent for Computershare Trust Company, N.A., (the "Administrator" or "Plan Administrator") will act as agent for Participants and will open an account under the Plan for each Participant in the same name as such Participant's common stock is registered on the books and records of the transfer agent for the common stock.
2. Whenever the Fund declares a distribution payable in shares of common stock or cash, Participants will receive such distribution in the manner described in paragraph 3 below as determined on the payable date for such distribution.
3. Whenever the market price of the Fund's common stock is equal to or exceeds net asset value per share, Participants will be issued shares of common stock valued at the greater of (i) the net asset value per share on the payable date or (ii) 95% of the market price on the payable date.

Participants will receive any such distribution entirely in shares of common stock, and the Administrator shall automatically receive such shares of common stock, including fractions, for all Participants' accounts. If net asset value per share of the common stock at the time of valuation exceeds the market price of the common stock at such time, or if the Fund should declare a distribution payable only in cash, the Administrator will, as purchasing agent for the Participants, buy shares of common stock in the open market, on the New York Stock Exchange (the "Exchange") or elsewhere, for each Participant's account. The purchase price per share will be equal to the weighted average price of all shares purchased, including commissions. If, following the commencement of such purchases and before the Plan Administrator has completed its purchases, the trading price equals or exceeds the most recent net asset value of the shares of common stock, 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 dividend or 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.

The Administrator will apply all cash received as a distribution to purchase shares of common stock on the open market as soon as practicable after the payable date of such distribution, but in no event later than 30 days after such date, except where necessary to comply with the applicable provisions of the federal securities law.

4. For all purposes of the Plan: (a) the market price of the Fund's common stock on a particular date shall be the last sale price on the Exchange at the close of the trading day or, if there is no sale on the Exchange on that date, then the mean between the closing bid and asked quotations for such stock on the Exchange on such date and (b) net asset value per share of common stock on a particular date shall be as determined by or on behalf of the Fund.
5. Participants in the Plan may make additional cash payments of at least \$100 per payment but not more than \$3,000 per month for investment in the Fund. Such voluntary cash payments received by the Administrator either by check, automatic monthly investment or by any other means the Plan Administrator accepts, will be applied by the Administrator to purchase additional shares on the open market on or about the investment date following the Administrator's receipt of the voluntary cash payment provided the Administrator receives the cash payment at least 2 business days prior to such investment date. The investment date will be the 15th day of each month or the next business day if the 15th falls on a weekend or a holiday (the "Investment Date"). The purchase price per share will be equal to the weighted average price of all shares purchased on the applicable Investment Date, including commissions. Participants have an unconditional right to obtain the return of any voluntary cash payments if the Administrator receives written notice at least 5 business days prior to the applicable investment date.

In the event that any cash payment is received or processed too late to be applied toward a purchase for the current month's Investment Date, it will be held by the Plan Administrator and applied to a purchase for the next month's Investment Date. Participants will not receive interest on voluntary cash payments held by the Administrator pending investment. All cash payments must be drawn against a United States bank and payable in United States funds. Cash,

traveler's checks, money orders and third party checks are not accepted. In the event that any deposit is returned unpaid for any reason, the Administrator will consider the request for investment of such money null and void and shall immediately remove from the Participant's account shares, if any, purchased upon the prior credit of such money. The Administrator shall thereupon be entitled to sell these shares to satisfy any uncollected amounts. If the net proceeds of the sale of such shares are insufficient to satisfy the balance of the uncollected amount, the Administrator shall be entitled to sell additional shares from the Participant's account to satisfy the uncollected balance. In addition, a \$25 returned funds fee will be applied to the Participant's account at the discretion of the Plan Administrator.

6. The open market purchases provided for above may be made on any securities exchange where the shares of common stock of the Fund are traded, in the over-the-counter market or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as the Administrator shall determine.

Funds held by the Administrator uninvested will not bear interest, and it is understood that, in any event, the Administrator shall have no liability in connection with any inability to purchase shares of common stock within 30 days after the initial date of such purchase as herein provided, or with the timing of any purchases effected. The Administrator shall have no responsibility as to the value of the shares of common stock of the Fund acquired for any Participant's account. No Participant shall have any authority or power to direct the time or price at which shares of common stock may be purchased (or sold), or to select the broker or dealer through or from whom purchases (or sales) are to be made by the Administrator.

7. The Administrator will hold shares of common stock acquired pursuant to the Plan in book-entry (non-certificated) form in the Administrator's name or that of its Nominee. The Administrator will forward to each Participant any proxy solicitation material and will vote any shares of common stock so held for each Participant only in accordance with the proxy returned by any such Participant to the Fund. Upon any Participant's request, the Administrator will deliver to her or him, without

charge, a certificate or certificates for the full shares of common stock. Certificates will be issued as soon as practical (generally, within 5 business days) after the Plan Administrator receives the request. Upon any Participant's request, the Plan Administrator will also sell a portion of his or her shares. Such sales will be processed as soon as practical (generally, within 5 business days) after the Plan Administrator receives the request. Shareholders may call 1-800-272-2700 to liquidate shares if the dollar value of a sale is expected to be \$50,000 or less. If the dollar value is expected to exceed \$50,000, the Participant must submit a written request to the Plan Administrator. This limitation is set to protect Participants' accounts against unauthorized sales. In addition, the Administrator has the right to decline to process a sale by telephone if it determines, in its sole discretion, that supporting legal documentation is required. If a Participant requests a sale within a 30 day period of an address change, a signed written request is required. The sale price per share will be equal to the weighted average price of all shares sold by the Plan Administrator on the applicable trading day, less brokerage commissions (currently \$0.02 per share, but may vary and is subject to change).

8. The Administrator will confirm to each Participant acquisitions made for its account as soon as practicable but not later than 60 days after the date thereof. Although a Participant may from time to time have an undivided fractional interest in a share of common stock of the Fund, no certificates for a fractional share will be issued. However, distributions on fractional shares of common stock will be credited to Participants' accounts.
9. Any stock dividends or split shares distributed by the Fund on shares of common stock held by the Administrator for any Participant will be credited to such Participant's account. In the event that the Fund makes available to Participants rights to purchase additional shares of common stock or other securities, the number of rights will be based upon the Participant's total holdings, including shares of common stock held by the Administrator.

10. The Administrator's service fee for investing distributions will be paid by the Fund. Participants will be charged a pro rata share of brokerage commissions (currently \$0.02 per share, but may vary and is subject to change) on all open market purchases.
11. A shareholder wishing to terminate his or her participation may do so by notifying the Plan Administrator of such intent. Such termination will be processed as soon as practical (generally, within 5 business days) after receipt by the Plan Administrator provided such notice is received by the Plan Administrator not less than 7 business days prior to any distribution payment date. If such notice is received less than 7 business days prior to any distribution payment date, termination requests may not be processed until shares to be received from the reinvestment of distributions have been posted in such terminating shareholder's account. In such case, all shares including the newly posted distribution reinvestment shares will then be sold or a certificate for the appropriate number of full shares issued, along with a check in payment for any fraction of a share, on the first trading day after such shares have been posted to such terminating shareholder's account (generally, a few days after the payable date).

The Plan may be terminated by the Fund or the Administrator with the Fund's prior written consent, upon notice in writing mailed to each Participant. Upon any termination, the Administrator will cause to be delivered to each Participant a certificate or certificates for the appropriate number of full shares and a cash adjustment for any fractional share held for each such Participant under the Plan. If the Participant prefers, he or she may request to sell all shares held by the Plan Administrator in order to terminate participation in the Plan.

12. These terms and conditions may be amended or supplemented by the Fund or the Administrator with the Fund's prior written consent, at any time or times, except when necessary or appropriate to comply with applicable law or the rules or policies of the Securities and Exchange Commission or any other regulatory authority, only by mailing to each Participant appropriate written notice. The amendment or supplement shall be deemed to be

accepted by each Participant unless, with respect to any such Participant, prior to the effective date thereof, the Administrator receives notice of the termination of the Participant's account under the Plan. Any such amendment may include an appointment by the Administrator in its place and stead of a successor Administrator under these terms and conditions, with full power and authority to perform all or any of the acts to be performed by the Administrator under these terms and conditions. Upon any such appointment of a successor Administrator for the purpose of receiving distributions, the Fund will be authorized to pay to such successor Administrator, for Participants' accounts, all distributions payable on the shares of common stock held in each Participant's name or under the Plan for retention or application by such successor Administrator as provided in these terms and conditions.

13. The Administrator shall at all times act in good faith and agree to use its best efforts within reasonable limits to ensure the accuracy of all services performed under this Agreement to comply with applicable law, but assumes no responsibility and shall not be liable for loss or damage due to errors unless such error is caused by its or its employees' negligence, bad faith or willful misconduct.
14. The Participant shall have no right to draw checks or drafts against such Participant's account or to give instructions to the Plan Administrator in respect of any shares or cash held therein except as expressly provided herein.
15. The Participant agrees to notify the Plan Administrator promptly of any change of address. Notices to the Participant may be given by the Administrator by letter addressed to the Participant as shown on the records of the Administrator.
16. This Agreement and the account established hereunder for the Participant shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts and the Rules and Regulations of the Securities and Exchange Commission, as they may be changed or amended from time to time.

17. The Plan Administrator may use its affiliates and/or affiliates of the Fund's investment adviser for all trading activity relative to the Plan on behalf of Plan Participants. Such affiliates will receive a commission in connection with such trading transactions.

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