

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

MUNIYIELD QUALITY FUND INC  
 Form N-Q  
 September 28, 2005

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: Robert C. Doll, Jr., Chief Executive  
 Officer, 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: 10/31/05

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

Item 1 - Schedule of Investments

MuniYield Quality Fund, Inc.  
 Schedule of Investments as of July 31, 2005 (in Thousands)

| State              | Face Amount | Municipal Bonds   |
|--------------------|-------------|---|
| Alaska - 0.5%      | \$ 2,100    | Alaska State International Airports Revenue Bonds, Series B, 5.   |
| Arizona - 0.6%     | 2,345       | Maricopa County, Arizona, Public Finance Corporation, Lease Rev<br>511X, 8.41% due 7/01/2014 (a) (i)                              |
| California - 21.9% | 1,250       | Alameda Corridor Transportation Authority, California, Capital<br>Refunding Bonds, Subordinate Lien, Series A, 4.738%** due 10/01 |
|                    | 4,150       | Alameda Corridor Transportation Authority, California, Revenue<br>Subordinated Lien, Series A, 5.525%** due 10/01/2025 (a)        |
|                    | 1,400       | California State Department of Water Resources, Power Supply Re<br>5.375% due 5/01/2021   |
|                    | 1,000       | 5.375% due 5/01/2022 (g)  |
|                    | 5,700       | California State, GO, Refunding:<br>5.25% due 9/01/2026   |
|                    | 6,000       | 5.25% due 2/01/2030 (b)   |
|                    | 7,700       | 5.25% due 2/01/2030 (g)   |
|                    | 2,850       | California State, GO, Refunding, ROLS, Series II-R-272, 8.026%  |
|                    | 3,300       | California State, Various Purpose, GO:<br>5.50% due 4/01/2028   |

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|       |   |  |
|-------|---|--|
| 2,500 | 5.25% due 11/01/2029  |  |
| 3,200 | 5.50% due 11/01/2033  |  |
| 3,525 | Gilroy, California, Unified School District, GO, 5% due 8/01/2027 |  |

### 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 at right.

|         |  |
|---------|--|
| 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                |
| ROLS    | Reset Option Long Securities           |
| S/F     | Single-Family                          |

MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2005

(in Thousands)

| State           | Face Amount | Municipal Bonds  |
|-----------------|-------------|--|
| <hr/>           |             |  |
|                 |             | Golden State Tobacco Securitization Corporation of California, Revenue Bonds:  |
|                 | \$ 5,000    | RIB, Series RR II R 285X, 8.543% due 6/01/2043 (b) (i)   |
|                 | 7,080       | RIB, Series RR II R 287X, 8.796% due 6/01/2038 (i) (k)   |
|                 | 4,050       | Series B, 5.60% due 6/01/2010 (h)  |
|                 | 4,600       | Series B, 5.50% due 6/01/2013 (b) (h)  |
|                 | 1,870       | Series B, 5.625% due 6/01/2013 (b) (h)   |
|                 | 4,000       | Golden State Tobacco Securitization Corporation of California, Revenue Refunding Bonds, Series A, 5% due 6/01/2035 (d) |
|                 | 7,300       | Los Angeles, California, Unified School District, GO, Series A,  |
|                 | 2,000       | Mount Diablo, California, Unified School District, GO (Election due 7/01/2027 (d)                                      |
|                 | 2,000       | Poway, California, Redevelopment Agency, Tax Allocation Refunding (Redevelopment Project), 5.125% due 6/15/2033 (a)    |
|                 | 13,000      | San Francisco, California, City and County, COP (San Bruno Jail due 10/01/2033 (a)                                     |
|                 | 1,950       | Tamalpais, California, Union High School District, GO (Election due 8/01/2028 (f)                                      |
| <hr/>           |             |  |
| Colorado - 6.3% |             | Colorado Health Facilities Authority Revenue Bonds, Series A:  |
|                 | 1,650       | (Catholic Health Initiatives), 5.50% due 3/01/2032 (c)   |
|                 | 1,600       | (Covenant Retirement Communities Inc.), 5.50% due 12/01/2027   |
|                 | 1,000       | (Covenant Retirement Communities Inc.), 5.50% due 12/01/2033   |
|                 |             | Colorado Housing and Finance Authority, Revenue Refunding Bonds  |
|                 | 1,385       | (S/F Program), Series B-2, 6.80% due 2/01/2031 (g)   |
|                 | 945         | Series C-2, 7.05% due 4/01/2031 (e) (g)  |

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|                             |        |   |
|-----------------------------|--------|---|
|                             | 1,400  | Series C-2, 7.25% due 10/01/2031 (a)  |
|                             | 410    | Series E-2, 7% due 2/01/2030 (g)  |
|                             | 6,405  | Denver, Colorado, City and County, COP, Series B, 5.75% due 12/01/2029 (g)  |
|                             | 9,000  | E-470 Public Highway Authority, Colorado, Capital Appreciation Bonds, Series B, 5.485%** due 9/01/2029 (g)                                  |
|                             | 12,800 | Northwest Parkway, Colorado, Public Highway Authority, Capital Appreciation Bonds, Senior Convertible, Series C, 5.416%** due 6/15/2025 (f) |
| -----                       |        |   |
| District of Columbia - 0.6% | 2,500  | District of Columbia, Revenue Refunding Bonds (Catholic University Project), 5.625% due 10/01/2029 (a)                                      |
| -----                       |        |   |

MuniYield Quality Fund, Inc.  
 Schedule of Investments as of July 31, 2005 (in Thousands)

| State            | Face Amount | Municipal Bonds  |
|------------------|-------------|--|
| Florida - 1.7%   | \$ 2,240    | Beacon Tradeport Community Development District, Florida, Special Refunding Bonds (Commercial Project), Series A, 5.625% due 5/01/2032 (d) |
|                  | 5,200       | Orange County, Florida, Sales Tax Revenue Refunding Bonds, Series A, 5.50% due 1/01/2032 (d)   |
| Georgia - 1.8%   | 2,800       | Augusta, Georgia, Water and Sewer Revenue Bonds, 5.25% due 10/01/2029 (g)  |
|                  | 4,785       | Monroe County, Georgia, Development Authority, PCR, Refunding Bonds (Corporation-Scherer), Series A, 6.80% due 1/01/2011                   |
| Hawaii - 0.5%    | 2,000       | Hawaii State, GO, Series CX, 5.50% due 2/01/2021 (f)   |
| Illinois - 24.2% | 5,000       | Chicago, Illinois, Board of Education, GO, RIB, Series 467, 8.90% due 12/01/2027 (a) (i)   |
|                  | 1,000       | Chicago, Illinois, Capital Appreciation, GO, Project and Refunding Bonds, Series B, 5.376%** due 1/01/2029                                 |
|                  | 1,000       | Chicago, Illinois, Capital Appreciation, GO, Project and Refunding Bonds, Series B, 5.387%** due 1/01/2030                                 |
|                  | 5,000       | Chicago, Illinois, GO (Lakefront Millennium Parking Facilities), Series A, 5.125% due 1/01/2028  |
|                  | 2,500       | Chicago, Illinois, GO (Lakefront Millennium Parking Facilities), Series A, 5.372%** due 1/01/2029  |
|                  | 3,400       | Chicago, Illinois, O'Hare International Airport Revenue Bonds, Series B-2: 5.75% due 1/01/2023 (f)   |
|                  | 4,000       | Chicago, Illinois, O'Hare International Airport Revenue Bonds, Series B-2: 5.75% due 1/01/2024 (f)   |
|                  | 3,300       | Chicago, Illinois, O'Hare International Airport Revenue Bonds, Series B-2: 6% due 1/01/2029 (b)  |
|                  | 2,665       | Chicago, Illinois, O'Hare International Airport Revenue Refunding Bonds, 3rd Lien, Series A-2, 5.75% due 1/01/2021 (f)                     |
|                  | 6,835       | DRIVERS, Series 250, 8.824% due 1/01/2021 (g) (i)  |
|                  | 2,500       | DRIVERS, Series 844Z, 8.048% due 7/01/2010 (g) (i)   |
|                  | 6,250       | RIB, Series 994X, 8.11% due 1/01/2032 (g) (i)  |
|                  | 6,200       | Cook County, Illinois, Capital Improvement, GO, Series C, 5.50% due 1/01/2029 (g)  |
|                  | 2,130       | Illinois Development Finance Authority Revenue Bonds (Presbyterian Church), Series B, 6.25% due 9/01/2017 (f)                              |
|                  | 29,325      | Illinois Sports Facilities Authority, State Tax Supported Revenue Bonds, Series A, 5.215%** due 6/15/2030                                  |
|                  | 5,500       | Illinois Sports Facilities Authority, State Tax Supported Revenue Bonds, Series A, 5% due 6/15/2032  |
|                  | 10,000      | Illinois State, GO, First Series, 5.50% due 8/01/2018 (f)  |
|                  | 3,750       | Illinois Student Assistance Commission, Student Loan Revenue Refunding Bonds, Sub-Series CC, 6.875% due 3/01/2015                          |

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MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2005

(in Thousands)

| State                | Face Amount | Municipal Bonds   |
|----------------------|-------------|---|
|                      | \$ 7,000    | Metropolitan Pier and Exposition Authority, Illinois, Dedicated Refunding Bonds (McCormick Place Expansion Project):  |
|                      | 3,500       | 5.50% due 12/15/2024 (d)<br>Series B, 5.75% due 6/15/2023 (g)   |
| Indiana - 2.2%       | 7,500       | Indiana Transportation Finance Authority, Highway Revenue Bonds due 6/01/2029 (d)   |
|                      | 2,000       | Indianapolis, Indiana, Local Public Improvement Bond Bank Revenue Project), Series A, 5.25% due 7/01/2033 (g)   |
| Louisiana - 5.4%     | 8,500       | Louisiana Local Government, Environmental Facilities, Community Revenue Bonds (Capital Projects and Equipment Acquisition), Series A, 5.25% due 7/01/2030 (a) |
|                      | 4,675       | Louisiana State Transportation Authority, Senior Lien Toll Revenue Appreciation Bonds, Series B, 5.31%** due 12/01/2027 (a)                                   |
|                      | 6,800       | New Orleans, Louisiana, Ernest N. Morial Exhibit Hall Authority Sub-Series A (a):<br>5.25% due 7/15/2028  |
|                      | 5,000       | 5% due 7/15/2033  |
|                      | 1,900       | Terrebonne Parish, Louisiana, Hospital Service District Number 10 Bonds (Terrebonne General Medical Center Project), 5.50% due 4/1/2030 (f)                   |
| Massachusetts - 7.8% |             | Massachusetts Bay Transportation Authority, Sales Tax Revenue Refunding Bonds, Senior Series A:   |
|                      | 1,800       | 5% due 7/01/2032  |
|                      | 2,000       | 5% due 7/01/2035  |
|                      | 3,730       | Massachusetts Bay, Massachusetts, Transportation Authority, General System Revenue Refunding Bonds, Series A (g):<br>7% due 3/01/2011                         |
|                      | 3,550       | 7% due 3/01/2014  |
|                      | 3,445       | Massachusetts State, HFA, Housing Revenue Bonds, DRIVERS, AMT, due 1/01/2011 (f) (i)  |
|                      | 6,005       | Massachusetts State, HFA, Rental Housing Mortgage Revenue Bonds due 1/01/2045 (f)   |
|                      | 1,915       | Massachusetts State Port Authority, Special Facilities Revenue Series 501, 8.32% due 7/01/2009 (a) (i)  |
|                      | 7,830       | Massachusetts State School Building Authority, Dedicated Sales Series A, 5% due 8/15/2030 (f)   |

MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2005

(in Thousands)

| State | Face Amount | Municipal Bonds |
|-------|-------------|-----------------|
|-------|-------------|-----------------|

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|                      |          |  |
|----------------------|----------|--|
|                      | \$ 2,400 | Massachusetts State Special Obligation Dedicated Tax Revenue Bonds due 1/01/2014 (d) (h)   |
|                      | 800      | Massachusetts State Water Resource Authority, General Revenue Bonds, Series B, 5.125% due 8/01/2027 (g)                              |
| Michigan - 5.3%      | 7,625    | Detroit, Michigan, City School District, GO, Series A, 5.50% due 12/01/2027 (a)  |
|                      | 1,750    | Detroit, Michigan, Water Supply System Revenue Bonds, Series B, 5.50% due 12/01/2027 (a)   |
|                      | 3,040    | Michigan Higher Education Student Loan Authority, Student Loan Bonds, AMT, Series XVII-G, 5.20% due 9/01/2020 (a)                    |
|                      |          | Michigan State Strategic Fund, Limited Obligation Revenue Refunding (Edison Company Project), AMT (b):                               |
|                      | 1,700    | Series A, 5.50% due 6/01/2030  |
|                      | 3,300    | Series C, 5.65% due 9/01/2029  |
|                      | 5,800    | Series C, 5.45% due 12/15/2032   |
| Nebraska - 0.5%      | 2,300    | Washington County, Nebraska, Wastewater Facilities Revenue Bonds (Project), AMT, 5.90% due 11/01/2027                                |
| Nevada - 4.3%        | 4,100    | Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital), 5.50% due 9/01/2033 (j)   |
|                      | 2,000    | Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series A-2, 5% due 7/01/2030                                    |
|                      | 4,100    | Series A-2, 5% due 7/01/2036   |
|                      | 3,000    | Series B, 5.25% due 7/01/2034  |
|                      | 5,710    | Washoe County, Nevada, School District, GO, 5.875% due 12/01/2027  |
| New Hampshire - 3.5% | 10,000   | New Hampshire Health and Education Facilities Authority Revenue Bonds (Dartmouth-Hitchcock Obligation Group, 5.50% due 8/01/2027 (f) |
|                      | 5,000    | New Hampshire State Business Finance Authority, PCR, Refunding Bonds (Company), AMT, Series D, 6% due 5/01/2021 (g)                  |
| New Jersey - 2.8%    |          | New Jersey EDA, Cigarette Tax Revenue Bonds:   |
|                      | 910      | 5.75% due 6/15/2029  |
|                      | 1,385    | 5.50% due 6/15/2031  |
|                      | 2,750    | New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series A, 5.50% due 7/01/2031 (g)   |
|                      |          | New Jersey EDA, Revenue Bonds, ROLS (i) (l) (m):   |
|                      | 3,575    | Series II-R-309-1, 8.543% due 6/15/2024  |
|                      | 3,000    | Series II-R-309-2, 8.543% due 6/15/2031  |

MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2005

(in Thousands)

| State           | Face Amount | Municipal Bonds  |
|-----------------|-------------|--|
| New York - 6.9% |             | New York City, New York, GO:   |
|                 | \$ 6,920    | RIB, Series 394, 9.134% due 8/01/2016 (g) (i)  |
|                 | 2,410       | Series B, 5.875% due 8/15/2006 (b) (h)   |
|                 | 2,590       | Series B, 5.875% due 8/15/2013 (b)   |
|                 | 1,255       | Series F, 5.75% due 2/01/2019 (b)  |
|                 | 9,325       | New York City, New York, GO, Refunding, Series G, 5.75% due 2/01/2019 (b)                              |
|                 | 7,320       | Tobacco Settlement Financing Corporation of New York Revenue Bonds, Series A, 5.50% due 12/01/2027 (a) |

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due 6/01/2022 (a)

|                     |        |   |
|---------------------|--------|---|
| Ohio - 1.0%         | 2,500  | Columbus, Ohio, City School District, GO (School Facilities Con |
|                     | 2,000  | Improvements), 5.25% due 12/01/2027 (f)                         |
|                     |        | Jackson, Ohio, Hospital Facilities Revenue Bonds (Consolidated  |
|                     |        | Hospital), 6.125% due 10/01/2009 (h) (j)                        |
| Oklahoma - 0.8%     |        | Tulsa, Oklahoma, Airports Improvement Trust, General Revenue Bo |
|                     | 1,250  | International Airport), AMT (d):                                |
|                     | 1,000  | Series A, 6% due 6/01/2020                                      |
|                     | 1,000  | Series B, 6% due 6/01/2019                                      |
|                     |        | Series B, 6.125% due 6/01/2026                                  |
| Oregon - 2.0%       | 7,500  | Portland, Oregon, Sewer System Revenue Bonds, RIB, Series 386,  |
|                     |        | due 8/01/2020 (d) (i)   |
| Pennsylvania - 8.4% | 2,000  | Allegheny County, Pennsylvania, Port Authority, Special Transpo |
|                     |        | 6% due 3/01/2009 (g) (h)  |
|                     | 680    | Allegheny County, Pennsylvania, Sanitation Authority, Sewer Rev |
|                     | 120    | 5.50% due 12/01/2010 (h)  |
|                     |        | 5.50% due 12/01/2030  |
|                     | 6,000  | Pennsylvania State Public School Building Authority, School Lea |
|                     | 2,440  | (The School District of Philadelphia Project) (f):              |
|                     | 11,750 | 5.25% due 6/01/2025   |
|                     | 6,250  | 5% due 6/01/2029  |
|                     |        | 5% due 6/01/2033  |
|                     | 7,170  | Philadelphia, Pennsylvania, Authority for Industrial Developmen |
|                     |        | Series B, 5.50% due 10/01/2021 (f)                              |
|                     |        | Philadelphia, Pennsylvania, School District, GO, Series B, 5.62 |

MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2005

(in Thousands)

| State                 | Face Amount | Municipal Bonds   |
|-----------------------|-------------|---|
| Rhode Island - 0.6%   | \$ 2,500    | Providence, Rhode Island, GO, Series A, 5.70% due 7/15/2007 (f) |
| South Carolina - 2.3% | 20,000      | Piedmont Municipal Power Agency, South Carolina, Electric Reven |
|                       | 3,800       | Sub-Series A-2, 4.915%** due 1/01/2028 (a)                      |
|                       |             | Spartanburg County, South Carolina, Solid Waste Disposal Facili |
|                       |             | (BMW Project), AMT, 7.55% due 11/01/2024                        |
| Tennessee - 5.7%      | 15,000      | Chattanooga, Tennessee, IDB, Lease Rent Revenue Bonds (Southsid |
|                       | 5,000       | Corporation), 5.875% due 10/01/2024 (a)                         |
|                       |             | Memphis-Shelby County, Tennessee, Airport Authority, Airport Re |
|                       |             | Series D, 6.25% due 3/01/2018 (a)                               |
|                       | 2,075       | Tennessee HDA, Homeownership Revenue Bonds, AMT, Series 2-C (a) |
|                       | 2,390       | 6.10% due 7/01/2013   |
|                       |             | 6.20% due 7/01/2015   |
| Texas - 13.0%         |             | Austin, Texas, Convention Center Revenue Bonds (Convention Ente |
|                       | 1,400       | Certificates, Second Tier, Series B:                            |
|                       | 4,000       | 5.75% due 1/01/2032   |
|                       |             | 6% due 1/01/2023  |

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|       |   |
|-------|---|
| 1,000 | Bell County, Texas, Health Facilities Development Revenue Bonds (Health Care System), 6.50% due 7/01/2019 (c) |
|       | Dallas-Fort Worth, Texas, International Airport Revenue Refunding Bonds, AMT, Series A (d):                   |
| 1,835 | 5.875% due 11/01/2017   |
| 2,145 | 5.875% due 11/01/2018   |
| 2,385 | 5.875% due 11/01/2019   |
| 5,235 | Denton, Texas, Utility System Revenue Bonds, RIB, Series 369, 9% due 12/01/2017 (f) (i)                       |
|       | Gregg County, Texas, Health Facilities Development Corporation, (Good Shepherd Medical Center Project) (j):   |
| 6,000 | 6.875% due 10/01/2020   |
| 2,600 | 6.375% due 10/01/2025   |

MuniYield Quality Fund, Inc.

Schedule of Investments as of July 31, 2005

(in Thousands)

| State             | Face Amount | Municipal Bonds   |
|-------------------|-------------|---|
|                   | \$ 4,000    | Harris County, Houston, Texas, Sports Authority, Revenue Refunding Series G, 5.75% due 11/15/2020 (g)                           |
|                   | 2,700       | Houston, Texas, Airport System Revenue Refunding Bonds, Sub-Lie due 7/01/2030 (f)   |
|                   | 9,250       | Leander, Texas, Independent School District, Capital Appreciation (School Building), 5.46%** due 8/15/2028 (d)                  |
|                   | 7,150       | North Harris County, Texas, Regional Water Authority, Senior Li 5.125% due 12/15/2035 (g)                                       |
|                   | 7,200       | Texas State Turnpike Authority, Central Texas Turnpike System R Tier, Series A, 5.75% due 8/15/2038 (a)                         |
|                   | 4,600       | Travis County, Texas, Health Facilities Development Corporation Bonds (Ascension Health Credit), Series A, 6.25% due 11/15/2009 |
| Utah - 3.7%       | 15,000      | Salt Lake City, Utah, Hospital Revenue Refunding Bonds (IHC Hos due 2/15/2015 (g)   |
| Virginia - 1.0%   | 1,000       | Fairfax County, Virginia, EDA, Resource Recovery Revenue Refund Series A, 6.05% due 2/01/2009 (a)                               |
|                   | 3,100       | Halifax County, Virginia, IDA, Exempt Facility Revenue Refundin Electric Cooperative Project), AMT, 5.625% due 6/01/2028 (a)    |
| Washington - 5.6% | 10,000      | Energy Northwest, Washington, Electric Revenue Bonds, DRIVERS, due 7/01/2017 (g) (i)  |
|                   | 2,835       | King County, Washington, Sewer Revenue Refunding Bonds, Series due 1/01/2027 (f)  |
|                   | 2,400       | Port of Tacoma, Washington, Revenue Refunding Bonds, Series A, due 12/01/2034 (a)   |
|                   | 7,500       | Washington State, GO, Series A and AT-6, 6.25% due 2/01/2011 (f)  |

MuniYield Quality Fund, Inc.

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|                    | Face<br>Amount | Municipal Bonds   |
|--------------------|----------------|---|
| Puerto Rico - 0.3% | \$ 1,475       | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005, due 7/01/2031 |
|                    |                | Total Municipal Bonds (Cost - \$617,535) - 141.2%                                     |

|  | Shares<br>Held | Short-Term Securities                               |
|--|----------------|---|
|  | 5,000          | Merrill Lynch Institutional Tax-Exempt Fund (n)     |
|  |                | Total Short-Term Securities (Cost - \$5,000) - 1.1% |
|  |                | Total Investments (Cost - \$622,535 *) - 142.3%     |
|  |                | Other Assets Less Liabilities - 0.3%                |
|  |                | Preferred Stock, at Redemption Value - (42.6%)      |
|  |                | Net Assets Applicable to Common Stock - 100.0%      |

\* The cost and unrealized appreciation (depreciation) of investments as of July 31, 2005, as computed for federal income tax purposes, were as follows:

|                               | (in Thousands) |
|-------------------------------|----------------|
| Aggregate cost                | \$ 622,535     |
| Gross unrealized appreciation | \$ 46,172      |
| Gross unrealized depreciation | (425)          |
| Net unrealized appreciation   | \$ 45,747      |

\*\* Represents a zero coupon or step-up bond; the interest rate shown is the effective yield at the time of purchase by the Fund.

- (a) AMBAC Insured.
- (b) XL Capital Insured.
- (c) Escrowed to maturity.
- (d) FGIC Insured.
- (e) FHA Insured.
- (f) FSA Insured.
- (g) MBIA Insured.
- (h) Prerefunded.
- (i) The rate disclosed is that currently in effect. This rate changes periodically and inversely based upon prevailing market rates.

MuniYield Quality Fund, Inc.  
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(in Thousands)



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- (j) Radian Insured.
- (k) CIFG Insured.
- (l) Assured Guaranty Insured.
- (m) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.
- (n) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

(in Thousands)

| Affiliate                                      | Net<br>Activity | Dividend<br>Income |
|--|-----------------|--------------------|
| Merrill Lynch Institutional<br>Tax-Exempt Fund | 30              | \$ 66              |

Forward interest rate swaps outstanding as of July 31, 2005 were as follows:

(in Thousands)

|   | Notional<br>Amount | Unrealized<br>Appreciation |
|---|--------------------|----------------------------|
| Pay a fixed rate of 3.593% and receive<br>a floating rate based on 1-week USD<br>Bond Market Association rate |                    |                            |
| Broker, JPMorgan Chase Bank<br>Expires August 2015  | \$60,000           | \$ 199                     |
| Pay a fixed rate of 3.542% and receive<br>a floating rate based on 1-week USD<br>Bond Market Association rate |                    |                            |
| Broker, JPMorgan Chase Bank<br>Expires October 2015   | \$22,000           | 208                        |
| Total   |                    | \$ 407<br>=====            |

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

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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/ Robert C. Doll, Jr.

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Robert C. Doll, Jr.,  
Chief Executive Officer  
MuniYield Quality Fund, Inc.

Date: September 23, 2005

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.

By: /s/ Robert C. Doll, Jr.

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Robert C. Doll, Jr.,  
Chief Executive Officer  
MuniYield Quality Fund, Inc.

Date: September 23, 2005

By: /s/ Donald C. Burke

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

Date: September 23, 2005