

MUNIYIELD FUND INC  
Form N-CSR  
June 28, 2004

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

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT  
COMPANIES

Investment Company Act file number 811-6414

Name of Fund: MuniYield Fund, Inc.

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

Name and address of agent for service: Terry K. Glenn, President,  
MuniYield 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: 11/01/03 - 04/30/04

Item 1 - Report to Stockholders

(BULL LOGO)  
Merrill Lynch Investment Managers

[www.mlim.ml.com](http://www.mlim.ml.com)

MuniYield Fund, Inc.

Semi-Annual Report  
April 30, 2004

MuniYield Fund, Inc. seeks to provide shareholders with as high a level of current income exempt from Federal income taxes as is consistent with its investment policies and prudent investment management by investing primarily in a portfolio of long-term, investment grade municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from Federal income taxes.

This report, including the financial information herein, is transmitted to shareholders of MuniYield Fund, Inc. for their information. It is not a prospectus. Past performance results shown

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

in this report should not be considered a representation of future performance. The Fund has leveraged its Common Stock and intends to remain leveraged by issuing Preferred Stock to provide the Common Stock shareholders with a potentially higher rate of return. Leverage creates risks for Common Stock shareholders, including the likelihood of greater volatility of net asset value and market price of shares of the Common Stock, and the risk that fluctuations in the short-term dividend rates of the Preferred Stock may affect the yield to Common Stock shareholders. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free 1-800-MER-FUND (1-800-637-3863); (2) on [www.mutualfunds.ml.com](http://www.mutualfunds.ml.com); and (3) on the Securities and Exchange Commission's website at <http://www.sec.gov>.

MuniYield Fund, Inc.  
Box 9011  
Princeton, NJ  
08543-9011

(GO PAPERLESS LOGO)  
It's Fast, Convenient, & Timely!  
To sign up today, go to [www.icsdelivery.com/live](http://www.icsdelivery.com/live).

MuniYield Fund, Inc.

### The Benefits and Risks of Leveraging

MuniYield Fund, Inc. utilizes leveraging to seek to enhance the yield and net asset value of its Common Stock. However, these objectives cannot be achieved in all interest rate environments. To leverage, the Fund issues Preferred Stock, which pays dividends at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. The interest earned on these investments, net of dividends to Preferred Stock, is paid to Common Stock shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share net asset value of the Fund's Common Stock. However, in order to benefit Common Stock shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit Common Stock shareholders. If either of these conditions change, then the risks of leveraging will begin to outweigh the benefits.

To illustrate these concepts, assume a fund's Common Stock capitalization of \$100 million and the issuance of Preferred Stock for an additional \$50 million, creating a total value of \$150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are approximately 3% and long-term interest rates are approximately 6%, the yield curve has a

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

strongly positive slope. The fund pays dividends on the \$50 million of Preferred Stock based on the lower short-term interest rates. At the same time, the fund's total portfolio of \$150 million earns the income based on long-term interest rates. Of course, increases in short-term interest rates would reduce (and even eliminate) the dividends of the Common Stock.

In this case, the dividends paid to Preferred Stock shareholders are significantly lower than the income earned on the fund's long-term investments, and therefore the Common Stock shareholders are the beneficiaries of the incremental yield. However, if short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental yield pickup on the Common Stock will be reduced or eliminated completely. At the same time, the market value of the fund's Common Stock (that is, its price as listed on the New York Stock Exchange) may, as a result, decline. Furthermore, if long-term interest rates rise, the Common Stock's net asset value will reflect the full decline in the price of the portfolio's investments, since the value of the fund's Preferred Stock does not fluctuate. In addition to the decline in net asset value, the market value of the fund's Common Stock may also decline.

As a part of its investment strategy, the Fund may invest in certain securities whose potential income return is inversely related to changes in a floating interest rate ("inverse floaters"). In general, income on inverse floaters will decrease when short-term interest rates increase and increase when short-term interest rates decrease. Investments in inverse floaters may be characterized as derivative securities and may subject the Fund to the risks of reduced or eliminated interest payments and losses of invested principal. In addition, inverse floaters have the effect of providing investment leverage and, as a result, the market value of such securities will generally be more volatile than that of fixed-rate, tax-exempt securities. To the extent the Fund invests in inverse floaters, the market value of the Fund's portfolio and the net asset value of the Fund's shares may also be more volatile than if the Fund did not invest in such securities. As of April 30, 2004, the percentage of the Fund's total net assets invested in inverse floaters was 9.41%.

### Swap Agreements

The Fund may also invest in swap agreements, which are over-the-counter contracts in which one party agrees to make periodic payments based on the change in market value of a specified bond, basket of bonds, or index in return for periodic payments based on a fixed or variable interest rate or the change in market value of a different bond, basket of bonds or index. Swap agreements may be used to obtain exposure to a bond or market without owning or taking physical custody of securities.

MUNIYIELD FUND, INC., APRIL 30, 2004

A Letter From the President

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

Dear Shareholder

For the six-month and 12-month periods ended April 30, 2004, the Lehman Brothers Municipal Bond Index posted returns of +1.19% and +2.68%, respectively. Its taxable counterpart, the Lehman Brothers Aggregate Bond Index, had returns of +1.25% and +1.82% for the same periods. Amid considerable month-to-month volatility, tax-exempt bond yields rose over the past year, although not to the same extent as 10-year U.S. Treasury yields. In all, tax-exempt securities continued to be an attractive fixed income investment alternative.

As of April month-end, the Federal Reserve Board maintained its accommodative policy stance, although a better-than-expected employment report for the month of March prompted speculation that an interest rate increase could come sooner than many had expected. On April 2, 2004, the good news on the employment front - previously the one dim spot in an otherwise bright economic picture - helped prompt the yield on the 10-year Treasury bond to spike nearly 25 basis points (.25%), from 3.91% to 4.15%. Market watchers continue to monitor the economic data and Federal Reserve Board language for indications of interest rate direction. If economic growth maintains its recent pace and employment figures continue to improve, many believe it is just a matter of time before interest rates move upward.

Equity markets, in the meantime, gleaned support from the improving economic environment and provided attractive returns. For the six-month and 12-month periods ended April 30, 2004, the Standard & Poor's 500 Index returned +6.27% and +22.88%, respectively. Significant fiscal and monetary stimulus in 2003, including low interest rates and tax cuts, has opened the door to consumer spending, capital spending, increases in exports and long-awaited job growth. As expected, these developments have led the way to improvements in corporate earnings - a positive for stock markets.

The events and efforts of the past year leave us with a much stronger economy today. Of course, markets will always fluctuate, and there are many uncertainties - not the least of which are geopolitical in nature - which can translate into negative market movements. Keeping this in mind, we encourage you to revisit your portfolio and your asset allocation strategy to ensure you are well positioned to take advantage of the opportunities that lie ahead. Importantly, your financial advisor can help you develop a strategy most suitable for your circumstances through all types of market and economic cycles.

We thank you for trusting Merrill Lynch Investment Managers with your investment assets, and we look forward to serving you in the months and years ahead.

Sincerely,

(Terry K. Glenn)  
Terry K. Glenn  
President and Director

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

MUNIYIELD FUND, INC., APRIL 30, 2004

### A Discussion With Your Fund's Portfolio Manager

The Fund continued to benefit from an above-average exposure to lower-rated and nonrated bonds, allowing it to outperform its Lipper category average for the period.

Describe the market environment relative to municipal bonds during the fiscal year.

For much of the six-month period, a positive economic backdrop helped bond prices to move higher as yields, which typically move opposite of prices, declined. In early April, however, a surprisingly strong monthly employment report triggered fears that the long-accommodative Federal Reserve Board might raise interest rates sooner than many had expected. As a result, bond yields rose (prices fell) sharply for the remainder of the period. At the end of April, long-term U.S. Treasury bond yields had climbed to 5.13%, representing an increase of approximately 15 basis points (.15%) over the past six months. Ten-year U.S. Treasury note yields stood at 4.30% as of period-end, an increase of more than 20 basis points.

Tax-exempt bond yields generally mimicked the movement of their taxable counterparts, although volatility in the municipal market was more subdued. Long-term revenue bond yields, as measured by the Bond Buyer Revenue Bond Index, rose just four basis points over the past six months. For the same period, yields on AAA-rated issues maturing in 30 years rose approximately 10 basis points to 4.93% while yields on 10-year, AAA-rated issues increased more than 16 basis points to nearly 4%, according to Municipal Market Data. The more marked increase in 10-year bond yields may be attributed to the fact that recent issuance has been heavily concentrated in the 10-year - 20-year range. The resulting supply imbalance prompted higher intermediate bond yields (and lower prices). Longer-maturity and lower-rated issues continued to benefit from more favorable supply/demand factors and, therefore, have seen less price depreciation. For the six-month period as a whole, municipal bond supply declined approximately 5% compared to the same period a year ago.

While investor enthusiasm for stocks has taken some attention away from fixed income markets, overall demand for tax-exempt municipal bonds has remained positive. Recent Federal Reserve Board statistics showed that U.S. household holdings of municipal securities increased by more than \$25 billion during the fourth quarter of 2003 to approximately \$680 billion. In addition, data from the Investment Company Institute indicates that, in just the first three months of 2004, tax-exempt bond funds have seen net new cash flows of almost \$640 million.

How did the Fund perform during the period?

For the six-month period ended April 30, 2004, the Common Stock of MuniYield Fund, Inc. had net annualized yields of 7.01% and 7.70%, based on a period-end per share net asset value of \$13.73 and a per

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

share market price of \$12.50, respectively, and \$.480 per share income dividends. Over the same period, the total investment return on the Fund's Common Stock was +2.71%, based on a change in per share net asset value from \$13.85 to \$13.73, and assuming reinvestment of \$.477 per share ordinary income dividends.

The average yields for the Fund's Auction Market Preferred Stock (AMPS) for the six months ended April 30, 2004 were: .84% for Series A; 1.02% for Series B; .85% for Series C; .86% for Series D; .88% for Series E; and .92% for Series F.

The Fund's total return, based on net asset value, exceeded that of its comparable Lipper category of General Municipal Debt Funds (Leveraged), which had a return of +2.20% for the same six-month period. (Funds in this Lipper category invest primarily in municipal debt issues rated in the top four credit-rating categories. These funds can be leveraged via use of debt, preferred equity and/or reverse repurchase agreements.) The Fund's outperformance is primarily attributed to our overweight exposure to lower-rated and nonrated bonds, both of which responded well as investors became increasingly comfortable with accepting risk in pursuit of higher yields. The Fund benefited from tightening credit spreads and from the extra income provided by these below investment grade securities. Specific sector concentrations that contributed to Fund results include health care and tax-backed debt - especially corporate-related tax-backed debt, with a focus on such cyclical industries as forest products, chemicals and airlines.

MUNIYIELD FUND, INC., APRIL 30, 2004

For a description of the Fund's total investment return based on a change in the per share market value of the Fund's Common Stock (as measured by the trading price of the Fund's shares on the New York Stock Exchange), and assuming reinvestment of dividends, please refer to the Financial Highlights section included in this report. As a closed-end fund, the Fund's shares may trade in the secondary market at a premium or discount to the Fund's net asset value. As a result, total investment returns based on changes in the market value of the Fund's Common Stock can vary significantly from total investment return based on changes in the Fund's net asset value.

What changes were made to the portfolio during the period?

Our strategy centered on modestly extending the Fund's average portfolio maturity by shifting our focus from higher-quality investments maturing in approximately 15 years to those with maturities in the 20-year - 25-year range. The goal was to capitalize on the relative value and reduced volatility that we have observed in this portion of the yield curve.

We also sought to capture relative value in the high yield sector as a means to enhance Fund returns over time. To this end, our investment process was geared toward improving diversification and carefully choosing securities we believed to be fundamentally sound. Specifically, we established new positions or added to existing holdings in the transportation, education and health care sectors, as well as general obligation (GO) bonds.

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

Our GO investments included an increase in exposure to California bonds. The state's recent fiscal problems have afforded us an opportunity to add attractively priced state-backed issues to the Fund's holdings. Our new purchases enabled us to satisfy a larger goal of bringing the Fund's GO weighting in line with the market average. For some time we had underweighted this sector because we had concerns about issuers' deteriorating fiscal health. Recent evidence of a gradual, broad-based increase in tax revenues, however, has caused us to revisit this stance.

In terms of leverage, the Fund's borrowing costs remained around 1% throughout most of the six-month period. These attractive funding levels, in combination with the steep municipal yield curve, continued to generate significant income to the Fund's Common Stock shareholders. The Federal Reserve Board appears poised to begin raising short-term interest rates, most likely later in 2004. The increase, however, is expected to be gradual and should not have a material impact on the positive advantage leverage has had on the Fund's Common Stock yield. However, should the spread between short-term and long-term interest rates narrow, the benefits of leveraging will decline and, as a result, reduce the yield on the Fund's Common Stock. At the end of the period, the Fund's leverage amount, due to AMPS, was 32.45% of total assets. (For a more complete explanation of the benefits and risks of leveraging, see page 2 of this report to shareholders.)

How would you characterize the portfolio's position at the close of the period?

Late in the period, as interest rates rose modestly, we elected to moderate the portfolio's defensive stance and position the Fund more neutrally. We also remained fully invested to enhance investment income for shareholders. Against a backdrop of continuing geopolitical and economic uncertainty, we anticipate significant market volatility ahead. Until some of this uncertainty dissipates, we believe that maintaining the Fund's generally conservative investment strategy remains appropriate.

Theodore R. Jaeckel Jr.  
Vice President and Portfolio Manager

May 14, 2004

MUNIYIELD FUND, INC., APRIL 30, 2004

### Schedule of Investments

State	S&P Ratings	Moody's Ratings	Face Amount	Municipal Bonds
Alabama--0.4%	NR*	A2	\$ 2,500	Huntsville, Alabama, Health Care Authority Revenue Bond Series B, 5.75% due 6/01/2032

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

Alaska--0.3%	NR*	Ba1	2,050	Valdez, Alaska, Marine Terminal Revenue Refunding Bonds (Amerada Hess Pipeline Corporation), 6.10% due 2/01/20
Arizona--9.0%				Arizona State Transportation Board, Highway Revenue Bonds Sub-Series A:
	AA	Aa2	5,825	5% due 7/01/2021
	AA	Aa2	7,030	5% due 7/01/2022
	AA	Aa2	5,240	5% due 7/01/2023
	NR*	Baa3	2,300	Maricopa County, Arizona, IDA, Education Revenue Bonds (Charter Schools Project 1), Series A, 6.75% due 7/01/20
				Maricopa County, Arizona, IDA, M/F Housing Revenue Refunding Bonds (CRS Pine Ridge Housing Corporation), Series A-1 (g):
	AAA	NR*	5,000	6% due 10/20/2031
	AAA	NR*	5,000	6.05% due 10/20/2036
				Phoenix, Arizona, IDA, Airport Facility Revenue Refunding Bonds (America West Airlines Inc. Project), AMT:
	NR*	Caa2	5,800	6.25% due 6/01/2019
	NR*	Caa2	6,900	6.30% due 4/01/2023
				Phoenix, Arizona, IDA, M/F Housing Revenue Bonds (Summit Apartments LLC Project) (g):
	AAA	NR*	1,610	6.25% due 7/20/2022
	AAA	NR*	1,425	6.45% due 7/20/2032
	AAA	NR*	1,305	6.55% due 7/20/2037
	NR*	Baa3	1,400	Pima County, Arizona, IDA, Education Revenue Bonds (Ariz. Schools Project II), Series A, 6.75% due 7/01/2031
				Pima County, Arizona, IDA, M/F Housing Revenue Bonds (Village), Series A (g):
	AAA	NR*	990	5.90% due 10/20/2021
	AAA	NR*	1,725	6% due 10/20/2031
	AAA	NR*	2,295	6.05% due 10/20/2041
	NR*	Baa2	2,500	Yavapai County, Arizona, IDA, Hospital Facility Revenue Bonds (Yavapai Regional Medical Center), Series A, 6% due 8/
California--22.8%	AAA	Aaa	1,360	Anaheim, California, Union High School District, GO, Series A, 5% due 8/01/2022 (i)
	BBB	Baa1	8,760	California State, GO, 5% due 2/01/2033
	BBB-	Baa2	2,000	California State Public Works Board, Lease Revenue Bonds (Department of Corrections), Series C, 5% due 6/01/2029
	BBB-	Baa2	4,500	(Department of Mental Health--Coalinga State Hospital), Series A, 5.125% due 6/01/2029
				California State, Various Purpose, GO:
	BBB	Baa1	6,800	5.25% due 11/01/2025
	AAA	Aaa	10,000	5% due 4/01/2031 (c)
	BBB	Baa1	5,550	5.50% due 11/01/2033
				Golden State Tobacco Securitization Corporation of California Tobacco Settlement Revenue Bonds:
	BBB	Baa3	5,500	Series A-3, 7.875% due 6/01/2042
	BBB	Baa3	7,500	Series A-4, 7.80% due 6/01/2042
	BBB-	Baa2	5,000	Series B, 5.50% due 6/01/2018
	BBB-	Baa2	5,000	Series B, 5.375% due 6/01/2028
	BBB-	Aaa	9,520	Series B, 5.50% due 6/01/2043

Portfolio Abbreviations

To simplify the listings of MuniYield 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.



Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

AMT	Alternative Minimum Tax (subject to)
COP	Certificates of Participation
DRIVERS	Derivative Inverse Tax-Exempt Receipts
EDA	Economic Development Authority
GO	General Obligation Bonds
HFA	Housing Finance Agency
IDA	Industrial Development Authority
IDB	Industrial Development Board
IDR	Industrial Development Revenue Bonds
M/F	Multi-Family
PCR	Pollution Control Revenue Bonds
RITR	Residual Interest Trust Receipts
S/F	Single-Family
VRDN	Variable Rate Demand Notes

MUNIYIELD FUND, INC., APRIL 30, 2004

Schedule of Investments (continued)

State	S&P Ratings	Moody's Ratings	Face Amount	Municipal Bonds
California (concluded)	AAA	Aaa	\$10,000	Los Angeles, California, Community Redevelopment Agency Redevelopment Financing Authority Revenue Bonds (Bunke Series A, 5% due 12/01/2027 (i)
	AAA	Aaa	18,400	Los Angeles, California, Unified School District, GO, due 7/01/2023 (i)
	AAA	Aaa	6,160	Los Angeles, California, Water and Power Revenue Refun (Power System), Series A, Sub-Series A-2, 5% due 7/01/ Los Angeles County, California, Schools Regionalized B Services, COP, Pooled Financing, Series A (c):
	AAA	Aaa	1,430	5.90%** due 8/01/2019
	AAA	Aaa	2,510	6%** due 8/01/2029
	AA	Aa3	1,250	Sacramento County, California, Sanitation District, Fi Authority, Revenue Refunding Bonds, Trust Receipts, CL Series A, 10.56% due 12/01/2019 (k)
	AAA	Aaa	5,145	Santa Clara, California, Subordinated Electric Revenue Series A, 5% due 7/01/2022 (e)
	AAA	Aaa	10,000	University of California Hospital Revenue Bonds (UCLA Series A, 5% due 5/15/2039 (c)
	AAA	Aaa	7,465	University of California Revenue Bonds (Multiple Purpo Series Q, 5% due 9/01/2021 (i)
	AAA	Aaa	3,000	University of California, Revenue Refunding Bonds, Ser 5.125% due 5/15/2019
	AAA	Aaa	2,500	5.125% due 5/15/2020
	BBB+	Aaa	1,675	Vernon, California, Electric System Revenue Bonds (Mal Generating Station Project), 5.30% due 4/01/2026
Colorado-- 5.2%	AA	Aa2	650	Colorado HFA, Revenue Refunding Bonds (S/F Program), A Series D-2, 6.90% due 4/01/2029
	AAA	Aaa	8,000	Denver, Colorado, City and County Airport Revenue Bond Series D, 7.75% due 11/15/2013 (c)
	NR*	Baa2	5,500	Denver, Colorado, Urban Renewal Authority, Tax Increme Bonds (Pavilions), AMT, 7.75% due 9/01/2016 Elk Valley, Colorado, Public Improvement Revenue Bonds Improvement Fee), Series A:
	NR*	NR*	1,735	7.10% due 9/01/2014
	NR*	NR*	5,065	7.35% due 9/01/2031

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

	BB+	Bal	1,750	Northwest Parkway, Colorado, Public Highway Authority Bonds, First Tier, Sub-Series D, 7.125% due 6/15/2041
	NR*	NR*	6,850	Plaza Metropolitan District No. 1, Colorado, Tax Allocation Revenue Bonds (Public Improvement Fees), 8% due 12/01/2024
Connecticut--0.1%	NR*	NR*	600	Connecticut State Development Authority, IDR (AFCO Car Project), AMT, 7.35% due 4/01/2010
Florida--4.1%	NR*	NR*	880	Bonnet Creek Resort, Florida, Community Development District Assessment Revenue Bonds, 7.50% due 5/01/2034
				Hillsborough County, Florida, IDA, Exempt Facilities Revenue Bonds (National Gypsum), AMT:
	NR*	NR*	11,500	Series A, 7.125% due 4/01/2030
	NR*	NR*	5,000	Series B, 7.125% due 4/01/2030
	AAA	Aaa	1,115	Miami-Dade County, Florida, Aviation Revenue Bonds (Miami International Airport), AMT, Series A, 5% due 10/01/2024
				Saint Lucie County, Florida, Sales Tax Revenue Refunding Improvement Bonds (e):
	AAA	Aaa	2,140	5.25% due 10/01/2022
	AAA	Aaa	500	5.25% due 10/01/2023
	B-	B1	3,000	Santa Rosa Bay Bridge Authority, Florida, Revenue Bonds due 7/01/2028
Georgia--3.0%	AAA	Aaa	12,140	Atlanta, Georgia, Airport Revenue Refunding Bonds, Series A, due 1/01/2016 (h)
	NR*	NR*	4,600	Atlanta, Georgia, Tax Allocation Revenue Bonds (Atlanta-Fulton County Stadium Project), 7.90% due 12/01/2024
Idaho--2.1%	AA	NR*	635	Idaho Housing Agency, S/F Mortgage Revenue Refunding Bonds, Senior Series C-2, 7.15% due 7/01/2023
	BB+	Ba3	12,125	Power County, Idaho, Industrial Development Corporation Waste Disposal Revenue Bonds (FMC Corporation Project) due 8/01/2032

MUNIYIELD FUND, INC., APRIL 30, 2004

Schedule of Investments (continued)

State	S&P Ratings	Moody's Ratings	Face Amount	Municipal Bonds
Illinois--4.9%	NR*	B2	\$ 795	Beardstown, Illinois, IDR (Jefferson Smurfit Corp. Project), 8% due 10/01/2016
	AAA	Aaa	13,200	Chicago, Illinois, O'Hare International Airport Revenue Bonds, 3rd Lien, AMT, Series B-2, 6% due 1/01/2029 (j)
	NR*	Aaa	285	Chicago, Illinois, S/F Mortgage Revenue Bonds, AMT, Series A, 7.625% due 9/01/2027 (f)(g)(l)
	B	B1	2,750	Illinois Development Finance Authority, PCR, Refunding Bonds (Power Company Project), Series A, 7.375% due 7/01/2006
	AAA	Aaa	3,285	Illinois Development Finance Authority Revenue Bonds (Home Lake Project), Series B, 6.30% due 9/01/2022 (i)
	NR*	NR*	2,500	Illinois Educational Facilities Authority, Revenue Refunding Bonds (Chicago Osteopathic Health System), 7.25% due 11/15/2024
	NR*	B2	1,250	Illinois Health Facilities Authority Revenue Bonds (Hennepin Hospital Project), 6.70% due 3/01/2014
	A1	VMIG1++	10	Illinois Health Facilities Authority, Revenue Refunding Bonds (University of Chicago Hospitals), VRDN, 1.07% due 8/01/2024

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

	AAA	Aaa	4,000	Metropolitan Pier and Exposition Authority, Illinois, State Tax Revenue Bonds (McCormick Place Expansion), S due 6/15/2023 (e)
Kansas--0.2%	BB+	NR*	1,250	Lenexa, Kansas, Health Care Facility Revenue Bonds (La Village Inc.), Series C, 6.875% due 5/15/2032
Kentucky--0.7%	NR*	Baa2	4,000	Perry County, Kentucky, Solid Waste Disposal Revenue B (TJ International Project), AMT, 7% due 6/01/2024
Louisiana--3.8%	B	NR*	4,125	Hodge, Louisiana, Utility Revenue Refunding Bonds (Sto Corporation), AMT, 7.45% due 3/01/2024
	BB-	NR*	19,000	Port New Orleans, Louisiana, IDR, Refunding (Continent Company Project), 6.50% due 1/01/2017
Maryland--1.5%	NR*	NR*	3,000	Maryland State Energy Financing Administration, Limite Revenue Bonds (Cogeneration--AES Warrior Run), AMT, 7.9/01/2019
	AA	Aa2	1,250	Maryland State Health and Higher Educational Facilitie Revenue Bonds (Johns Hopkins University), Series A: 5% due 7/01/2024
	AA	Aa2	1,000	5% due 7/01/2033
	A	A3	4,000	Maryland State Health and Higher Educational Facilitie Revenue Refunding Bonds (University of Maryland Medica 6% due 7/01/2032
Michigan--0.5%	BBB-	NR*	3,325	Macomb County, Michigan, Hospital Finance Authority, H Revenue Bonds (Mount Clemens General Hospital), Series due 11/15/2034
Minnesota--0.6%				Eden Prairie, Minnesota, M/F Housing Revenue Bonds (Ro Project), Series A (g):
	NR*	A1	420	6% due 8/20/2021
	NR*	A1	2,000	6.20% due 2/20/2043
	NR*	Aa2	985	Minneapolis, Minnesota, M/F Housing Revenue Bonds (Gaa Loft Project), AMT, 5.95% due 5/01/2030
Missouri--0.7%				Fenton, Missouri, Tax Increment Revenue Refunding and Bonds (Gravois Bluffs):
	NR*	NR*	635	6.75% due 10/01/2015
	NR*	NR*	2,800	7% due 10/01/2021
	AAA	NR*	475	Missouri State Housing Development Commission, S/F Mor Revenue Bonds, Homeownership, AMT, Series B, 7.55% due
New Hampshire--0.6%	BBB+	Baa1	3,425	New Hampshire Health and Education Facilities Authorit Refunding Bonds (Elliot Hospital), Series B, 5.60% due
New Jersey--10.7%	NR*	NR*	3,000	New Jersey EDA, First Mortgage Revenue Bonds (The Pres Series A, 6.375% due 11/01/2031
	NR*	NR*	4,400	New Jersey EDA, Retirement Community Revenue Bonds (Ce Village Inc. Facility), Series A, 7.25% due 11/15/2031
				New Jersey EDA, Special Facility Revenue Bonds (Contin Inc. Project), AMT:
	B	Caa2	3,905	6.25% due 9/15/2019
	B	Caa2	16,195	6.25% due 9/15/2029
	BB+	NR*	3,680	New Jersey Health Care Facilities Financing Authority (Pascack Valley Hospital Association), 6.625% due 7/01
	AAA	NR*	4,360	Port Authority of New York and New Jersey Revenue Refu DRIVERS, AMT, Series 177, 10.607% due 10/15/2032 (e) (k

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

MUNIYIELD FUND, INC., APRIL 30, 2004

Schedule of Investments (continued)

State	S&P Ratings	Moody's Ratings	Face Amount	Municipal Bonds
New Jersey (concluded)	AAA	NR*	\$20,575	Port Authority of New York and New Jersey, Special Obl Revenue Bonds, DRIVERS, AMT, Series 192, 10.106% due 12/01/2025 (e) (k)
	BBB	Baa3	7,500	Tobacco Settlement Financing Corporation of New Jersey Asset-Backed Revenue Refunding Bonds, 6% due 6/01/2037
	BBB	Baa3	4,500	Tobacco Settlement Financing Corporation of New Jersey Bonds, 6.75% due 6/01/2039
New York-- 21.4%	NR*	NR*	2,240	Dutchess County, New York, IDA, Civic Facility Revenue Bonds (Saint Francis Hospital), Series A, 7.50% due 3/
	A-	Baal	2,405	Long Island Power Authority, New York, Electric System Series C, 5% due 9/01/2022
	AAA	Aaa	5,595	Metropolitan Transportation Authority, New York, Commu Revenue Bonds, RITR, Series 9, 6.10% due 7/01/2006 (b) New York City, New York, City IDA, Special Facilities Bonds, AMT:
	BB-	Ba2	1,250	(British Airways PLC Project), 7.625% due 12/01/203
	BBB+	A3	10,000	(Terminal One Group Association Project), 6.125% du New York City, New York, City Municipal Water Finance Water and Sewer System Revenue Bonds (k):
	AAA	NR*	5,000	DRIVERS, Series 198, 10.157% due 6/15/2026 (e)
	AAA	Aaa	3,000	RITR, Series 11, 10.30% due 6/15/2026 (i)
	AA	Aa2	14,000	New York City, New York, City Municipal Water Finance Water and Sewer System Revenue Refunding Bonds, 5.50% New York City, New York, GO, Refunding, Series G (b):
	AAA	Aaa	2,090	5.75% due 2/01/2014 (e)
	AAA	Aaa	2,000	5.75% due 2/01/2014 (h)
	NR*	Aaa	10,000	New York City, New York, GO, Refunding, Trust Receipts 11.34% due 5/15/2014 (h) (k)
	AA-	NR*	6,795	New York State Dormitory Authority, Hospital Revenue R Bonds (North General Hospital), 5.75% due 2/15/2015 New York State Dormitory Authority, Revenue Refunding (Mount Sinai Health), Series A:
	BB	Ba1	5,000	6.75% due 7/01/2020
	BB	Ba1	315	6.50% due 7/01/2025
	AA	A1	10,000	New York State Urban Development Corporation, Personal Revenue Bonds (State Facilities), Series A, 5.50% due
	NR*	NR*	2,500	Suffolk County, New York, IDA, IDR, Refunding (Nissequ Cogeneration Partners Facility), AMT, 5.50% due 1/01/2 Tobacco Settlement Financing Corporation of New York R
	AAA	Aaa	13,875	Series A-1, 5.25% due 6/01/2022 (c)
AA-	A3	9,400	Series C-1, 5.50% due 6/01/2021	
A+	A1	10,000	Triborough Bridge and Tunnel Authority, New York, Subo Revenue Bonds, 5.25% due 11/15/2030 Westchester County, New York, IDA, Continuing Care Ret Mortgage Revenue Bonds (Kendal on Hudson Project), Ser	
NR*	NR*	3,450	6.375% due 1/01/2024	
NR*	NR*	2,895	6.50% due 1/01/2034	
North Carolina--1.3%	BBB	Baa3	4,750	North Carolina Eastern Municipal Power Agency, Power S Bonds, Series D, 6.75% due 1/01/2026
	AA	Aa2	380	North Carolina HFA, Home Ownership Revenue Bonds, AMT,

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

			6.20% due 7/01/2016
AA	Aa2	1,055	North Carolina HFA, S/F Revenue Bonds, Series II, 6.20% due 3/01/2016 (d)
NR*	NR*	1,000	North Carolina Medical Care Commission, Health Care Facility First Mortgage Revenue Bonds (Arbor Acres Community Project), due 3/01/2032
Ohio--3.2%			Cuyahoga County, Ohio, Mortgage Revenue Bonds (West Telemeter Project), AMT (g):
NR*	Aaa	1,410	5.75% due 9/20/2020
NR*	Aaa	2,250	5.85% due 9/20/2030
NR*	NR*	2,175	Lucas County, Ohio, Health Care Facility Revenue Refunding Improvement Bonds (Sunset Retirement Communities), Series A, due 8/15/2030
NR*	Aaa	5,000	Mason, Ohio, City School District, GO (School Improvement Bonds), due 12/01/2031 (i)
NR*	Aaa	350	Mason, Ohio, Sewer System Revenue Refunding and Improvement Bonds, due 12/01/2025
NR*	Aaa	2,495	5% due 12/01/2028
NR*	Aaa	1,000	Montgomery County, Ohio, Water System Revenue Refunding Bonds (Greater Moraine Beaver), 5.375% due 11/15/2015 (c)

MUNIYIELD FUND, INC., APRIL 30, 2004

Schedule of Investments (continued)

State	S&P Ratings	Moody's Ratings	Face Amount	Municipal Bonds
Ohio (concluded)				Port of Greater Cincinnati Development Authority, Ohio Assessment Revenue Bonds (Cooperative Public Parking Project):
	NR*	NR*	\$ 970	6.30% due 2/15/2024
	NR*	NR*	410	6.40% due 2/15/2034
				Princeton, Ohio, City School District, GO (e):
	AAA	Aaa	1,575	5% due 12/01/2024
	AAA	Aaa	1,710	5% due 12/01/2025
Oregon--2.5%	AAA	Aaa	7,905	Oregon State Department of Administrative Services, CO 6% due 5/01/2010 (b) (c)
	AA-	Aa3	4,305	Oregon State, GO, Refunding (Veterans Welfare), Series A, due 10/01/2032
	NR*	NR*	1,830	Portland, Oregon, Housing Authority, Housing Revenue Bonds (University Square and University Place), Series A, 5.875% due 1/01/2032
Pennsylvania--11.5%	AAA	Aaa	5,000	Lehigh County, Pennsylvania, IDA, PCR, Refunding (Pennsylvania Power and Light Company Project), Series B, 6.40% due 11/01/2032
	NR*	NR*	12,100	Pennsylvania Economic Development Financing Authority, Facilities Revenue Bonds (National Gypsum Company), Series A, 6.25% due 11/01/2027
	NR*	NR*	8,800	Series B, 6.125% due 11/01/2027
	AAA	Aaa	16,270	Pennsylvania State Higher Educational Facilities Authority, Health Services Revenue Refunding Bonds (Allegheny Delaware County Obligation), Series C, 5.875% due 11/15/2016 (e)
	NR*	NR*	1,265	Philadelphia, Pennsylvania, Authority for IDR, Commercial Paper, 7.75% due 12/01/2017
				Philadelphia, Pennsylvania, Authority for IDR, Refunding Bonds, Series A, 5.875% due 11/15/2016 (e)

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

				Commercial Development:
	NR*	NR*	3,650	(Days Inn), Series B, 6.50% due 10/01/2027
	NR*	NR*	4,000	(Doubletree), Series A, 6.50% due 10/01/2027
	AAA	Aaa	10,965	Philadelphia, Pennsylvania, School District, GO, Series A, 6.50% due 2/01/2031 (i)
	A-	NR*	5,000	Sayre, Pennsylvania, Health Care Facilities Authority (Guthrie Health Issue), Series B, 1% due 12/01/2031
Rhode Island--				Woonsocket, Rhode Island, GO (h):
0.5%	NR*	Aaa	1,225	6% due 10/01/2017
	NR*	Aaa	1,195	6% due 10/01/2018
Tennessee--	NR*	NR*	4,610	Hardeman County, Tennessee, Correctional Facilities Corporation Revenue Bonds, 7.75% due 8/01/2017
2.4%	BB	Ba2	10,000	McMinn County, Tennessee, IDB, Solid Waste Revenue Bonds (McMinn County Facility--Calhoun Newsprint), AMT, 7.40% due 12/01/2020
Texas--18.0%				Austin, Texas, Convention Center Revenue Bonds (Convent Enterprises Inc.), First Tier, Series A:
	BBB-	Baa3	5,000	6.70% due 1/01/2028
	BBB-	Baa3	5,000	6.70% due 1/01/2032
				Bexar County, Texas, Housing Finance Corporation, M/F Revenue Bonds (Water at Northern Hills Apartments), Series A, 5.80% due 8/01/2021
	NR*	Aaa	1,300	6% due 8/01/2031
	NR*	Aaa	2,460	6.05% due 8/01/2036
	NR*	Aaa	1,000	
	BBB	Baa2	6,850	Brazos River Authority, Texas, PCR, Refunding (Utility Company), AMT, Series B, 5.05% due 6/01/2030
	BBB-	NR*	3,755	Brazos River Authority, Texas, Revenue Refunding Bonds (Energy Inc. Project), Series B, 7.75% due 12/01/2018
	BBB-	Baa3	6,230	Dallas-Fort Worth, Texas, International Airport Facility Corporation Revenue Bonds (Learjet Inc.), AMT, Series A, 6.15% due 1/01/2016
	CCC	Caa2	6,500	Dallas-Fort Worth, Texas, International Airport Facility Corporation Revenue Refunding Bonds (American Airlines), 6.05% due 5/01/2029
	AAA	Aaa	15,000	Dallas-Fort Worth, Texas, International Airport Revenue Bonds, Series A, 5.50% due 11/01/2033 (e)
				Gregg County, Texas, Health Facilities Development Corporation Hospital Revenue Bonds (Good Shepherd Medical Center Project), 6.875% due 10/01/2020
	AA	Baa2	3,000	6.375% due 10/01/2025
	AA	Baa2	2,000	

MUNIYIELD FUND, INC., APRIL 30, 2004

Schedule of Investments (continued)

State	S&P Ratings	Moody's Ratings	Face Amount	Municipal Bonds
Texas (concluded)	AA-	Aa3	\$ 5,000	Guadalupe-Blanco River Authority, Texas, Sewage and Solid Waste Disposal Facility Revenue Bonds (E. I. du Pont de Nemours and Company Project), AMT, 6.40% due 4/01/2026
	BB	Ba3	3,900	Gulf Coast, Texas, IDA, Solid Waste Disposal Revenue Bonds (Citgo Petroleum Corporation Project), AMT, 7.50% due 12/01/2020
	NR*	Baa3	1,600	Houston, Texas, Industrial Development Corporation Revenue Bonds (Air Cargo), AMT, 6.375% due 1/01/2023

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

				Lower Colorado River Authority, Texas, PCR (Samsung Au Semiconductor), AMT:
	A-	A3	6,200	6.375% due 4/01/2027
	A-	A3	3,330	6.95% due 4/01/2030
	BBB-	Ba2	7,030	Matagorda County, Texas, Navigation District Number 1 Refunding Bonds (Reliant Energy Inc.), Series C, 8% due
	BB	Ba3	3,900	Port Corpus Christi, Texas, Individual Development Cor Environmental Facilities Revenue Bonds (Citgo Petroleum Project), AMT, 8.25% due 11/01/2031
	AA-	Aa3	1,000	San Antonio, Texas, Water Revenue Refunding Bonds: 5.875% due 5/15/2016
	AA-	Aa3	1,000	5.875% due 5/15/2017
	AAA	Aaa	6,500	Texas State Turnpike Authority, Central Texas Turnpike Revenue Bonds, First Tier, Series A, 5.50% due 8/15/20
	AAA	Aaa	7,020	Tyler, Texas, Waterworks and Sewer Revenue Bonds, 5.70 9/01/2030 (h)
Utah--0.3%	AAA	Aaa	1,545	Utah State Board of Regents Revenue Refunding Bonds (U Utah Research Facilities), Series A, 5.50% due 4/01/20
Virginia--3.4%	BBB	NR*	5,000	Amelia County, Virginia, IDA, Solid Waste Disposal Rev Bonds (Waste Management Project), VRDN, AMT, 4.90% due
	AAA	Aaa	5,000	Fairfax County, Virginia, EDA, Resource Recovery Reven Bonds, AMT, Series A, 6.10% due 2/01/2011 (c)
	NR*	NR*	1,000	Pittsylvania County, Virginia, IDA, Revenue Refunding Facility, AMT, Series A, 7.55% due 1/01/2019
	NR*	B1	6,200	Pocahontas Parkway Association, Virginia, Toll Road Re First Tier, Sub-Series C, 6.25%** due 8/15/2031
	BB	Ba2	6,500	Senior Series A, 5.50% due 8/15/2028
	BB	Ba2	24,800	Senior Series B, 6.67%** due 8/15/2029
Washington--0.3%				Vancouver, Washington, Housing Authority, Housing Reve (Teal Pointe Apartments Project), AMT:
	NR*	NR*	945	6% due 9/01/2022
	NR*	NR*	1,250	6.20% due 9/01/2032
West Virginia--0.6%	B-	B2	1,000	Princeton, West Virginia, Hospital Revenue Refunding B (Community Hospital Association Inc.Project), 6% due 5
	BBB	Baa2	3,000	Upshur County, West Virginia, Solid Waste Disposal Rev (TJ International Project), AMT, 7% due 7/15/2025
Wisconsin--0.3%	NR*	Baa3	700	Milwaukee, Wisconsin, Revenue Bonds (Air Cargo), AMT, 1/01/2025
	AAA	Aaa	1,140	Wisconsin State, GO, AMT, Series B, 6.20% due 11/01/20
Wyoming--0.9%	BB+	Ba3	2,550	Sweetwater County, Wyoming, Solid Waste Disposal Reven (FMC Corporation Project), AMT, Series A, 7% due 6/01/
	AA	NR*	2,500	Wyoming Student Loan Corporation, Student Loan Revenue Bonds, Series A, 6.20% due 6/01/2024
Puerto Rico--7.2%	AAA	Aaa	15,000	Puerto Rico Commonwealth, Highway and Transportation A Transportation Revenue Bonds, Trust Receipts, Class R, 10.34% due 7/01/2035 (e) (k)
	A	Baa1	16,360	Puerto Rico Commonwealth, Highway and Transportation A Transportation Revenue Refunding Bonds, Series D, 5.75
	AAA	Aaa	2,500	Puerto Rico Electric Power Authority, Power Revenue Bo Receipts, Class R, Series 16 HH, 10.07% due 7/01/2013
	AAA	NR*	4,350	Puerto Rico Public Finance Corporation Revenue Bonds, Series 272, 9.975% due 8/01/2030 (k)
Virgin Islands--1.1%	BBB-	Baa3	6,250	Virgin Islands Public Finance Authority, Refinery Faci Bonds (Hovensa Refinery), AMT, 6.125% due 7/01/2022

# Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

Total Municipal Bonds (Cost--\$858,109)--146.1%

MUNIYIELD FUND, INC., APRIL 30, 2004

## Schedule of Investments (concluded)

Shares Held	Short-Term Securities
613	Merrill Lynch Institutional Tax-Exempt Fund++++
	Total Short-Term Securities (Cost--\$613)--0.1%
	Total Investments (Cost--\$858,722)--146.2%
	Other Assets Less Liabilities--1.8%
	Preferred Stock, at Redemption Value--(48.0%)
	Net Assets Applicable to Common Stock--100.0%

(a)Radian Insured.

(b)Prerefunded.

(c)AMBAC Insured.

(d)FHA Insured.

(e)MBIA Insured.

(f)FNMA Collateralized.

(g)GNMA Collateralized.

(h)FGIC Insured.

(i)FSA Insured.

(j)XL Capital 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 April 30, 2004.

(l)FHLMC Collateralized.

(m)The interest rate is subject to change periodically based upon prevailing market rates. The interest rate shown is the rate in effect at April 30, 2004.

++Highest short-term rating by Moody's Investors Service, Inc.

++++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) are as follows:



# Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

(in Thousands)

Affiliate	Net Activity	Dividend Income
Merrill Lynch Institutional Tax-Exempt Fund	(16,000)	\$82

\*Not Rated.

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

See Notes to Financial Statements.

MUNIYIELD FUND, INC., APRIL 30, 2004

## Statement of Net Assets

As of April 30, 2004

### Assets

Investments in unaffiliated securities, at value (identified cost--\$858,109,084)	
Investments in affiliated securities, at value (identified cost--\$612,782)	
Cash	
Receivables:	
Securities sold	\$ 20
Interest	17
Dividends from affiliates	-----

Prepaid expenses

Total assets

### Liabilities

Payables:	
Securities purchased	26
Dividends to Common Stock shareholders	
Investment adviser	
Other affiliates	-----

Accrued expenses and other liabilities

Total liabilities

### Preferred Stock

Preferred Stock, at redemption value, par value \$.05 per share  
(1,800 Series A Shares, 1,800 Series B Shares, 1,800 Series C Shares,  
1,800 Series D Shares, 2,800 Series E Shares and 1,720 Series F Shares  
of AMPS\* issued and outstanding at \$25,000 per share liquidation preference)

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

Net Assets Applicable to Common Stock

Net assets applicable to Common Stock

Analysis of Net Assets Applicable to Common Stock

Common Stock, par value \$.10 per share (44,430,631 shares issued and outstanding)

Paid-in capital in excess of par

Undistributed investment income--net

Accumulated realized capital losses on investments--net

Unrealized appreciation on investments--net

\$ 12  
(73,  
33

Total accumulated losses--net

Total--Equivalent to \$13.73 net asset value per share of Common Stock  
(market price--\$12.50)

\*Auction Market Preferred Stock.

See Notes to Financial Statements.

MUNIYIELD FUND, INC., APRIL 30, 2004

Statement of Operations

For the Six Months Ended April 30, 2004

Investment Income

Interest

Dividends from affiliates

Total income

Expenses

Investment advisory fees

Commission fees

Accounting services

Transfer agent fees

Professional fees

Printing and shareholder reports

Custodian fees

Listing fees

Pricing fees

Directors' fees and expenses

Other

\$ 2

Total expenses before reimbursement

Reimbursement of expenses

3

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

Total expenses after reimbursement

Investment income--net

Realized & Unrealized Loss on Investments--Net

Realized loss on investments--net

Change in unrealized appreciation on investments--net

Total realized and unrealized loss on investments--net

Dividends to Preferred Stock Shareholders

Investment income--net

Net Increase in Net Assets Resulting from Operations

See Notes to Financial Statements.

MUNIYIELD FUND, INC., APRIL 30, 2004

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets:

Operations

Investment income--net

Realized loss on investments--net

Change in unrealized appreciation on investments--net

Dividends to Preferred Stock shareholders

Net increase in net assets resulting from operations

Dividends to Common Stock Shareholders

Investment income--net

Net decrease in net assets resulting from dividends to Common Stock shareholders

Net Assets Applicable to Common Stock

Total increase (decrease) in net assets applicable to Common Stock

Beginning of period

End of period\*

			Fo	
			Six	
			E	
			Apr	
		\$		23
				(1,
				(5,
				(1,
				15
				(21,
				(21,
				(5,
				615
		\$		609
				=====

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

\*Undistributed investment income--net

\$ 12

=====

See Notes to Financial Statements.

MUNIYIELD FUND, INC., APRIL 30, 2004

Financial Highlights

The following per share data and ratios have been derived from information provided in the financial statements.

For the Six Months Ended

April 30,

For the Year En

Increase (Decrease) in Net Asset Value:

2004

2003

2002

Per Share Operating Performance

Net asset value, beginning of period	\$ 13.85	\$ 13.28	\$ 13.55
Investment income--net	.53+++	1.06+++	1.04
Realized and unrealized gain (loss) on investments--net	(.14)	.52	(.31)
Dividends to Preferred Stock shareholders from investment income--net	(.03)	(.07)	(.08)
Total from investment operations	.36	1.51	.65
Less dividends to Common Stock shareholders from investment income--net	(.48)	(.94)	(.92)
Net asset value, end of period	\$ 13.73	\$ 13.85	\$ 13.28
Market price per share, end of period	\$ 12.50	\$ 13.29	\$ 12.88

Total Investment Return\*\*

Based on market price per share	(2.55%)++++	10.80%	(.94%)
Based on net asset value per share	2.71%++++	11.99%	5.07%

Ratios Based on Average Net Assets of Common Stock

Total expenses, net of reimbursement***	.96%*	.99%	1.01%
Total expenses***	.96%*	.99%	1.01%
Total investment income--net***	7.54%*	7.86%	7.97%
Amount of dividends to Preferred Stock shareholders	.42%*	.50%	.74%
Investment income--net, to Common Stock shareholders	7.12%*	7.36%	7.23%

Ratios Based on Average Net Assets of Common & Preferred Stock\*\*\*

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

Total expenses, net of reimbursement	.65%*	.66%	.67%
	=====	=====	=====
Total expenses	.66%*	.66%	.67%
	=====	=====	=====
Total investment income--net	5.14%*	5.27%	5.33%
	=====	=====	=====

MUNIYIELD FUND, INC., APRIL 30, 2004

Financial Highlights (concluded)

The following per share data and ratios have been derived from information provided in the financial statements.

	For the Six Months Ended April 30, 2004	For the Year 2003	For the Year 2002
--	--	----------------------	----------------------

Ratios Based on Average Net Assets of Preferred Stock

Dividends to Preferred Stock shareholders	.89%*	1.02%	1.50%
	=====	=====	=====

Supplemental Data

Net assets applicable to Common Stock, end of period (in thousands)	\$ 609,840	\$ 615,169	\$ 590,101
	=====	=====	=====
Preferred Stock outstanding, end of period (in thousands)	\$ 293,000	\$ 293,000	\$ 293,000
	=====	=====	=====
Portfolio turnover	13.32%	61.95%	104.63%
	=====	=====	=====

Leverage

Asset coverage per \$1,000	\$ 3,081	\$ 3,100	\$ 3,014
	=====	=====	=====

Dividends Per Share on Preferred Stock Outstanding

Series A--Investment income--net	\$ 105	\$ 256	\$ 346
	=====	=====	=====
Series B--Investment income--net	\$ 128	\$ 274	\$ 369
	=====	=====	=====
Series C--Investment income--net	\$ 105	\$ 261	\$ 353
	=====	=====	=====
Series D--Investment income--net	\$ 107	\$ 281	\$ 504
	=====	=====	=====
Series E--Investment income--net	\$ 109	\$ 236	\$ 346
	=====	=====	=====
Series F--Investment income--net	\$ 114	\$ 247	\$ 324++
	=====	=====	=====

\*Annualized.

\*\*Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

the effects of sales charges.

\*\*\*Do not reflect the effect of dividends to Preferred Stock shareholders.

++Series F was issued on November 19, 2001.

+++Certain prior year amounts have been reclassified to conform to current year presentation.

+++Based on average shares outstanding.

++++Aggregate total investment return.

See Notes to Financial Statements.

MUNIYIELD FUND, INC., APRIL 30, 2004

### Notes to Financial Statements

#### 1. Significant Accounting Policies:

MuniYield Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. The Fund's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require the use of management accruals and estimates. Actual results may differ from these estimates. These unaudited financial statements reflect all adjustments, which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented. All such adjustments are of a normal, recurring nature. The Fund determines and makes available for publication the net asset value of its Common Stock on a weekly basis. The Fund's Common Stock is listed on the New York Stock Exchange under the symbol MYD. The following is a summary of significant accounting policies followed by the Fund.

(a) Valuation of investments--Municipal bonds are traded primarily in the over-the-counter markets and are valued at the last available bid price in the over-the-counter market or on the basis of yield equivalents as obtained by the Fund's pricing service from one or more dealers that make markets in such securities. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their closing prices as of the close of such exchanges. Options written or purchased are valued at the last sale price in the case of exchange-traded options. In the case of options traded in the over-the-counter market, valuation is the last asked price (options written) or the last bid price (options purchased). Swap agreements are valued by quoted fair values received daily by the Fund from the counterparty. Short-term investments with a remaining maturity of sixty days or less are valued at amortized cost, which approximates market value. Securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Directors of the Fund, including valuations furnished by a pricing service retained by the Fund, which may utilize a matrix system for valuations. The procedures of the pricing service and its valuations

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

are reviewed by the officers of the Fund under the general supervision of the Board of Directors.

(b) Derivative financial instruments--The Fund may engage in various portfolio investment strategies both to increase the return of the Fund and to hedge, or protect, its exposure to interest rate movements and movements in the securities markets. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

\* Financial futures contracts--The Fund may purchase or sell financial futures contracts and options on such futures contracts. Futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

\* Options--The Fund may purchase and write call and put options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked to market to reflect the current market value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received).

MUNIYIELD FUND, INC., APRIL 30, 2004

Notes to Financial Statements (continued)

Written and purchased options are non-income producing investments.

\* Forward interest rate swaps--The Fund may enter into forward interest rate swaps. In a forward interest rate swap, the Fund and the counterparty agree to make periodic net payments on a specified notional contract amount, commencing on a specified future effective date, unless terminated earlier. When the agreement is closed, the Fund records a realized gain or loss in an amount equal to the value of the agreement.

(c) Income taxes--It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no Federal income tax

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

provision is required.

(d) Security transactions and investment income--Security transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recognized on the accrual basis. The Fund amortizes all premiums and discounts on debt securities.

(e) Dividends and distributions--Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates.

2. Investment Advisory Agreement and Transactions with Affiliates: The Fund has entered into an Investment Advisory Agreement with Fund Asset Management, L.P. ("FAM"). The general partner of FAM is Princeton Services, Inc. ("PSI"), an indirect, wholly-owned subsidiary of Merrill Lynch & Co., Inc. ("ML & Co."), which is the limited partner.

FAM is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee at an annual rate of .50% of the Fund's average weekly net assets, including proceeds from the issuance of Preferred Stock. For the six months ended April 30, 2004, FAM reimbursed the Fund in the amount of \$19,446.

For the six months ended April 30, 2004, the Fund reimbursed FAM \$9,331 for certain accounting services.

Certain officers and/or directors of the Fund are officers and/or directors of FAM, PSI, and/or ML & Co.

### 3. Investments:

Purchases and sales of investments, excluding short-term securities, for the six months ended April 30, 2004 were \$130,677,008 and \$118,712,198, respectively.

Net realized gains (losses) for the six months ended April 30, 2004 and net unrealized appreciation as of April 30, 2004 were as follows:

	Realized Gains (Losses)	Unrealized Appreciation
Long-term investments	\$ 633,096	\$ 33,081,313
Forward interest rate swaps	(1,855,581)	--
	-----	-----
Total	\$ (1,222,485)	\$ 33,081,313
	=====	=====

As of April 30, 2004, net unrealized appreciation for Federal income tax purposes aggregated \$33,495,161, of which \$42,657,194 related to appreciated securities and \$9,162,033 related to depreciated securities. The aggregate cost of investments at April 30, 2004 for Federal income tax purposes was \$858,308,018.



## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

### 4. Stock Transactions:

The Fund is authorized to issue 200,000,000 shares of stock, including Preferred Stock, par value \$.10 per share, all of which were initially classified as Common Stock. The Board of Directors is authorized, however, to reclassify any unissued shares of stock without approval of the holders of Common Stock.

MUNIYIELD FUND, INC., APRIL 30, 2004

Notes to Financial Statements (concluded)

### Preferred Stock

Auction Market Preferred Stock are redeemable shares of Preferred Stock of the Fund, with a par value of \$.05 per share and a liquidation preference of \$25,000 per share, plus accrued and unpaid dividends, that entitle their holders to receive cash dividends at an annual rate that may vary for the successive dividend periods. The yields in effect at April 30, 2004 were as follows: Series A, .97%, Series B, 1.05%, Series C, .83%, Series D, .87%, Series E, .97% and Series F, .97%.

The Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate ranging from .25% to .375%, calculated on the proceeds of each auction. For the six months ended April 30, 2004, Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliate of FAM, earned \$135,927 as commissions.

### 5. Capital Loss Carryforward:

On October 31, 2003, the Fund had a net capital loss carryforward of \$65,210,507, of which \$3,822,310 expires in 2006; \$14,347,687 expires in 2007; \$40,851,001 expires in 2008; \$6,000,235 expires in 2009 and \$189,274 expires in 2010. This amount will be available to offset like amounts of any future taxable gains.

### 6. Subsequent Event:

The Fund paid a tax-exempt income dividend to holders of Common Stock in the amount of \$.081000 per share on May 27, 2004 to shareholders of record on May 14, 2004.

MUNIYIELD FUND, INC., APRIL 30, 2004

### Quality Profile

The quality ratings of securities in the Fund as of April 30, 2004 were as follows:

Percent of  
Total

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

S&P Rating/Moody's Rating	Investments
AAA/Aaa	40.8%
AA/Aa	8.2
A/A	8.5
BBB/Baa	16.5
BB/Ba	8.6
B/B	3.2
CCC/Caa	1.8
NR (Not Rated)	12.4
Other*	---++

\*Temporary investments in short-term variable rate municipal securities.

++Holdings are less than 0.1%.

### Dividend Policy

The Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Fund may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Fund for any particular month may be more or less than the amount of net investment income earned by the Fund during such month. The Fund's current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Net Assets, which comprises part of the financial information included in this report.

MUNIYIELD FUND, INC., APRIL 30, 2004

### Proxy Results

During the six-month period ended April 30, 2004, MuniYield Fund, Inc.'s Common Stock shareholders voted on the following proposal. The proposal was approved at a shareholders' meeting on April 27, 2004. A description of the proposal and number of shares voted are as follows:

		Shares Voted For	Shares Withh From Votin
1. To elect the Fund's Directors:	Joe Grills	41,882,206	964,043
	Andre F. Perold	41,887,035	959,214
	Roberta Cooper Ramo	41,894,596	951,653
	Robert S. Salomon, Jr.	41,899,384	946,865
	Stephen B. Swensrud	41,848,597	997,652

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

During the six-month period ended April 30, 2004, MuniYield Fund, Inc.'s Preferred Stock shareholders (Series A - F) voted on the following proposal. The proposal was approved at a shareholders' meeting on April 27, 2004. A description of the proposal and number of shares voted are as follows:

	Shares Voted For	Shares Withh From Votin
1. To elect the Fund's Board of Directors: James H. Bodurtha, Joe Grills, Herbert I. London, Andre F. Perold, Roberta Cooper Ramo, Robert S. Salomon, Jr. and Stephen B. Swensrud	10,091	48

### Officers and Directors

Terry K. Glenn, President and Director  
James H. Bodurtha, Director  
Joe Grills, Director  
Herbert I. London, Director  
Andre F. Perold, Director  
Roberta Cooper Ramo, Director  
Robert S. Salomon, Jr., Director  
Stephen B. Swensrud, Director  
Kenneth A. Jacob, Senior Vice President  
John M. Loffredo, Senior Vice President  
Theodore R. Jaeckel Jr., Vice President  
Donald C. Burke, Vice President and Treasurer  
Phillip S. Gillespie, Secretary

Custodian  
The Bank of New York  
100 Church Street  
New York, NY 10286

### Transfer Agents

Common Stock:  
The Bank of New York  
101 Barclay Street  
New York, NY 10286

Preferred Stock:  
The Bank of New York  
101 Barclay Street - 7 West  
New York, NY 10286

NYSE Symbol  
MYD

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

MUNIYIELD FUND, INC., APRIL 30, 2004

### Electronic Delivery

The Fund offers electronic delivery of communications to its shareholders. In order to receive this service, you must register your account and provide us with e-mail information. To sign up for this service, simply access this website <http://www.icsdelivery.com/live> and follow the instructions. When you visit this site, you will obtain a personal identification number (PIN). You will need this PIN should you wish to update your e-mail address, choose to discontinue this service and/or make any other changes to the service. This service is not available for certain retirement accounts at this time.

MUNIYIELD FUND, INC., APRIL 30, 2004

Item 2 - Code of Ethics - Not Applicable to this semi-annual report

Item 3 - Audit Committee Financial Expert - Not Applicable to this semi-annual report

Item 4 - Principal Accountant Fees and Services - Not Applicable to this semi-annual report

Item 5 - Audit Committee of Listed Registrants - Not Applicable to this semi-annual report

Item 6 - Schedule of Investments - Not Applicable

Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - Not Applicable to this semi-annual report

Item 8 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers - Not Applicable

Item 9 - Submission of Matters to a Vote of Security Holders - Not Applicable

Item 10 - Controls and Procedures

10(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.

10(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 half-year

## Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

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 11 - Exhibits attached hereto

11(a) (1) - Code of Ethics - Not Applicable to this semi-annual report

11(a) (2) - Certifications - Attached hereto

11(a) (3) - Not Applicable

11(b) - 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 Fund, Inc.

By: \_\_\_/s/ Terry K. Glenn\_\_\_\_\_
Terry K. Glenn,
President of
MuniYield Fund, Inc.

Date: June 18, 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.

By: \_\_\_/s/ Terry K. Glenn\_\_\_\_\_
Terry K. Glenn,
President of
MuniYield Fund, Inc.

Date: June 18, 2004

By: \_\_\_/s/ Donald C. Burke\_\_\_\_\_
Donald C. Burke,
Chief Financial Officer of
MuniYield Fund, Inc.

Date: June 18, 2004