

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)
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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

1

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(1)
	AAA	Aaa	1,870	Series B, 5.625% due 6/01/2033(1)
	AAA	Aaa	4,500	Series B, 5% due 6/01/2038(a)
	AAA	Aaa	1,600	Series B, 5.50% due 6/01/2043(1)
-----				
				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 (

2

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 2/01/2030
Illinois - 19.4%	AAA	Aaa	1,750	Chicago, Illinois, Board of Education, GO (Chicago School Reform Project), Series 2004, 5.50% 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, Series 2002, 5.50% 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 1/01/2023
	AAA	NR*	6,835	DRIVERS, Series 250, 10.094% due 1/01/2027
	AAA	Aaa	6,200	Cook County, Illinois, Capital Improvement, Series 2004, 5.50% due 11/15/2026 (a)
	AAA	Aaa	2,130	Illinois Development Finance Authority Revenue Bonds (Presbyterian Home Lake Project), Series B, 5.50% due 1/01/2030
	AAA	Aaa	3,750	Illinois Sports Facilities Authority Revenue Bonds, Series 2004, 5.50% due 6/15/2030 (a)
	AAA	Aaa	10,000	Illinois State, GO, First Series, 5.50% due 1/01/2030

3

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, Student Loan Guaranty, Series 2004, 5.50% due 1/01/2030

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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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5

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)

6

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

7

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)

8

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)	
Affiliate	Net Activity	Dividend Income
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.

9

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 Amount	Unrealized 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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10

### 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

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

Date: September 17, 2004

By: /s/ Donald C. Burke

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

Date: September 17, 2004