

Edgar Filing: MUNIYIELD QUALITY FUND INC - Form N-Q

MUNIYIELD QUALITY FUND INC
 Form N-Q
 September 28, 2004

UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
 MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-6660

Name of Fund: MuniYield Quality Fund, Inc.

Fund Address: P.O. Box 9011
 Princeton, NJ 08543-9011

Name and address of agent for service: Terry K. Glenn, President, MuniYield
 Quality Fund, Inc., 800 Scudders Mill Road, Plainsboro, NJ 08536. Mailing
 address: P.O. Box 9011, Princeton, NJ 08543-9011

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 10/31/04

Date of reporting period: 05/01/04 - 07/31/04

Item 1 - Schedule of Investments

MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2004 (in Thousands)

| State | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds |
|--------------------|----------------|--------------------|----------------|---|
| Alaska - 0.5% | AAA | Aaa | \$ 2,100 | Alaska State International Airports Revenue 5.75% due 10/01/2019(a) |
| Arizona - 1.1% | AAA | NR* | 2,345 | Maricopa County, Arizona, Public Finance Co Revenue Bonds, RIB, Series 511X, 9.64% due |
| | AAA | Aaa | 2,000 | Mesa, Arizona, IDA Revenue Bonds (Discovery Series A, 5.875% due 1/01/2014(h) |
| California - 19.5% | AAA | Aaa | 4,150 | Alameda Corridor Transportation Authority, Refunding Bonds, Subordinated Lien, Series due 10/01/2025(a) |
| | | | | California State Department of Water Resour Revenue Bonds, Series A: |
| | BBB+ | A2 | 1,400 | 5.375% due 5/01/2021 |
| | AAA | Aaa | 1,000 | 5.375% due 5/01/2022(h) |

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| | | | |
|-------|-----|-------|---|
| | | | California State, GO, Refunding: |
| BBB | A3 | 5,700 | 5.25% due 9/01/2026 |
| AAA | Aaa | 7,700 | 5.25% due 2/01/2030(h) |
| AAA | Aaa | 6,000 | 5.25% due 2/01/2030(l) |
| ----- | | | |
| AAA | NR* | 2,850 | California State, GO, Refunding, ROCS, Series due 2/01/2033(j) (k) |

Portfolio Abbreviations

To simplify the listings of MuniYield Quality Fund, Inc.'s portfolio holdings in the Schedule of Investments, we have abbreviated the names of many of the securities according to the list below.

| | |
|---------|--|
| AMT | Alternative Minimum Tax (subject to) |
| COP | Certificates of Participation |
| DRIVERS | Derivative Inverse Tax-Exempt Receipts |
| EDA | Economic Development Authority |
| GO | General Obligation Bonds |
| HDA | Housing Development Authority |
| HFA | Housing Finance Agency |
| IDA | Industrial Development Authority |
| IDB | Industrial Development Board |
| PCR | Pollution Control Revenue Bonds |
| RIB | Residual Interest Bonds |
| RITR | Residual Interest Trust Receipts |
| ROCS | Reset Option Certificates |
| S/F | Single-Family |

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MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2004 (continued) (in Thousands)

| State | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds |
|------------------------|-------------|-----------------|-------------|--|
| ----- | | | | |
| California (concluded) | BBB | Aaa | \$ 3,300 | California State, Various Purpose, GO: 5.50% due 4/01/2028 |
| | BBB | A3 | 2,500 | 5.25% due 11/01/2029 |
| | BBB | A3 | 3,200 | 5.50% due 11/01/2033 |
| ----- | | | | |
| | | | | Golden State Tobacco Securitization Corpora Tobacco Settlement Revenue Bonds: |
| | AAA | NR* | 7,080 | RIB, Series RR II 287X, 10.07% due 6/01 |
| | AAA | NR* | 5,000 | RIB, Series RR II 285X, 9.816% due 6/01 |
| | BBB- | Baa1 | 4,050 | Series B, 5.60% due 6/01/2028 |
| | AAA | Aaa | 3,000 | Series B, 5.50% due 6/01/2033(l) |
| | AAA | Aaa | 1,870 | Series B, 5.625% due 6/01/2033(l) |
| | AAA | Aaa | 4,500 | Series B, 5% due 6/01/2038(a) |
| | AAA | Aaa | 1,600 | Series B, 5.50% due 6/01/2043(l) |
| ----- | | | | |
| | | | | San Diego, California, Unified School Distr GO, Series D(d): |

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| | | | | |
|-----------------------------|-----|-----|--------|--|
| | AAA | Aaa | 3,945 | 5.25% due 7/01/2022 |
| | AAA | Aaa | 2,700 | 5.25% due 7/01/2024 |
| | AAA | Aaa | 16,895 | San Francisco, California, City and County, No. 3), 5.25% due 10/01/2033(a) |
| Colorado - 7.7% | AA | Aa2 | 1,650 | Colorado Health Facilities Authority Revenue (Catholic Health Initiatives), 5.50% due |
| | AA | NR* | 1,600 | (Covenant Retirement Communities Inc.), due 12/01/2027(j) |
| | AA | NR* | 1,000 | (Covenant Retirement Communities Inc.), due 12/01/2033(j) |
| | AAA | Aaa | 1,720 | Colorado Housing and Finance Authority, Rev AMT: (S/F Program), Series B-2, 6.80% due 2/ |
| | AAA | Aaa | 960 | (S/F Program), Series C-2, 8.40% due 10/ |
| | AAA | Aaa | 1,410 | Series C-2, 7.05% due 4/01/2031(e) (h) |
| | AAA | Aaa | 2,285 | Series C-2, 7.25% due 10/01/2031(a) |
| | AAA | Aaa | 480 | Series E-2, 7% due 2/01/2030 (h) |
| | AAA | Aaa | 4,000 | Denver, Colorado, City and County Airport R Series D, 7.75% due 11/15/2013(h) |
| | AAA | Aaa | 6,405 | Denver, Colorado, City and County, COP, Ser due 12/01/2010(a) (i) |
| | AAA | Aaa | 16,000 | Northwest Parkway, Colorado, Public Highway Appreciation Revenue Bonds, Senior Converti 5.332%** due 6/15/2025 (f) |
| District of Columbia - 0.6% | AAA | Aaa | 2,500 | District of Columbia, Revenue Refunding Bon of America Project), 5.625% due 10/01/2029 (|

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MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2004 (continued) (in Thousands)

| State | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds |
|----------------|-------------|-----------------|-------------|--|
| Florida - 0.7% | AA | NR* | \$ 2,240 | Beacon Tradeport Community Development Dist Special Assessment Revenue Refunding Bonds Series A, 5.625% due 5/01/2032(j) |
| | AAA | Aaa | 700 | South Miami, Florida, Health Facilities Aut Revenue Bonds (Baptist Health System Obliga due 11/15/2033(a) |
| Georgia - 1.2% | A | A3 | 4,785 | Monroe County, Georgia, Development Authori (Oglethorpe Power Corporation-Scherer), Ser due 1/01/2011 |

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| | | | | |
|------------------|-----|-----|--------|--|
| Hawaii - 0.5% | AAA | Aaa | 2,000 | Hawaii State, GO, Series CX, 5.50% due 2/01 |
| Illinois - 19.4% | AAA | Aaa | 1,750 | Chicago, Illinois, Board of Education, GO(a) (Chicago School Reform Project), Series due 12/01/2030 |
| | NR* | Aaa | 5,000 | RIB, Series 467, 10.14% due 12/01/2027 |
| | AAA | Aaa | 1,000 | Chicago, Illinois, Capital Appreciation, GO Refunding, Series A(h): 5.422%** due 1/01/2027 |
| | AAA | Aaa | 1,000 | 5.435%** due 1/01/2028 |
| | AAA | Aaa | 1,000 | 5.448%** due 1/01/2029 |
| | AAA | Aaa | 1,000 | 5.46%** due 1/01/2030 |
| | AAA | Aaa | 5,000 | Chicago, Illinois, GO (Lakefront Millennium Facilities) (h): 5.125% due 1/01/2028 |
| | AAA | Aaa | 2,500 | 5.444%** due 1/01/2029 |
| | AAA | Aaa | 5,000 | Chicago, Illinois, O'Hare International Air Revenue Refunding Bonds, Third Lien, AMT, S due 1/01/2022(h) |
| | AAA | Aaa | 3,400 | Chicago, Illinois, O'Hare International Air 3rd Lien, AMT, Series B-2: 5.75% due 1/01/2023(f) |
| | AAA | Aaa | 4,000 | 5.75% due 1/01/2024(f) |
| | AAA | Aaa | 3,300 | 6% due 1/01/2029(l) |
| | AAA | Aaa | 2,665 | Chicago, Illinois, O'Hare International Air Bonds, AMT: 3rd Lien, Series A-2, 5.75% due 1/01/20 |
| | AAA | NR* | 6,835 | DRIVERS, Series 250, 10.094% due 1/01/2 |
| | AAA | Aaa | 6,200 | Cook County, Illinois, Capital Improvement, due 11/15/2026(a) |
| | AAA | Aaa | 2,130 | Illinois Development Finance Authority Revenue (Presbyterian Home Lake Project), Series B, |
| | AAA | Aaa | 3,750 | Illinois Sports Facilities Authority Revenue due 6/15/2030(a) |
| | AAA | Aaa | 10,000 | Illinois State, GO, First Series, 5.50% due |

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MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2004 (continued)

(in Thousands)

| State | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds |
|----------------------|-------------|-----------------|-------------|---|
| Illinois (concluded) | NR* | A1 | \$ 3,750 | Illinois Student Assistance Commission, Stu |

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| | | | | Refunding Bonds, AMT, Sub-Series CC, 6.875% |
|----------------------|-----|-----|-------|---|
| | NR* | Aaa | 5,295 | Kane and De Kalb Counties, Illinois, Commu District Number 302, GO, 5.80% due 2/01/202 |
| | AAA | Aaa | 7,000 | Metropolitan Pier and Exposition Authority, State Tax Revenue Refunding Bonds (McCormic Project): 5.50% due 12/15/2024(d) |
| | AAA | Aaa | 3,500 | Series B, 5.75% due 6/15/2023(h) |
| Indiana - 2.4% | | | | De Kalb County, Indiana, Redevelopment Auth (Mini-Mill), Series A(b): |
| | AAA | Aaa | 3,000 | 6.50% due 1/15/2014 |
| | AAA | Aaa | 3,220 | 6.625% due 1/15/2017 |
| | AAA | Aaa | 2,500 | Indiana Bond Bank Revenue Bonds, Guarantee 6.875% due 2/01/2005(a) (i) |
| | AAA | Aaa | 2,000 | Indianapolis, Indiana, Local Public Improve Bonds (Waterworks Project), Series A, 5.25% |
| Kentucky - 1.5% | AAA | Aaa | 6,570 | Lexington-Fayette Urban County Government, Program Revenue Bonds (University of Kentuc Project), 6.75% due 11/01/2004(h) (i) |
| Louisiana - 4.1% | AAA | Aaa | 8,500 | Louisiana Local Government, Environmental F Development Authority Revenue Bonds (Capita Equipment Acquisition), Series A, 6.30% due |
| | AAA | Aaa | 6,800 | New Orleans, Louisiana, Ernest N. Morial Ex Special Tax, Sub-Series A, 5.25% due 7/15/2 |
| | AAA | Aaa | 1,900 | Terrebonne Parish, Louisiana, Hospital Serv Hospital Revenue Bonds (Terrebonne General 5.50% due 4/01/2033(a) |
| Massachusetts - 5.4% | | | | Massachusetts Bay, Massachusetts, Transport General Transportation System, Revenue Refu Series A(h): |
| | AAA | Aaa | 3,730 | 7% due 3/01/2011 |
| | AAA | Aaa | 3,550 | 7% due 3/01/2014 |
| | AAA | Aaa | 7,005 | Massachusetts State, HFA, Rental Housing Mo AMT, Series C, 5.60% due 1/01/2045 (f) |
| | AAA | Aaa | 1,135 | Massachusetts State, HFA, S/F Housing Reven 6.35% due 6/01/2017 |
| | AAA | Aaa | 1,175 | Series 37, 6.35% due 6/01/2017 |
| | AAA | Aaa | 3,825 | Massachusetts State Port Authority, Special Bonds (Delta Air Lines Inc. Project), AMT, due 1/01/2019(a) |

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Schedule of Investments as of July 31, 2004 (continued)

(in Thousands)

| State | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds |
|---------------------------|-------------|-----------------|-------------|--|
| Massachusetts (concluded) | AAA | Aaa | \$ 2,400 | Massachusetts State Special Obligation Dedicated Bonds, 5.25% due 1/01/2028 (d) |
| Michigan - 5.6% | AAA | Aaa | 4,000 | Detroit, Michigan, City School District, GO 5.50% due 5/01/2019 |
| | AAA | Aaa | 3,625 | 5.50% due 5/01/2020 |
| | AAA | Aaa | 3,040 | Michigan Higher Education Student Loan Authority Revenue Refunding Bonds, AMT, Series XVII-G due 9/01/2020 (a) |
| | AAA | Aaa | 3,100 | Michigan State Strategic Fund, Limited Obligation Refunding Bonds (Detroit Edison Company Project) 5.45% due 9/01/2029 |
| | AAA | Aaa | 1,700 | AMT, Series A, 5.50% due 6/01/2030 |
| | AAA | Aaa | 3,300 | AMT, Series C, 5.65% due 9/01/2029 |
| | AAA | Aaa | 5,800 | AMT, Series C, 5.45% due 12/15/2032 |
| Nebraska - 0.5% | A+ | NR* | 2,300 | Washington County, Nebraska, Wastewater Facility (Cargill Inc. Project), AMT, 5.90% due 11/01/2029 |
| Nevada - 4.2% | AA | NR* | 4,100 | Carson City, Nevada, Hospital Revenue Bonds (Hospital Project), Series A, 5.50% due 9/01/2029 |
| | AAA | Aaa | 3,000 | Clark County, Nevada, Airport System Subordinated Bonds, Series B, 5.25% due 7/01/2034 (d) |
| | AAA | Aaa | 1,000 | Director of the State of Nevada, Department of Industry Revenue Bonds (Las Vegas Monorail First Tier (a): 5.625% due 1/01/2032 |
| | AAA | Aaa | 4,400 | 5.375% due 1/01/2040 |
| | AAA | Aaa | 5,710 | Washoe County, Nevada, School District, GO, due 12/01/2009 (f) (i) |
| New Hampshire - 3.5% | AAA | Aaa | 10,000 | New Hampshire Health and Education Facilities Bonds (Dartmouth-Hitchcock Obligation Group) due 8/01/2027 (f) |
| | AAA | Aaa | 5,000 | New Hampshire State Business Finance Authority (Public Service Company), AMT, Series D, 6% due 12/01/2029 |
| New Jersey - 1.1% | BBB | Baa3 | 5,700 | Tobacco Settlement Financing Corporation of New Jersey Bonds, 6.75% due 6/01/2039 |
| New York - 10.4% | AAA | Aaa | 700 | Erie County, New York, IDA, School Facility of Buffalo Project), 5.75% due 5/01/2023 (f) |
| | AAA | Aaa | 8,085 | New York City, New York, City Municipal Water and Sewer System Revenue Bonds, RITR, due 6/15/2026 (h) (k) |

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MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2004 (continued) (in Thousands)

| State | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds |
|-------------------------|-------------|-----------------|-------------|--|
| New York (concluded) | AAA | NR* | \$ 3,500 | New York City, New York, GO: DRIVERS, Series 194, 10.147% due 2/01/2016 |
| | NR* | Aaa | 6,920 | RIB, Series 394, 10.362% due 8/01/2016 |
| | AAA | Aaa | 9,325 | Refunding, Series G, 5.75% due 2/01/2016 |
| | AAA | Aaa | 5,000 | Series B, 5.875% due 8/15/2013(1) |
| | AAA | Aaa | 3,235 | Series F, 5.75% due 2/01/2006(i) |
| | AAA | Aaa | 1,425 | Series F, 5.75% due 2/01/2019(1) |
| | AAA | Aaa | 4,570 | Tobacco Settlement Financing Corporation of Bonds, Series A-1, 5.25% due 6/01/2022(a) |
| Ohio - 1.0% | AAA | Aaa | 2,500 | Columbus, Ohio, City School District, GO (S Construction and Improvements), 5.25% due 1 |
| | AA | NR* | 2,000 | Jackson, Ohio, Hospital Facilities Revenue Health System-Jackson Hospital), 6.125% due |
| Oklahoma - 0.8% | AAA | Aaa | 1,250 | Tulsa, Oklahoma, Airports Improvement Trust Bonds (Tulsa International Airport), AMT(d) Series A, 6% due 6/01/2020 |
| | AAA | Aaa | 1,000 | Series B, 6% due 6/01/2019 |
| | AAA | Aaa | 1,000 | Series B, 6.125% due 6/01/2026 |
| Oregon - 2.0% | NR* | Aaa | 7,500 | Portland, Oregon, Sewer System Revenue Bond 10.09% due 8/01/2020 (d) (k) |
| Pennsylvania - 7.3% | AAA | Aaa | 2,000 | Allegheny County, Pennsylvania, Port Author Transportation Revenue Bonds, 6% due 3/01/2 |
| | AAA | Aaa | 800 | Allegheny County, Pennsylvania, Sanitation Revenue Bonds, 5.50% due 12/01/2030(h) |
| | AAA | Aaa | 6,000 | Pennsylvania State Public School Building A Lease Revenue Bonds (The School District of Project) (f): 5.25% due 6/01/2025 |
| | AAA | Aaa | 7,000 | 5% due 6/01/2033 |
| | AAA | Aaa | 6,250 | Philadelphia, Pennsylvania, Authority for I Lease Revenue Bonds, Series B, 5.50% due 10 |
| | AAA | Aaa | 1,500 | Philadelphia, Pennsylvania, School District 5.625% due 8/01/2020 |
| | AAA | Aaa | 3,670 | 5.625% due 8/01/2021 |
| | AAA | Aaa | 2,000 | 5.625% due 8/01/2022 |
| | AAA | Aaa | 2,400 | Washington County, Pennsylvania, Capital Fu |

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Revenue Bonds (Capital Projects and Equipme
6.15% due 12/01/2029(a)

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MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2004 (continued)

(in Thousands)

| State | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds |
|-----------------------|-------------|-----------------|-------------|---|
| Rhode Island - 0.6% | AAA | Aaa | \$ 2,500 | Providence, Rhode Island, GO, Series A, 5.7 |
| South Carolina - 3.0% | AAA | Aaa | 2,900 | Florence County, South Carolina, Hospital R (McLeod Regional Medical Center Project), S due 11/01/2034(f) |
| | AA | Ba1 | 1,450 | South Carolina Educational Facilities Autho Nonprofit Institutions Revenue Bonds (The B 5.625% due 7/01/2031(j) |
| | AAA | NR* | 3,045 | South Carolina State Public Service Authori Bonds, DRIVERS, Series 277, 10.122% due 1/0 |
| | NR* | A1 | 3,800 | Spartanburg County, South Carolina, Solid W Facilities Revenue Bonds (BMW Project), AMT |
| | BBB | Baa3 | 2,250 | Tobacco Settlement Revenue Management Autho Tobacco Settlement Revenue Bonds, Series B, |
| Tennessee - 6.3% | AAA | Aaa | 17,000 | Chattanooga, Tennessee, IDB, Lease Rent Rev (Southside Redevelopment Corporation), 5.87 |
| | AAA | Aaa | 5,000 | Memphis-Shelby County, Tennessee, Airport A Revenue Bonds, AMT, Series D, 6.25% due 3/0 |
| | AAA | Aaa | 2,075 | Tennessee HDA, Homeownership Revenue Bonds, 6.10% due 7/01/2013 |
| | AA | Aa2 | 2,390 | 6.20% due 7/01/2015 |
| Texas - 14.3% | | | | Austin, Texas, Convention Center Revenue Bo Enterprises Inc.), Trust Certificates, Seco |
| | NR* | Aa3 | 4,000 | 6% due 1/01/2023 |
| | NR* | Aa3 | 1,400 | 5.75% due 1/01/2032 |
| | NR* | Aaa | 1,000 | Bell County, Texas, Health Facilities Devel (Lutheran General Health Care System), 6.50 |
| | | | | Dallas-Fort Worth, Texas, International Air and Improvement Bonds, AMT, Series A(d): |
| | AAA | Aaa | 1,835 | 5.875% due 11/01/2017 |
| | AAA | Aaa | 2,145 | 5.875% due 11/01/2018 |
| | AAA | Aaa | 2,385 | 5.875% due 11/01/2019 |

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| | | | |
|-----|------|-------|--|
| NR* | Aaa | 5,235 | Denton, Texas, Utility System Revenue Bonds 10.59% due 12/01/2017(f) (k) |
| AA | Baa2 | 6,000 | Gregg County, Texas, Health Facilities Development Hospital Revenue Bonds (Good Shepherd Medical Center) 6.875% due 10/01/2020 |
| AA | Baa2 | 2,600 | 6.375% due 10/01/2025 |

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MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2004 (continued) (in Thousands)

| State | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds |
|----------------------|-------------|-----------------|-------------|---|
| Texas (concluded) | AAA | Aaa | \$ 4,000 | Harris County, Houston, Texas, Sports Authority Bonds, Senior Lien, Series G, 5.75% due 11/15/2015 |
| | AAA | Aaa | 2,700 | Houston, Texas, Airport System Revenue Refunding Series B, 5.50% due 7/01/2030(f) |
| | AA | Baa2 | 2,800 | Sam Rayburn, Texas, Municipal Power Agency, Bonds, 5.75% due 10/01/2021(j) |
| | AAA | Aaa | 7,200 | Texas State Turnpike Authority, Central Texas Revenue Bonds, First Tier, Series A, 5.75% due 11/15/2015 |
| | AAA | Aaa | 8,100 | Travis County, Texas, Health Facilities Development Revenue Refunding Bonds (Ascension Health Capital) 5.875% due 11/15/2009(a) |
| | AAA | Aaa | 4,600 | 6.25% due 11/15/2009(h) |
| | AAA | NR* | 2,900 | White Settlement, Texas, Independent School District due 8/15/2034 |
| Utah - 3.8% | AAA | Aaa | 15,000 | Salt Lake City, Utah, Hospital Revenue Refunding Hospitals Inc.), 6.30% due 2/15/2015(h) |
| Virginia - 2.2% | AAA | Aaa | 6,000 | Fairfax County, Virginia, EDA, Resource Recovery Refunding Bonds, AMT, Series A, 6.05% due 2/15/2015 |
| | AAA | Aaa | 3,100 | Halifax County, Virginia, IDA, Exempt Facility Bonds (Old Dominion Electric Cooperative Power) due 6/01/2028(a) |
| Washington - 8.8% | AAA | NR* | 10,000 | Energy Northwest, Washington, Electric Revenue Series 242, 10.127% due 7/01/2017(h) (k) |
| | AAA | Aaa | 2,835 | King County, Washington, Sewer Revenue Refunding B, 5.50% due 1/01/2027(f) |
| | AAA | A1 | 2,400 | Port of Tacoma, Washington, Revenue Refunding 5.25% due 12/01/2034 (a) |

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| | | | | |
|------------------|-----|------|-------|---|
| | | | | Washington State, GO(f): |
| | AAA | Aaa | 7,500 | Series A and AT-6, 6.25% due 2/01/2011 |
| | AAA | Aaa | 9,000 | Series S-4, 5.75% due 1/01/2013 |
| | AAA | Aaa | 3,750 | Washington State, Various Purpose, GO, Series S-4, 5.75% due 1/01/2026(f) |
| Wisconsin - 0.7% | BBB | Baa3 | 2,600 | Badger, Wisconsin, Tobacco Asset Securitization, Asset-Backed Revenue Bonds, 6.375% due 6/01/2013 |
| | NR* | Aaa | 1,000 | Milwaukee County, Wisconsin, Airport Revenue Bonds, Series A, 5.75% due 12/01/2025(d) |

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MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2004 (continued) (in Thousands)

| | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds |
|--------------------|-------------|-----------------|-------------|---|
| Puerto Rico - 0.7% | AAA | Aaa | \$ 2,435 | Puerto Rico Electric Power Authority, Power Trust Receipts, Class R, Series 16 HH, 10.00% |
| | | | | Total Municipal Bonds (Cost - \$613,249) - 142.1% |

| | Shares Held | Short-Term Securities |
|--|-------------|---|
| | 3,370 | Merrill Lynch Institutional Tax-Exempt Fund |
| | | Total Short-Term Securities (Cost - \$3,370) - 1.4% |

Total Investments (Cost - \$616,619***) - 142.1%

Other Assets Less Liabilities - 1.4%

Preferred Stock, at Redemption Value - (43.5%)

Net Assets Applicable to Common Stock - 100.0%

- (a) AMBAC Insured.
- (b) Connie Lee Insured.
- (c) Escrowed to maturity.
- (d) FGIC Insured.
- (e) FHA Insured.
- (f) FSA Insured.
- (g) Investments in companies considered to be an affiliate of the Fund (such

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companies are defined as "Affiliated Companies" in Section 2(a)(3) of the Investment Company Act of 1940) were as follows:

| (in Thousands) | | |
|---|--------------|-----------------|
| ----- | Net Activity | Dividend Income |
| Affiliate | ----- | |
| Merrill Lynch Institutional Tax-Exempt Fund | (7,100) | \$ 57 |
| ----- | | |

- (h) MBIA Insured.
- (i) Prerefunded.
- (j) Radian Insured.
- (k) The interest rate is subject to change periodically and inversely based upon prevailing market rates. The interest rate shown is the rate in effect at July 31, 2004.
- (l) XL Capital Insured.
- (m) CIFG Insured.

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MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2004 (concluded)

- * Not Rated.
- ** Represents a zero coupon bond; the interest rate shown reflects the effective yield at the time of purchase by the Fund.
- *** The cost and unrealized appreciation/depreciation of investments as of July 31, 2004, as computed for federal income tax purposes, were as follows:

| (in Thousands) | |
|-------------------------------|------------|
| ----- | ----- |
| Aggregate cost | \$ 616,619 |
| | ===== |
| Gross unrealized appreciation | \$ 37,706 |
| Gross unrealized depreciation | (1,657) |
| | ----- |
| Net unrealized appreciation | \$ 36,049 |
| | ===== |

Forward interest rate swaps outstanding as of July 31, 2004 were as follows:

| (in Thousands) | | |
|---|-----------|--------------|
| ----- | Notional | Unrealized |
| ----- | Amount | Depreciation |
| ----- | | |
| Receive a variable rate equal to 7-Day Bond Market Association Municipal Swap Index Rate and pay a fixed rate equal to 4.051% | | |
| Broker, J.P. Morgan Chase Bank Expires September 2014 | \$ 20,000 | \$ (462) |
| Receive a variable rate equal to 7-Day Bond Market Association Municipal Swap | | |

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Index Rate and pay a fixed rate equal
to 4.595%

| | | |
|--------------------------------|-----------|---------|
| Broker, J.P. Morgan Chase Bank | | |
| Expires September 2024 | \$ 52,000 | (2,102) |

Receive a variable rate equal to 7-Day
Bond Market Association Municipal Swap
Index Rate and pay a fixed rate equal
to 4.5425%

| | | |
|---|-----------|-------|
| Broker, Morgan Stanley Capital Services, Inc. | | |
| Expires September 2024 | \$ 14,000 | (409) |

| | | |
|-------|--|------------|
| ----- | | |
| Total | | \$ (2,973) |
| | | ===== |

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Item 2 - Controls and Procedures

2(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.

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

Item 3 - Exhibits

Certifications - Attached hereto

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

MuniYield Quality Fund, Inc.

By: /s/ Terry K. Glenn

Terry K. Glenn,
President of
MuniYield Quality Fund, Inc.

Date: September 17, 2004

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

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By: /s/ Terry K. Glenn

Terry K. Glenn,
President of
MuniYield Quality Fund, Inc.

Date: September 17, 2004

By: /s/ Donald C. Burke

Donald C. Burke,
Chief Financial Officer of
MuniYield Quality Fund, Inc.

Date: September 17, 2004