

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

MUNIYIELD QUALITY FUND INC

Form N-Q

March 30, 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., 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: 10/31/05

Date of reporting period: 11/01/04 - 1/31/05

Item 1 - Schedule of Investments

MuniYield Quality Fund, Inc.

Schedule of Investments as of January 31, 2005 (in Thousands)

State	Face Amount	Municipal Bonds
Alaska - 0.8%	\$ 850	Alaska State Housing Finance Corporation, General Housing Series A, 5.25% due 12/01/2034 (d)
	2,100	Alaska State International Airports Revenue Bonds, Series due 10/01/2019 (a)
	500	Valdez, Alaska, Marine, Terminal Revenue Refunding Bond Project), VRDN, Series C, 1.83% due 7/01/2037 (1)
Arizona - 0.6%	2,345	Maricopa County, Arizona, Public Finance Corporation, L RIB, Series 511X, 8.89% due 7/01/2014 (a) (i)
California - 18.6%	4,150	Alameda Corridor Transportation Authority, California, Bonds, Subordinated Lien, Series A, 5.525%** due 10/01/ California State Department of Water Resources, Power S Series A:
	1,400	5.375% due 5/01/2021
	1,000	5.375% due 5/01/2022 (g)
	5,700	California State, GO, Refunding: 5.25% due 9/01/2026

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6,000	5.25% due 2/01/2030 (b)
7,700	5.25% due 2/01/2030 (g)
2,850	California State, GO, Refunding, ROCS, Series II-R-272, (i) (j)
	California State, Various Purpose, GO:
3,300	5.50% due 4/01/2028
2,500	5.25% due 11/01/2029
3,200	5.50% due 11/01/2033
	Golden State Tobacco Securitization Corporation of California Settlement Revenue Bonds:
5,000	RIB, Series RR II R 285X, 9.026% due 6/01/2043 (b) (i) (j)
7,080	RIB, Series RR II R 287X, 9.279% due 6/01/2038 (i) (j)
4,050	Series B, 5.60% due 6/01/2028
3,000	Series B, 5.50% due 6/01/2033 (b)
1,870	Series B, 5.625% due 6/01/2033 (b)
1,600	Series B, 5.50% due 6/01/2043 (b)
2,800	Los Angeles, California, Unified School District, GO, Series S, due 1/01/2028 (g)
2,000	Poway, California, Redevelopment Agency, Tax Allocation Bonds (Paguay Redevelopment Project), 5.125% due 6/15/2033 (a) (b) (c) (d) (e) (f) (g) (h) (i) (j)
16,895	San Francisco, California, City and County, COP (San Francisco), 5.25% due 10/01/2033 (a)

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
VRDN	Variable Rate Demand Notes

MuniYield Quality Fund, Inc.

Schedule of Investments as of January 31, 2005 (continued) (in Thousands)

State	Face Amount	Municipal Bonds
Colorado - 6.4%		Colorado Health Facilities Authority Revenue Bonds, Series (Catholic Health Initiatives), 5.50% due 3/01/2032
	\$ 1,650	(Covenant Retirement Communities Inc.), 5.50% due 11/01/2033
	1,600	(Covenant Retirement Communities Inc.), 5.50% due 11/01/2033
	1,000	(Covenant Retirement Communities Inc.), 5.50% due 11/01/2033

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	1,530	Colorado Housing and Finance Authority, Revenue Refunding (S/F Program), Series B-2, 6.80% due 2/01/2031 (g)
	805	(S/F Program), Series C-2, 8.40% due 10/01/2021 (e)
	1,175	Series C-2, 7.05% due 4/01/2031 (e) (g)
	1,715	Series C-2, 7.25% due 10/01/2031 (a)
	465	Series E-2, 7% due 2/01/2030 (g)
	6,405	Denver, Colorado, City and County, COP, Series B, 5.75%
	15,600	Northwest Parkway, Colorado, Public Highway Authority, Revenue Bonds, Senior Convertible, Series C, 5.345%** due

District of Columbia - 0.6%	2,500	District of Columbia Revenue Refunding Bonds (Catholic Project), 5.625% due 10/01/2029 (a)

Florida - 0.5%	2,240	Beacon Tradeport Community Development District, Florida Revenue Refunding Bonds (Commercial Project), Series A, due 5/01/2032 (j)

Georgia - 1.2%	4,785	Monroe County, Georgia, Development Authority, PCR, Ref Power Corporation-Scherer), Series A, 6.80% due 1/01/20

Hawaii - 0.5%	2,000	Hawaii State, GO, Series CX, 5.50% due 2/01/2021 (f)

Illinois - 26.6%		Chicago, Illinois, Board of Education, GO (a):
	1,750	(Chicago School Reform Project), Series A, 5.25% due
	5,000	RIB, Series 467, 9.39% due 12/01/2027 (i)
		Chicago, Illinois, Capital Appreciation, GO, Project an
		(g):
	1,000	5.422%** due 1/01/2027
	1,000	5.435%** due 1/01/2028
	1,000	5.448%** due 1/01/2029
	1,000	5.46%** due 1/01/2030
		Chicago, Illinois, GO (Lakefront Millennium Parking Fac
	5,000	5.125% due 1/01/2028
	2,500	5.444%** due 1/01/2029
	5,000	Chicago, Illinois, O'Hare International Airport, Genera
		Refunding Bonds, Third Lien, AMT, Series A, 5.50% due 1
		Chicago, Illinois, O'Hare International Airport Revenue
		Series B-2:
	3,400	5.75% due 1/01/2023 (f)
	4,000	5.75% due 1/01/2024 (f)
	3,300	6% due 1/01/2029 (b)
		Chicago, Illinois, O'Hare International Airport, Revenue
	2,665	3rd Lien, Series A-2, 5.75% due 1/01/2021 (f)
	6,835	DRIVERS, Series 250, 9.318% due 1/01/2021 (g) (i)
	5,000	RIB, Series 994X, 8.58% due 1/01/2032 (g) (i)
	6,200	Cook County, Illinois, Capital Improvement, GO, Series
		due 11/15/2026 (a)

MuniYield Quality Fund, Inc.

Schedule of Investments as of January 31, 2005 (continued)

(in Thousands)

State	Face Amount	Municipal Bonds
Illinois (concluded)	\$ 2,130	Illinois Development Finance Authority Revenue Bonds (P

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		Project), Series B, 6.25% due 9/01/2017 (f)
	31,350	Illinois Sports Facilities Authority, State Tax Support
	5,500	5.224%** due 6/15/2030
	10,000	5% due 6/15/2032
	3,750	Illinois State, GO, First Series, 5.50% due 8/01/2018 (
	5,295	Illinois Student Assistance Commission, Student Loan Re
	7,000	AMT, Sub-Series CC, 6.875% due 3/01/2015
	3,500	Kane and De Kalb Counties, Illinois, Community Unity Sc
		302, GO, 5.80% due 2/01/2022 (d)
		Metropolitan Pier and Exposition Authority, Illinois, D
		Revenue Refunding Bonds (McCormick Place Expansion Proj
		5.50% due 12/15/2024 (d)
		Series B, 5.75% due 6/15/2023 (g)

Indiana - 1.5%	4,500	Indiana Transportation Finance Authority, Highway Reven
		5.25% due 6/01/2029 (d)
	2,000	Indianapolis, Indiana, Local Public Improvement Bond Ba
		(Waterworks Project), Series A, 5.25% due 7/01/2033 (g)

Louisiana - 3.9%	8,500	Louisiana Local Government, Environmental Facilities, C
		Authority Revenue Bonds (Capital Projects and Equipment
		A, 6.30% due 7/01/2030 (a)
	6,800	New Orleans, Louisiana, Ernest N. Morial Exhibit Hall A
		Sub-Series A, 5.25% due 7/15/2028 (a)
	1,900	Terrebonne Parish, Louisiana, Hospital Service District
		Revenue Bonds (Terrebonne General Medical Center Projec
		due 4/01/2033 (a)

Massachusetts - 4.4%		Massachusetts Bay, Massachusetts, Transportation Author
		Transportation System, Revenue Refunding Bonds, Series
	3,730	7% due 3/01/2011
	3,550	7% due 3/01/2014
	7,005	Massachusetts State, HFA, Rental Housing Mortgage Reven
		C, 5.60% due 1/01/2045 (f)
	1,915	Massachusetts State Port Authority, Special Facilities
		AMT, Series 501, 8.814% due 7/01/2009 (a) (i)
	2,400	Massachusetts State Special Obligation Dedicated Tax Re
		due 1/01/2028 (d)

Michigan - 5.6%		Detroit, Michigan, City School District, GO, Series A (
	4,000	5.50% due 5/01/2019
	3,625	5.50% due 5/01/2020
	3,040	Michigan Higher Education Student Loan Authority, Stude
		Refunding Bonds, AMT, Series XVII-G, 5.20% due 9/01/202
		Michigan State Strategic Fund, Limited Obligation Reven
		(Detroit Edison Company Project) (b):
	3,100	5.45% due 9/01/2029
	1,700	AMT, Series A, 5.50% due 6/01/2030
	3,300	AMT, Series C, 5.65% due 9/01/2029
	5,800	AMT, Series C, 5.45% due 12/15/2032

MuniYield Quality Fund, Inc.

Schedule of Investments as of January 31, 2005 (continued)

(in Thousands)

State Face Amount Municipal Bonds

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Nebraska - 0.5%	\$ 2,300	Washington County, Nebraska, Wastewater Facilities Revenue Bonds (Washington County Wastewater Treatment Plant Project), AMT, 5.90% due 11/01/2027
Nevada - 5.5%	4,100	Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series A, 5.50% due 9/01/2033 (j)
	2,000	Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series A-2 (d):
	4,100	Series A-2, 5% due 7/01/2030
	3,000	Series A-2, 5% due 7/01/2036
		Series B, 5.25% due 7/01/2034
	1,000	Director of the State of Nevada, Department of Business and Industry, Department of Transportation, Statewide Transportation Revenue Bonds (Las Vegas Monorail Company Project), First Tier
	4,400	5.625% due 1/01/2032
	5,710	5.375% due 1/01/2040
		Washoe County, Nevada, School District, GO, 5.875% due 1/01/2027
New Hampshire - 3.5%	10,000	New Hampshire Health and Education Facilities Authority (Dartmouth-Hitchcock Obligation Group, 5.50% due 8/01/2027)
	5,000	New Hampshire State Business Finance Authority, PCR, Revenue Bonds (New Hampshire State Business Finance Authority, PCR, Revenue Bonds), AMT, Series D, 6% due 5/01/2021 (g)
New Jersey - 4.8%	7,150	New Jersey EDA, Cigarette Tax Revenue Bonds:
	910	5.50% due 6/15/2024
	1,385	5.75% due 6/15/2029
	2,750	5.50% due 6/15/2031
	3,000	New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, due 7/01/2031 (g)
	6,100	New Jersey EDA, Revenue Bonds, ROCS, Series II-R-309-2, due 6/15/2031 (i)
		New Jersey State Turnpike Authority, Turnpike Revenue Bonds, Series C-3, 1.82% due 1/01/2024 (f) (l)
New York - 10.6%	3,500	Erie County, New York, IDA, School Facility Revenue Bonds (Erie County School Facility Revenue Bonds), 5.75% due 5/01/2024 (f)
	8,085	New York City, New York, City Municipal Water Finance Authority, Sewer System Revenue Bonds, RITR, Series FR-6, 9.275% due 1/01/2027 (g)
	2,410	New York City, New York, GO (b):
	2,590	Series B, 5.875% due 8/15/2006 (h)
	1,425	Series B, 5.875% due 8/15/2013
		Series F, 5.75% due 2/01/2019
	3,500	New York City, New York, GO (i):
	6,920	DRIVERS, Series 194, 9.381% due 2/01/2015 (f)
	9,325	RIB, Series 394, 9.614% due 8/01/2016 (g)
	7,320	New York City, New York, GO, Refunding, Series G, 5.75% due 2/01/2006 (f) (h)
		Tobacco Settlement Financing Corporation of New York Revenue Bonds, Series A, 5.25% due 6/01/2022 (a)
Ohio - 1.0%	2,500	Columbus, Ohio, City School District, GO (School Facility Improvements), 5.25% due 12/01/2027 (f)
	2,000	Jackson, Ohio, Hospital Facilities Revenue Bonds (Consolidated Hospital System-Jackson Hospital), 6.125% due 10/01/2020 (j)

MuniYield Quality Fund, Inc.

Schedule of Investments as of January 31, 2005 (continued)

(in Thousands)

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State	Face Amount	Municipal Bonds
Oklahoma - 0.8%	\$ 1,250 1,000 1,000	Tulsa, Oklahoma, Airports Improvement Trust, General Re (Tulsa International Airport), AMT (d): Series A, 6% due 6/01/2020 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, Seri due 8/01/2020 (d) (i)
Pennsylvania - 8.0%	2,000 800 6,000 11,750 6,250 1,500 3,670 2,000 1,155	Allegheny County, Pennsylvania, Port Authority, Special Bonds, 6% due 3/01/2009 (g) (h) Allegheny County, Pennsylvania, Sanitation Authority, S 5.50% due 12/01/2030 (g) Pennsylvania State Public School Building Authority, So Bonds (The School District of Philadelphia Project) (f) 5.25% due 6/01/2025 5% due 6/01/2033 Philadelphia, Pennsylvania, Authority for Industrial De Revenue Bonds, Series B, 5.50% due 10/01/2021 (f) Philadelphia, Pennsylvania, School District, GO, Series 5.625% due 8/01/2020 5.625% due 8/01/2021 5.625% due 8/01/2022 Washington County, Pennsylvania, Capital Funding Author (Capital Projects and Equipment Program), 6.15% due 12/
Rhode Island - 0.6%	2,500	Providence, Rhode Island, GO, Series A, 5.70% due 7/15/
South Carolina - 1.5%	3,045 3,800	South Carolina State Public Service Authority, Revenue DRIVERS, Series 277, 9.346% due 1/01/2022 (g) (h) (i) Spartanburg County, South Carolina, Solid Waste Disposa Bonds (BMW Project), AMT, 7.55% due 11/01/2024
Tennessee - 6.2%	17,000 5,000 2,075 2,390	Chattanooga, Tennessee, IDB, Lease Rent Revenue Bonds (C Corporation), 5.875% due 10/01/2024 (a) Memphis-Shelby County, Tennessee, Airport Authority, Ai AMT, Series D, 6.25% due 3/01/2018 (a) Tennessee HDA, Homeownership Revenue Bonds, AMT, Series 6.10% due 7/01/2013 6.20% due 7/01/2015
Texas - 11.7%	4,000 1,400 1,000 1,835 2,145 2,385	Austin, Texas, Convention Center Revenue Bonds (Convent Trust Certificates, Second Tier, Series B: 6% due 1/01/2023 5.75% due 1/01/2032 Bell County, Texas, Health Facilities Development Reven General Health Care System), 6.50% due 7/01/2019 (c) Dallas-Fort Worth, Texas, International Airport Revenue Improvement Bonds, AMT, Series A (d): 5.875% due 11/01/2017 5.875% due 11/01/2018 5.875% due 11/01/2019

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MuniYield Quality Fund, Inc.

Schedule of Investments as of January 31, 2005 (continued)

(in Thousands)

State	Face Amount	Municipal Bonds
Texas (concluded)	\$ 5,235	Denton, Texas, Utility System Revenue Bonds, RIB, Series A, due 12/01/2017 (f) (i)
	6,000	Gregg County, Texas, Health Facilities Development Corporation Bonds (Good Shepherd Medical Center Project) (j):
	2,600	6.875% due 10/01/2020
	4,000	6.375% due 10/01/2025
	100	Harris County, Houston, Texas, Sports Authority Revenue Bonds Senior Lien, Series G, 5.75% due 11/15/2020 (g)
	2,700	Harris County, Texas, Health Facilities Development Corporation Revenue Bonds (Texas Children's Hospital), VRDN, Series A, due 10/01/2029 (g) (l)
	7,200	Houston, Texas, Airport System Revenue Refunding Bonds, 5.50% due 7/01/2030 (f)
	4,600	Texas State Turnpike Authority, Central Texas Turnpike First Tier, Series A, 5.75% due 8/15/2038 (a)
	2,900	Travis County, Texas, Health Facilities Development Corporation Refunding Bonds (Ascension Health Credit), Series A, 6.00% due 10/01/2025 (g)
		White Settlement, Texas, Independent School District, G
Utah - 3.8%	15,000	Salt Lake City, Utah, Hospital Revenue Refunding Bonds, 6.30% due 2/15/2015 (g)
Virginia - 2.1%	6,000	Fairfax County, Virginia, EDA, Resource Recovery Revenue Bonds, AMT, Series A, 6.05% due 2/01/2009 (a)
	3,100	Halifax County, Virginia, IDA, Exempt Facility Revenue Bonds (Dominion Electric Cooperative Project), AMT, 5.625% due 10/01/2015 (a)
Washington - 5.7%	10,000	Energy Northwest, Washington, Electric Revenue Bonds, D, 9.35% due 7/01/2017 (g) (i)
	2,835	King County, Washington, Sewer Revenue Refunding Bonds, 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 2/01/2015 (a)
Wisconsin - 0.2%	1,000	Milwaukee County, Wisconsin, Airport Revenue Bonds, AMT, due 12/01/2025 (d)
		Total Investments (Cost - \$611,244*) - 139.7%
		Other Assets Less Liabilities - 2.4%
		Preferred Stock, at Redemption Value - (42.1%)
		Net Assets Applicable to Common Stock - 100.0%

MuniYield Quality Fund, Inc.

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Schedule of Investments as of January 31, 2005 (continued)

- (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.
 - (j) Radian Insured.
 - (k) CIFG Insured.
 - (l) Security has a maturity of more than one year, but has variable rate and demand features, which qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based upon prevailing market rates.
- * The cost and unrealized appreciation (depreciation) of investments as of January 31, 2005, as computed for federal income tax purposes, were as follows:

	(in Thousands)

Aggregate cost	\$ 611,244
	=====
Gross unrealized appreciation	\$ 53,162
Gross unrealized depreciation	(456)

Net unrealized appreciation	\$ 52,706
	=====

** Represents a zero coupon bond; the interest rate shown reflects the effective yield at the time of purchase by the Fund.

Investments in companies considered to be an affiliate of the Fund (such 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	(4,970)	\$ 26
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MuniYield Quality Fund, Inc.

Schedule of Investments as of January 31, 2005 (concluded)

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

	(in Thousands)	

	Notional Amount	Unrealized Depreciation
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Receive a variable rate equal to 7-Day Bond Market Association Municipal Swap Index Rate and pay a fixed rate equal to 3.621%

Broker, JPMorgan Chase Bank Expires March 2015	\$20,000	\$ (184)
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Receive a variable rate equal to 7-Day Bond Market Association Municipal Swap Index Rate and pay a fixed rate equal to 3.658%

Broker, JPMorgan Chase Bank Expires April 2015	\$22,000	(244)
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Receive a variable rate equal to 7-Day Bond Market Association Municipal Swap Index Rate and pay a fixed rate equal to 4.251%

Broker, JPMorgan Chase Bank Expires February 2025	\$38,000	(1,739)
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Receive a variable rate equal to 7-Day Bond Market Association Municipal Swap Index Rate and pay a fixed rate equal to 4.073%

Broker, Morgan Stanley Capital Services, Inc. Expires March 2025	\$14,000	(291)
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Total		\$ (2,458) =====
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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

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signed on its behalf by the undersigned, thereunto duly authorized.

MuniYield Quality Fund, Inc.

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

Robert C. Doll, Jr.,
President
MuniYield Quality Fund, Inc.

Date: March 21, 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.

Robert C. Doll, Jr.,
President
MuniYield Quality Fund, Inc.

Date: March 21, 2005

By: /s/ Donald C. Burke

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

Date: March 21, 2005