

MUNIYIELD FUND INC  
Form N-CSR  
January 06, 2004

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT  
COMPANIES

Investment Company Act file number 811-6435

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: 10/31/03

Date of reporting period: 11/01/02 - 10/31/03

Item 1 - Attach shareholder report

(BULL LOGO)  
Merrill Lynch Investment Managers

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

MuniYield Fund, Inc.

Annual Report  
October 31, 2003

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 in this report should not be considered a representation of future

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

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.

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

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 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

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

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 October 31, 2003, the percentage of the Fund's total net assets invested in inverse floaters was 9.65%.

### 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., OCTOBER 31, 2003

### A Letter From the President

Dear Shareholder

As 2003 draws to a close, it seems appropriate to reflect on what has been a meaningful year in many respects. We saw the beginning and the end of all-out war in Iraq, equity market uncertainty turned to strength and sub par gross domestic product growth of 1.4% in the first quarter of 2003 grew to an extraordinary 8.2% in the third quarter. Amid the good news, fixed income investments, which had become the asset class of choice during the preceding three-year equity market decline, faced new challenges.

During 2003, municipal bond yields rose and fell in reaction to

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

geopolitical events, equity market performance, economic activity and employment figures. By the end of October, long-term municipal revenue bond yields were slightly higher than they were one year earlier, at 5.24% as measured by the Bond Buyer Revenue Bond Index. With many state deficits at record levels, municipalities issued nearly \$400 billion in new long-term tax-exempt bonds during the 12-month period ended October 31, 2003. The availability of bonds, together with attractive yield ratios relative to U.S. Treasury issues, made municipal bonds a popular fixed income investment alternative.

Throughout the year, our portfolio managers continued to work diligently to deliver on our commitment to provide superior performance within reasonable expectations for risk and return. This included striving to outperform our peers and the market indexes. With that said, remember that the advice and guidance of a skilled financial advisor often can mean the difference between successful and unsuccessful investing. A financial professional can help you choose those investments that will best serve you as you plan for your financial future.

Finally, I am proud to premiere a new look to our shareholder communications. Our portfolio manager commentaries have been trimmed and organized in such a way that you can get the information you need at a glance, in plain language. Today's markets are confusing enough. We want to help you put it all in perspective. The report's new size also allows us certain mailing efficiencies. Any cost savings in production or postage are passed on to the Fund and, ultimately, to Fund shareholders.

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

MUNIYIELD FUND, INC., OCTOBER 31, 2003

A Discussion With Your Fund's Portfolio Manager

Contracting credit spreads, combined with our overweight position in high yield securities, contributed to the Fund's strong absolute and relative performance during the fiscal year.

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

At the end of October, long-term tax-exempt bond yields were 90% - 95% of comparable U.S. Treasury securities, substantially

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

exceeding their historical average of 85% - 88%. Considering their tax-free status, this made long-term municipal bonds an attractive investment alternative during the past 12 months.

Long-term U.S. Treasury bond yields declined throughout most of the first seven months of the fiscal year, while bond prices--which move in the opposite direction of yields--rose in response to weak equity markets, concerns about a growing conflict in Iraq, and continued sub-par U.S. economic growth. The Federal Reserve Board continued to lower short-term interest rates to stimulate business and consumer economic activity. Bond yields reversed course in July and August, rising sharply as economic conditions began to improve and as most analysts agreed the Federal Reserve Board had finished lowering interest rates. In mid-August, U.S. Treasury bond yields reached 5.45%, their highest level during the period, before again moving lower for the remainder of the fiscal year. At the end of the 12-month period, long-term U.S. Treasury bond yields were 5.13%, 15 basis points (.15%) higher than a year earlier. The relatively modest yield increase year-over-year masks the considerable month-to-month volatility in interest rates during the period.

Long-term tax-exempt bond yields also rose from year-ago levels, although to a lesser extent than U.S. Treasury bonds. Yield movements were less volatile than those experienced by U.S. Treasury issues, because municipal bond prices typically are less sensitive to short-term economic and geopolitical pressures. By the end of October, long-term municipal revenue bond yields stood at 5.24%, a small increase compared to the previous year. Yields for long-term Aaa-rated tax-exempt bonds (the highest rated) declined 10 basis points during the past year. The decline largely reflected investors' growing demand for high-quality bonds, which provided valuable stability in an uncertain market.

The municipal market's outperformance of the U.S. Treasury market was especially impressive given the dramatic increase in new bond issuance during the fiscal year. State and local governments took advantage of historically low interest rates to finance existing infrastructure needs and refinance outstanding high-interest-rate debt. During the past 12 months, municipalities issued nearly \$400 billion in new securities, an increase of more than 12% compared to last year's issuance. More recently, however, new municipal bond issuance slowed as tax-exempt bond yields rose, making borrowing more expensive. This decline in supply helped support the tax-exempt market's recent performance.

How did the Fund perform during the fiscal year in light of the existing market conditions?

For the year ended October 31, 2003, the Common Stock of MuniYield Fund, Inc. had a net annualized yield of 6.76%, based on a year-end per share net asset value of \$13.85 and \$.936 per share in income dividends. Over the same period, the total investment return on the Fund's Common Stock was +11.99%, based on a change in per share net asset value from \$13.28 to \$13.85, and assuming reinvestment of \$.936 per share in ordinary income dividends.

For the six-month period ended October 31, 2003, the total investment return on the Fund's Common Stock was +6.57%, based on a change in per share net asset value from \$13.46 to \$13.85, and assuming reinvestment of \$.468 per share in ordinary income dividends.

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

The average yields for the Fund's Auction Market Preferred Stock for the six months ended October 31, 2003 were: .94% for Series A; .86% for Series B; .99% for Series C; 1.01% for Series D; .81% for Series E; and .82% for Series F.

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 of the Financial Statements 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.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

The Fund's return, based on net asset value, significantly exceeded that of its comparable Lipper category of General Municipal Debt Funds (Leveraged), which had an average return of +8.08% for the 12-month period ended October 31, 2003. The favorable performance is attributed primarily to the Fund's overweight position in low investment grade, speculative grade and non-rated securities relative to its peers. As credit spreads narrowed during the past year, the high yield sector turned in the municipal market's best performance. Investments in corporate-backed industrial development bonds, health care issuance, and tax-backed debt all contributed to this year's results.

What changes were made to the portfolio during the period?

Two major themes characterized our portfolio management. First, we emphasized speculative-grade and non-rated securities in recognition of the attractive risk/reward characteristics of the high yield market during the fiscal year. Credit spreads--the difference in yields between high yield and AAA-rated securities--were at historically wide levels early in the period and narrowed considerably as investors appeared to become more risk tolerant later in the period. This spread contraction, combined with the Fund's above-average weighting in high yield securities, contributed to strong performance during the past 12 months.

The second theme involved increasing the portfolio's defensiveness while reinvesting proceeds from portfolio holdings subject to early redemption. During the period, we saw several issuers redeem their bonds prior to maturity to take advantage of continued low interest rates. With that, we sought to reinvest the proceeds from the early calls while at the same time adopting a more defensive stance for the Fund. Because of the tendency for reinvestments to lengthen the portfolio's overall duration, we employed measures to achieve a more desirable average life for the portfolio. Maintaining the longer duration would have left the Fund vulnerable to future interest rate changes. Thus, we sold several of the portfolio's longer-dated securities since the distant maturity dates made these positions

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

most vulnerable to a rise in interest rates. We reinvested the proceeds from those sales in high-quality callable bonds with low volatility characteristics. Late in the year, as another defensive measure, we initiated a modest hedge designed to insulate the portfolio from the risk associated with a rise in interest rates.

During the period, the Fund's borrowing costs generally remained in the .75% - 1.25% range. These attractive funding levels, in combination with a steep tax-exempt yield curve, generated a significant income benefit to the Fund's Common Stock shareholders. Further declines in the Fund's borrowing costs would require significant easing of monetary policy by the Federal Reserve Board. While such action is not expected, neither is an imminent increase in short-term interest rates. We expect short-term borrowing costs to remain near current attractive levels for the coming months. However, should the spread between short-term and long-term interest rates narrow, the benefits of leverage will decline, and as a result, reduce the yield on the Fund's Common Stock. (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?

The portfolio was positioned for an expected rise in interest rates, as improving economic news at the close of the period heightened speculation over whether the Federal Reserve Board would shift its easing policy. While our recent investment strategy has placed the Fund more defensively than its peers, we believe this posturing should benefit relative performance if market sentiment does cause interest rates to rise.

Should the high-yield segment of the municipal market continue to outperform, we may look to selectively reduce the portfolio's holdings in this area to gradually position the Fund more appropriately for an eventual reversal in this trend.

Theodore R. Jaeckel Jr.  
Portfolio Manager

November 20, 2003

We are pleased to announce that Theodore R. Jaeckel Jr. has been named Portfolio Manager of the Fund and is primarily responsible for the day-to-day management of the portfolio. Mr. Jaeckel has been Director of Merrill Lynch Investment Managers since 1997. Prior to that, he was Vice President with MLIM since 1991.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Schedule of Investments

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

State	S&P Ratings+++	Moody's Ratings+++	Face Amount	Municipal Bonds
Alabama--0.4%	NR*	A2	\$ 2,500	Huntsville, Alabama, Health Care Authority Revenue Series B, 5.75% due 6/01/2032
Alaska--0.3%	NR*	Baa3	2,050	Valdez, Alaska, Marine Terminal Revenue Refunding (Amerada Hess Pipeline Corporation), 6.10% due 2/0
Arizona--8.4%				Arizona State Transportation Board, Highway Revenue 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
				Maricopa County, Arizona, IDA, M/F Housing Revenue Bonds (CRS Pine Ridge Housing Corporation), Series
	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 Re
	NR*	Caa3	5,800	6.25% due 6/01/2019
	NR*	Caa3	6,900	6.30% due 4/01/2023
				Phoenix, Arizona, IDA, M/F Housing Revenue Bonds ( 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
				Pima County, Arizona, IDA, M/F Housing Revenue Bon
	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 Re
				(Yavapai Regional Medical Center), Series A, 6% du
California--14.9%	AAA	Aaa	1,360	Anaheim, California, Union High School District, G Series A, 5% due 8/01/2022 (i)
				California State, Various Purpose, GO:
	BBB	A3	6,800	5.125% due 11/01/2024
	BBB	A3	6,800	5.25% due 11/01/2025
	BBB	A3	5,550	5.50% due 11/01/2033
				Golden State Tobacco Securitization Corporation of
				Tobacco Settlement Revenue Bonds:
	BBB	Baa2	5,500	Series A-3, 7.875% due 6/01/2042
	BBB	Baa2	7,500	Series A-4, 7.80% due 6/01/2042
	BBB-	Baa1	9,520	Series B, 5.50% due 6/01/2043
	AAA	Aaa	18,400	Los Angeles, California, Unified School District, 5% due 7/01/2023 (i)
	AAA	Aaa	6,160	Los Angeles, California, Water and Power Revenue R
				(Power System), Series A, Subseries A-2, 5% due 7/
				Los Angeles County, California, Schools Regionaliz
				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
				Authority, Revenue Refunding Bonds, Trust Receipts
				Series A, 10.591% due 12/01/2019 (k)
	AAA	Aaa	5,145	Santa Clara, California, Subordinated Electric Rev
				Series A, 5% due 7/01/2022 (e)
	AAA	Aaa	7,465	University of California Revenue Bonds (Multiple P
				Series Q, 5% due 9/01/2021 (i)



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

### 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.

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., OCTOBER 31, 2003

### Schedule of Investments (continued)

State	S&P Ratings+++	Moody's Ratings+++	Face Amount	Municipal Bonds
California (concluded)	AAA	Aaa	\$ 3,000	University of California, Revenue Refunding Bonds, 5.125% due 5/15/2019
	AAA	Aaa	2,500	5.125% due 5/15/2020
	BBB+	A2	2,175	Vernon, California, Electric System Revenue Bonds (Generating Station Project), 5.30% due 4/01/2026
Colorado--5.7%	AA	Aa2	775	Colorado HFA Revenue Refunding Bonds (S/F Program) Series D-2, 6.90% due 4/01/2029
				Colorado Health Facilities Authority, Health Facilities Bonds (National Benevolent Association):
	NR*	B3	1,000	Series A, 6.375% due 9/01/2029
	NR*	B3	750	Series C, 7% due 3/01/2024
	AAA	NR*	8,000	Denver, Colorado, City and County Airport Revenue Bonds Series D, 7.75% due 11/15/2013 (c)
	NR*	Baa2	5,500	Denver, Colorado, Urban Renewal Authority, Tax Incremental 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
	BB+	Ba1	3,500	Northwest Parkway, Colorado, Public Highway Authority Bonds, First Tier, Sub-Series D, 7.125% due 6/15/2026
NR*	NR*	6,850	Plaza Metropolitan District No. 1, Colorado, Tax Incremental Revenue Bonds (Public Improvement Fees), 8% due 12/15/2026	

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

Connecticut-- 0.1%	NR*	NR*	650	Connecticut State Development Authority, IDR (AFCO Project), AMT, 7.35% due 4/01/2010
Florida--4.5%	NR*	NR*	880	Bonnet Creek Resort, Florida, Community Development Special Assessment Revenue Bonds, 7.50% due 5/01/2025
	A	A3	5,000	Highlands County, Florida, Health Facilities Authority Hospital Revenue Bonds (Adventist Health System), due 11/15/2025
				Hillsborough County, Florida, IDA, Exempt Facilities 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	1,490	Miami-Dade County, Florida, Aviation Revenue Bonds (International Airport), AMT, Series A, 5% due 10/01/2025
				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
Georgia--3.0%	AAA	Aaa	12,140	Atlanta, Georgia, Airport Revenue Refunding Bonds, 5.875% due 1/01/2016 (h)
	NR*	NR*	4,600	Atlanta, Georgia, Tax Allocation Revenue Bonds (Atlanta Station Project), 7.90% due 12/01/2024
Idaho--2.0%	AA	NR*	1,025	Idaho Housing Agency, S/F Mortgage Revenue Refunding 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), 6.45% due 8/01/2032
Illinois--4.9%	NR*	B2	795	Beardstown, Illinois, IDR (Jefferson Smurfit Corp.), 8% due 10/01/2016
	AAA	Aaa	13,200	Chicago, Illinois, O'Hare International Airport, Authority Bonds, 3rd Lien, AMT, Series B-2, 6% due 1/01/2029
	NR*	Aaa	525	Chicago, Illinois, S/F Mortgage Revenue Bonds, AMT, 7.625% due 9/01/2027 (f)(g)(l)
	NR*	B3	2,750	Illinois Development Finance Authority, PCR, Refunding Power Company Project), Series A, 7.375% due 7/01/2025
	AAA	Aaa	3,285	Illinois Development Finance Authority Revenue Bonds (Home Lake Project), Series B, 6.30% due 9/01/2022
	NR*	NR*	2,500	Illinois Educational Facilities Authority, Revenue Refunding Bonds (Chicago Osteopathic Health System), 7.25% due 10/01/2025
	NR*	Ba3	1,250	Illinois Health Facilities Authority Revenue Bonds (Hospital Project), 6.70% due 3/01/2014
	A1	VMIG1++	10	Illinois Health Facilities Authority, Revenue Refunding (University of Chicago Hospitals), VRDN, 1.12% due 10/01/2025
	AAA	Aaa	4,000	Metropolitan Pier and Exposition Authority, Illinois State Tax Revenue Bonds (McCormick Place Expansion), 5.50% due 6/15/2023 (e)
Kansas--0.2%	BB+	NR*	1,250	Lenexa, Kansas, Health Care Facility Revenue Bonds (Village Inc.), Series C, 6.875% due 5/15/2032

MUNIYIELD FUND, INC., OCTOBER 31, 2003

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

### Schedule of Investments (continued)

State	S&P Ratings+++	Moody's Ratings+++	Face Amount	Municipal Bonds
Kentucky--0.7%	BBB	Baa2	\$ 4,000	Perry County, Kentucky, Solid Waste Disposal Revenue Bonds (TJ International Project), AMT, 7% due 6/01/2024
Louisiana--3.8%	BB-	NR*	24,000	Port New Orleans, Louisiana, IDR, Refunding (Continental Grain Company Project), 6.50% due 1/01/2017
Maryland--1.2%	NR*	NR*	3,000	Maryland State Energy Financing Administration, Limited Obligation Revenue Bonds (Cogeneration--AES Warrenton), 7.40% due 9/01/2019
	A	Baa1	4,000	Maryland State Health and Higher Educational Facilities Authority Revenue Refunding Bonds (University of Maryland Medical Center), 6% due 7/01/2032
Minnesota--0.6%				Eden Prairie, Minnesota, M/F Housing Revenue Bonds (Eden Hills Project), Series A (g):
	NR*	A1	420	6% due 8/20/2021
	NR*	A1	2,000	6.20% due 2/20/2043
Missouri--0.8%	NR*	Aa2	990	Minneapolis, Minnesota, M/F Housing Revenue Bonds (Loft Project), AMT, 5.95% due 5/01/2030
				Fenton, Missouri, Tax Increment Revenue Refunding Bonds (Gravois Bluffs):
	NR*	NR*	1,005	6.75% due 10/01/2015
	NR*	NR*	2,800	7% due 10/01/2021
	AAA	NR*	795	Missouri State Housing Development Commission, S/F Revenue Bonds, Homeownership, AMT, Series B, 7.55% due 9/01/2027 (f) (g)
New Hampshire--0.6%	BBB+	Baa1	3,425	New Hampshire Health and Education Facilities Authority Revenue Refunding Bonds (Elliot Hospital), Series A, 6.75% due 10/01/2022
New Jersey--10.3%	NR*	NR*	3,000	New Jersey EDA, First Mortgage Revenue Bonds (The Home), Series A, 6.375% due 11/01/2031
	NR*	NR*	4,400	New Jersey EDA, Retirement Community Revenue Bonds (Village Inc. Facility), Series A, 7.25% due 11/15/2031
				New Jersey EDA, Special Facility Revenue Bonds (Columbia Airlines Inc. Project), AMT:
	B	Caa2	3,905	6.25% due 9/15/2019
	B	Caa2	10,695	6.25% due 9/15/2029
	BB+	NR*	4,680	New Jersey Health Care Facilities Financing Authority Revenue Bonds (Pascack Valley Hospital Association), 6.625% due 11/15/2031
	AAA	NR*	4,360	Port Authority of New York and New Jersey Revenue Bonds, DRIVERS, AMT, Series 177, 10.62% due 10/15/2031
	AAA	NR*	20,575	Port Authority of New York and New Jersey, Special Facility Revenue Bonds, DRIVERS, AMT, Series 192, 10.12% due 12/01/2025 (e) (k)
	BBB	Baa2	7,500	Tobacco Settlement Financing Corporation of New Jersey Asset-Backed Revenue Bonds, 6% due 6/01/2037
			Tobacco Settlement Financing Corporation of New Jersey Asset-Backed Revenue Bonds, 6.75% due 6/01/2039	
New York--23.6%				Long Island Power Authority, New York, Electric System Revenue Bonds, Series C:
	A-	Baa1	2,405	5% due 9/01/2022
	A-	Baa1	2,500	5% due 9/01/2024
	AAA	Aaa	5,595	Metropolitan Transportation Authority, New York, Capital Construction Revenue Bonds, Series A, 5% due 12/01/2031

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

				Facilities Revenue Bonds, RITR, Series 9, 6.10% due 7/01/2006 (b) (h) (k)
AAA	Aaa	7,500		Metropolitan Transportation Authority, New York, T
BBB+	A3	10,000		Revenue Refunding Bonds, Series F, 5.25% due 11/15
				New York City, New York, City IDA, Special Facilit
				Bonds (Terminal One Group Association Project), AM
				1/01/2024
				New York City, New York, City Municipal Water Fina
				Water and Sewer System Revenue Bonds (k):
AAA	NR*	5,000		DRIVERS, Series 198, 10.15% due 6/15/2026 (e)
AAA	Aaa	3,000		RITR, Series 11, 10.27% due 6/15/2026 (i)
AA	Aa2	14,000		New York City, New York, City Municipal Water Fina
				Water and Sewer System Revenue Refunding Bonds, 5.
				6/15/2033
				New York City, New York, GO, Refunding, Series G:
AAA	Aaa	2,090		5.75% due 2/01/2014 (e)
AAA	Aaa	2,000		5.75% due 2/01/2014 (h)
AAA	Aaa	10,000		New York City, New York, GO, Refunding, Trust Rece
				Series R, 11.363% due 5/15/2014 (h) (k)
AA-	NR*	6,795		New York State Dormitory Authority, Hospital Reven
				Bonds (North General Hospital), 5.75% due 2/15/201

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Schedule of Investments (continued)

State	S&P Ratings+++	Moody's Ratings+++	Face Amount	Municipal Bonds
New York (concluded)				New York State Dormitory Authority, Revenue Refund (Mount Sinai Health), Series A:
	BB	Ba1	\$ 5,000	6.75% due 7/01/2020
	BB	Ba1	315	6.50% due 7/01/2025
	AAA	Aaa	3,100	New York State Thruway Authority, Second General H and Bridge Trust Fund Revenue Bonds, Series A, 5.2 4/01/2023 (e)
				New York State Thruway, Transportation Authority, Income Tax Revenue Bonds, Series A (e):
	AAA	Aaa	1,575	5% due 3/15/2020
	AAA	Aaa	1,575	5% due 3/15/2022
	AA	A1	10,000	New York State Urban Development Corporation, Pers Tax Revenue Bonds (State Facilities), Series A, 5. 3/15/2032
	NR*	NR*	2,500	Suffolk County, New York, IDA, IDR, Refunding (Nis Cogeneration Partners Facility), AMT, 5.50% due 1/ Tobacco Settlement Financing Corporation of New Yo Bonds, Series A-1 (c):
	AAA	NR*	8,450	5.25% due 6/01/2021
	AAA	NR*	13,875	5.25% due 6/01/2022
	A+	A1	10,000	Triborough Bridge and Tunnel Authority, New York, Revenue Bonds, 5.25% due 11/15/2030
				Westchester County, New York, IDA, Continuing Care Mortgage Revenue Bonds (Kendal on Hudson Project),
	NR*	NR*	3,450	6.375% due 1/01/2024
	NR*	NR*	2,895	6.50% due 1/01/2034

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

North Carolina--2.5%	BBB	Baa3	4,750	North Carolina Eastern Municipal Power Agency, Power Revenue Bonds, Series D, 6.75% due 1/01/2026
	AA	Aa2	635	North Carolina HFA, Home Ownership Revenue Bonds, Series 8-A, 6.20% due 7/01/2016
	AA	Aa2	1,305	North Carolina HFA, S/F Revenue Bonds, Series II, 3/01/2016 (d)
	NR*	NR*	1,000	North Carolina Medical Care Commission, Health Care First Mortgage Revenue Bonds (Arbor Acres Communities), 6.375% due 3/01/2032
	AAA	Aaa	4,500	North Carolina Municipal Power Agency Number 1, Classroom Construction & Improvement Revenue Bonds, Series A (e): 5.25% due 1/01/2019
	AAA	Aaa	2,250	North Carolina Municipal Power Agency Number 1, Classroom Construction & Improvement Revenue Bonds, Series A (e): 5.25% due 1/01/2020
Ohio--4.0%				Cincinnati, Ohio, City School District, Classroom Construction & Improvement, GO (I):
	AAA	Aaa	4,000	5% due 12/01/2025
	AAA	Aaa	4,250	5% due 12/01/2026
				Cuyahoga County, Ohio, Mortgage Revenue Bonds (Westside Apartments Project), AMT (g):
	NR*	Aaa	1,410	5.75% due 9/20/2020
	NR*	Aaa	2,250	5.85% due 9/20/2030
				Hamilton County, Ohio, Sewer System Revenue Refund Improvement Bonds (Metropolitan Sewer District), Series A:
	AAA	Aaa	1,620	5% due 12/01/2017
	AAA	Aaa	4,050	5% due 12/01/2018
	NR*	NR*	2,175	Lucas County, Ohio, Health Care Facility Revenue Refund Improvement Bonds (Sunset Retirement Communities), 6.625% due 8/15/2030
NR*	Aaa	1,000	Montgomery County, Ohio, Water System Revenue Refund (Greater Moraine Beaver), 5.375% due 11/15/2015 (c)	
AAA	Aaa	1,575	Princeton, Ohio, City School District, GO (e): 5% due 12/01/2024	
AAA	Aaa	1,710	Princeton, Ohio, City School District, GO (e): 5% due 12/01/2025	
Oklahoma--0.9%				Holdenville, Oklahoma, Industrial Authority, Correctional Facility Revenue Bonds (b) (c) (j):
	AAA	NR*	1,650	6.60% due 7/01/2006
	AAA	NR*	3,250	6.70% due 7/01/2006
Oregon--2.7%	AAA	Aaa	7,905	Oregon State Department of Administrative Services, Series A, 6% due 5/01/2010 (b) (c)
	AA	Aa3	5,170	Oregon State, GO, Refunding (Veterans Welfare), Series A, 5.70% due 10/01/2032
	NR*	NR*	1,830	Portland, Oregon, Housing Authority, Housing Revenue Bonds (Pine Square and University Place), Series A, 5.87%

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Schedule of Investments (continued)

State	S&P Ratings+++	Moody's Ratings+++	Face Amount	Municipal Bonds
Pennsylvania--14.0%	AAA	Aaa	\$ 5,000	Lehigh County, Pennsylvania, IDA, PCR, Refunding (Power and Light Company Project), Series B, 6.40%

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

				9/01/2029 (e)
AAA	Aaa	9,675	Pennsylvania Convention Center, Revenue Refunding Series A, 6.70% due 9/01/2014 (e) Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Bonds (National Gypsum C	
NR*	NR*	16,350	Series A, 6.25% due 11/01/2027	
NR*	NR*	8,800	Series B, 6.125% due 11/01/2027	
AA+	Aa2	1,445	Pennsylvania HFA, S/F Mortgage Refunding Bonds, AM 6.85% due 4/01/2025	
AAA	Aaa	16,270	Pennsylvania State Higher Educational Facilities A Health Services Revenue Refunding Bonds (Allegheny Valley Obligation), Series C, 5.875% due 11/15/201	
NR*	NR*	1,265	Philadelphia, Pennsylvania, Authority for IDR, Com Development, AMT, 7.75% due 12/01/2017 Philadelphia, Pennsylvania, Authority for IDR, Ref 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, S 5.50% due 2/01/2031 (i)	
A-	NR*	5,000	Sayre, Pennsylvania, Health Care Facilities Author Bonds (Guthrie Health Issue), Series B, 1%/7.125% 12/01/2031 (n)	
Rhode Island--			Woonsocket, Rhode Island, GO (h):	
0.5%	NR*	1,225	6% due 10/01/2017	
	NR*	1,195	6% due 10/01/2018	
Tennessee--				
2.4%	NR*	4,610	Hardeman County, Tennessee, Correctional Facilities Revenue Bonds, 7.75% due 8/01/2017	
	BB+	10,000	McMinn County, Tennessee, IDB, Solid Waste Revenue (Recycling Facility--Calhoun Newsprint), AMT, 7.40	
Texas--17.9%			Austin, Texas, Convention Center Revenue Bonds (Co Enterprises Inc.), First Tier, Series A:	
	BBB-	5,000	6.70% due 1/01/2028	
	BBB-	5,000	6.70% due 1/01/2032	
			Bexar County, Texas, Housing Finance Corporation, Revenue Bonds (Water at Northern Hills Apartments)	
	NR*	1,300	5.80% due 8/01/2021	
	NR*	2,460	6% due 8/01/2031	
	NR*	1,000	6.05% due 8/01/2036	
	BBB	6,850	Brazos River Authority, Texas, PCR, Refunding (Util Electric Company), AMT, Series B, 5.05% due 6/01/2	
	BBB-	3,755	Brazos River Authority, Texas, Revenue Refunding B Energy Inc. Project), Series B, 7.75% due 12/01/20	
	CCC	6,500	Dallas-Fort Worth, Texas, International Airport Fa Improvement Corporation Revenue Refunding Bonds (A Airlines), AMT, Series B, 6.05% due 5/01/2029	
	AAA	15,000	Dallas-Fort Worth, Texas, International Airport Re AMT, Series A, 5.50% due 11/01/2033 (e) Gregg County, Texas, Health Facilities Development Hospital Revenue Bonds (Good Shepherd Medical Cent	
	AA	3,000	6.875% due 10/01/2020	
	AA	2,000	6.375% due 10/01/2025	
	AA-	5,000	Guadalupe-Blanco River Authority, Texas, Sewage an Disposal Facility Revenue Bonds (E. I. du Pont de Company Project), AMT, 6.40% due 4/01/2026	
	NR*	3,900	Gulf Coast, Texas, IDA, Solid Waste Disposal Reven (Citgo Petroleum Corporation Project), AMT, 7.50%	
	NR*	1,600	Houston, Texas, Industrial Development Corporation (Air Cargo), AMT, 6.375% due 1/01/2023	

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

Lower Colorado River Authority, Texas, PCR (Samsung Semiconductor), AMT:

A-	A3	6,200	6.375% due 4/01/2027
A-	A3	3,330	6.95% due 4/01/2030

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Schedule of Investments (continued)

State	S&P Ratings+++	Moody's Ratings+++	Face Amount	Municipal Bonds
Texas (concluded)				Matagorda County, Texas, Navigation District Number 1 Refunding Bonds (Reliant Energy Inc.):
	BBB-	Ba1	\$ 3,000	AMT, Series B, 5.95% due 5/01/2030
	BBB-	Ba1	7,030	Series C, 8% due 5/01/2029
	BB	Ba3	3,900	Port Corpus Christi, Texas, Individual Development Environmental Facilities Revenue Bonds (Citgo Petroleum Corporation Project), AMT, 8.25% due 11/01/2031
				San Antonio, Texas, Water Revenue Refunding Bonds:
	AA-	Aa3	1,000	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 8/1/2030
	AA	Aa1	4,090	Texas State, Water Financial Assistance, GO, AMT, 5.375% due 8/01/2033
	AAA	Aaa	7,020	Tyler, Texas, Waterworks and Sewer Revenue Bonds, 9/01/2030 (h)
Utah--0.3%	AAA	Aaa	1,545	Utah State Board of Regents, Revenue Refunding Bonds (of Utah Research Facilities), Series A, 5.50% due 8/1/2030
Virginia-- 2.8%	BBB	NR*	5,000	Amelia County, Virginia, IDA, Solid Waste Disposal Refunding Bonds (Waste Management Project), VRDN, due 4/01/2027 (m)
	AAA	Aaa	5,000	Fairfax County, Virginia, EDA, Resource Recovery Refunding Bonds, AMT, Series A, 6.10% due 2/01/2031
	NR*	NR*	1,000	Pittsylvania County, Virginia, IDA, Revenue Refunding Exempt-Facility, AMT, Series A, 7.55% due 1/01/2031
	NR*	Ba1	6,200	Pocahontas Parkway Association, Virginia, Toll Road First Tier, Sub-Series C, 6.25%** due 8/15/2031
	BB	Baa3	3,000	Senior-Series A, 5.50% due 8/15/2028
	BB	Baa3	24,800	Senior Series B, 6.67%** due 8/15/2029
Washington-- 0.3%				Vancouver, Washington, Housing Authority, Housing Bonds (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--0.7%	B+	Ba3	1,000	Princeton, West Virginia, Hospital Revenue Refunding Bonds (Community Hospital Association Inc. Project), 6% due 8/1/2030
	BBB	Baa2	3,000	Upshur County, West Virginia, Solid Waste Disposal (TJ International Project), AMT, 7% due 7/15/2025
Wisconsin--	NR*	Baa3	700	Milwaukee, Wisconsin, Revenue Bonds (Air Cargo), A

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

0.5%				1/01/2025	
	AAA	Aaa	2,030	Wisconsin State, GO, AMT, Series B, 6.20% due 11/0	
Wyoming--0.8%	BB+	Ba3	2,550	Sweetwater County, Wyoming, Solid Waste Disposal R	
	AA	NR*	2,500	(FMC Corporation Project), AMT, Series A, 7% due 6	
				Wyoming Student Loan Corporation, Student Loan Rev	
				Bonds, Series A, 6.20% due 6/01/2024	
Puerto Rico--7.3%				Puerto Rico Commonwealth Highway and Transportatio	
				Transportation Revenue Bonds:	
	A	Baa1	16,360	Series D, 5.75% due 7/01/2041	
	AAA	Aaa	15,000	Trust Receipts, Class R, Series B, 10.364% due	
	AAA	Aaa	2,500	Puerto Rico Electric Power Authority, Power Revenue	
				Receipts, Class R, Series 16 HH, 10.094% due 7/01/	
	NR*	Aa2	4,350	Puerto Rico Public Finance Corporation Revenue Bon	
				Series 272, 9.41% due 8/01/2030 (k)	
				Total Municipal Bonds (Cost--\$845,796)--143.6%	

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Schedule of Investments (concluded)

	Shares	
	Held	Short-Term Securities
	16,613	Merrill Lynch Institutional Tax-Exempt Fund++++
		Total Short-Term Securities (Cost--\$16,613)--2.7%
		Total Investments (Cost--\$862,409)--146.3%
		Unrealized Appreciation on Forward Interest Rate Swaps--Net***--0.1%
		Other Assets Less Liabilities--1.2%
		Preferred Stock, at Redemption Value--(47.6%)
		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.



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

(j)Connie Lee 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 October 31, 2003.

(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 October 31, 2003.

(n)Represents a step bond. The first interest rate is in effect until a predetermined date and the second interest rate is effective thereafter until maturity.

(o)XL Capital Insured.

\*Not Rated.

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

\*\*\*Forward interest rate swaps entered into as of October 31, 2003 were as follows:

	(in Thousands)	
	Notional Amount	Unrealized Appreciation/ Depreciation
Receive a variable rate equal to 7-Day Bond Market Association Municipal Swap Index Rate and pay a fixed rate equal to 4.129%		
Broker, Morgan Stanley Capital Services, Inc. Expires January 2024	\$45,000	\$ 920
Receive a variable rate equal to 3 Month LIBOR at quarterly reset date and pay a fixed rate equal to 4.863%		
Broker, JP Morgan Chase Bank Expires February 2014	\$71,600	(241)
Total		\$ 679 =====

++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	16,601	\$143

+++Ratings of issues shown are unaudited.

See Notes to Financial Statements.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Statement of Net Assets

As of October 31, 2003

Assets

Investments, at value (identified cost--\$862,409,305)  
 Cash  
 Unrealized appreciation on forward interest rate swaps--net  
 Receivables:  
     Securities sold \$ 30  
     Interest 16  
     Dividends from affiliates

Prepaid expenses

Total assets

Liabilities

Payables:  
     Securities purchased 38  
     Dividends to Common Stock shareholders  
     Investment adviser  
     Other affiliates

Accrued expenses and other liabilities

Total liabilities

Preferred Stock

Preferred Stock, 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

\$ 11

Accumulated realized capital losses on investments--net

(71,

Unrealized appreciation on investments--net

38

Total accumulated losses--net

Total--Equivalent to \$13.85 net asset value per share of Common Stock (market price--\$13.29)

\*Auction Market Preferred Stock.

See Notes to Financial Statements.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Statement of Operations

For the Year Ended October 31, 2003

Investment Income

Interest

Dividends from affiliates

Total income

Expenses

Investment advisory fees

\$ 4

Commission fees

Accounting services

Transfer agent fees

Professional fees

Custodian fees

Printing and shareholder reports

Directors' fees and expenses

Listing fees

Pricing fees

Other

Total expenses before reimbursement

5

Reimbursement of expenses

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

Total expenses after reimbursement

Investment income--net

Realized & Unrealized Gain (Loss) on Investments--Net

Realized loss on investments--net

Change in unrealized appreciation on investments--net

Total realized and unrealized gain 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., OCTOBER 31, 2003

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets:

Operations

Investment income--net

Realized loss on investments--net

Change in unrealized appreciation/depreciation 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

Common Stock Transactions

Proceeds from issuance of Common Stock resulting from reorganization  
Value of shares issued to Common Stock shareholders in reinvestment  
of dividends

Net increase in net assets derived from Common Stock transactions

For

\$ 47

(

23

(3,

-----  
66

-----  
(41,

-----  
(41,

-----

-----

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

### Net Assets Applicable to Common Stock

Total increase in net assets applicable to Common Stock		25
Beginning of year		590
End of year*		\$ 615
*Undistributed investment income--net		\$ 11

See Notes to Financial Statements.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

### Financial Highlights

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

Increase (Decrease) in Net Asset Value:	2003	For the Year Ended	
		2002	2001++++
<b>Per Share Operating Performance</b>			
Net asset value, beginning of year	\$ 13.28	\$ 13.55	\$ 13.08
Investment income--net	1.06+++	1.04	1.03
Realized and unrealized gain (loss) on investments--net	.52	(.31)	.52
Dividends and distributions to Preferred Stock shareholders:			
Investment income--net	(.07)	(.08)	(.22)
Realized gain on investments--net	--	--	--
In excess of realized gain on investments--net	--	--	--
Total from investment operations	1.51	.65	1.33
Less dividends and distributions to Common Stock shareholders:			
Investment income--net	(.94)	(.92)	(.86)
Realized gain on investments--net	--	--	--
In excess of realized gain on investment--net	--	--	--
Total dividends and distributions to Common Stock shareholders	(.94)	(.92)	(.86)
Net asset value, end of year	\$ 13.85	\$ 13.28	\$ 13.55
Market price per share, end of year	\$ 13.29	\$ 12.88	\$ 13.94
<b>Total Investment Return*</b>			
Based on market price per share	10.80%	(.94%)	17.79%

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

Based on net asset value per share	11.99%	5.07%	10.51%
Ratios Based on Average Net Assets of Common Stock			
Total expenses, net of reimbursement**	.99%	1.01%	1.01%
Total expenses**	.99%	1.01%	1.01%
Total investment income--net**	7.86%	7.97%	7.74%
Amount of dividends to Preferred Stock shareholders	.50%	.74%	1.63%
Investment income--net, to Common Stock shareholders	7.36%	7.23%	6.11%
Ratios Based on Average Net Assets of Common & Preferred Stock**			
Total expenses, net of reimbursement	.66%	.67%	.68%
Total expenses	.66%	.67%	.68%
Total investment income--net	5.27%	5.33%	5.20%

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Financial Highlights (concluded)

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

	2003	For the Year Ended 2002	2001++++
Increase (Decrease) in Net Asset Value:			

Ratios Based on Average Net Assets of Preferred Stock

Dividends to Preferred Stock shareholders	1.02%	1.50%	3.33%
---	-------	-------	-------

Supplemental Data

Net assets applicable to Common Stock, end of year (in thousands)	\$ 615,169	\$ 590,101	\$ 524,737
Preferred Stock outstanding, end of year (in thousands)	\$ 293,000	\$ 293,000	\$ 250,000
Portfolio turnover	61.95%	104.63%	83.26%

Leverage

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

Asset coverage per \$1,000	\$ 3,100	\$ 3,014	\$ 3,099
	=====	=====	=====
Dividends Per Share on Preferred Stock Outstanding			
Series A--Investment income--net	\$ 256	\$ 346	\$ 816
	=====	=====	=====
Series B--Investment income--net	\$ 274	\$ 369	\$ 864
	=====	=====	=====
Series C--Investment income--net	\$ 261	\$ 353	\$ 847
	=====	=====	=====
Series D--Investment income--net	\$ 281	\$ 504	\$ 850
	=====	=====	=====
Series E--Investment income--net	\$ 236	\$ 346	\$ 805
	=====	=====	=====
Series F--Investment income--net	\$ 247	\$ 324++	--
	=====	=====	=====

\*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 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.

See Notes to Financial Statements.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

### 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. 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

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

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). Forward interest rate swaps are valued by quoted fair values received daily by the Fund from the counterparty. 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 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 is authorized to 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).

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



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

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.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Notes to Financial Statements (continued)

(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 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.

(f) Reclassification--Accounting principles generally accepted in the United States of America require that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. Accordingly, the current year's permanent book/tax differences of \$1,025 has been reclassified between undistributed net investment income and paid-in capital in excess of par and \$15,561 has been reclassified between undistributed net investment income and accumulated net realized capital losses. These reclassifications have no effect on net assets or net asset value per share.

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 year ended October 31, 2003, FAM reimbursed the Fund in the amount of \$32,653.

In addition, FAM received \$2,600 in commissions on the execution of portfolio transactions for the Fund for the year ended October 31, 2003.

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

For the year ended October 31, 2003, the Fund reimbursed FAM \$19,339 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 year ended October 31, 2003 were \$530,097,622 and \$535,930,180, respectively.

Net realized gains (losses) for the year ended October 31, 2003 and net unrealized gains as of October 31, 2003 were as follows:

	Realized Gains (Losses)	Unrealized Gains
Long-term investments	\$ (230,035)	\$ 37,595,786
Financial futures contracts	(1,354,485)	--
Forward interest rate swaps	835,453	678,543
	-----	-----
Total	\$ (749,067)	\$ 38,274,329
	=====	=====

As of October 31, 2003, net unrealized appreciation for Federal income tax purposes aggregated \$37,878,913, of which \$47,691,278 related to appreciated securities and \$9,812,365 related to depreciated securities. The aggregate cost of investments at October 31, 2003 for Federal income tax purposes was \$862,126,178.

### 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.

#### Common Stock

Shares issued and outstanding during the year ended October 31, 2003 remained constant and for the year ended October 31, 2002 increased by 5,508,830 as a result of issuance of Common Stock from reorganization and 207,485 as a result of dividend reinvestment.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Notes to Financial Statements (concluded)

#### Preferred Stock

Auction Market Preferred Stock ("AMPS") 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

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

dividends at an annual rate that may vary for the successive dividend periods. The yields in effect at October 31, 2003 were as follows: Series A, .81%; Series B, .81%; Series C, .875%, Series D, 1.00%, Series E, .85% and Series F, .85%.

Shares issued and outstanding during the year ended October 31, 2003 remained constant and for the year ended October 31, 2002 increased by 1,720 as a result of issuance of Preferred Stock from reorganization.

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 year ended October 31, 2003, Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliate of FAM, earned \$353,723 as commissions.

### 5. Distributions to Shareholders:

The Fund paid a tax-exempt income dividend to holders of Common Stock in the amount of \$.078000 per share on November 26, 2003 to shareholders of record on November 14, 2003.

The tax character of distributions paid during the fiscal years ended October 31, 2003 and October 31, 2002 was as follows:

	10/31/2003	10/31/2002
Distributions paid from:		
Tax-exempt income	\$ 44,600,439	\$ 44,637,302
	-----	-----
Total distributions	\$ 44,600,439	\$ 44,637,302
	=====	=====

As of October 31, 2003, the components of accumulated losses on a tax basis were as follows:

Undistributed tax-exempt income--net	\$ 11,058,555
Undistributed long-term capital gains--net	--
	-----
Total undistributed earnings--net	11,058,555
Capital loss carryforward	(65,210,507)*
Unrealized gains--net	32,059,500**
	-----
Total accumulated losses--net	\$(22,092,452)
	=====

\*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.

\*\*The difference between book-basis and tax-basis net unrealized gains is attributable primarily to the tax deferral of losses on wash sales, the tax deferral of losses on straddles, and the difference between book and tax amortization methods for premiums and discounts on fixed income securities.

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

MUNIYIELD FUND, INC., OCTOBER 31, 2003

### Independent Auditors' Report

To the Shareholders and Board of Directors  
of MuniYield Fund, Inc.:

We have audited the accompanying statement of net assets, including the schedule of investments, of MuniYield Fund, Inc. as of October 31, 2003, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2003, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of MuniYield Fund, Inc. as of October 31, 2003, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP  
Princeton, New Jersey  
December 17, 2003

### Important Tax Information (unaudited)

All of the net investment income distributions paid by MuniYield Fund, Inc. during its taxable year ended October 31, 2003 qualify as tax-exempt interest dividends for Federal income tax purposes.

Please retain this information for your records.

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

### 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., OCTOBER 31, 2003

### Automatic Dividend Reinvestment Plan

The following description of the Fund's Automatic Dividend Reinvestment Plan (the "Plan") is sent to you annually as required by Federal securities laws.

Pursuant to the Fund's Plan, unless a holder of Common Stock otherwise elects, all dividend and capital gains distributions will be automatically reinvested by The Bank of New York (the "Plan Agent"), as agent for shareholders in administering the Plan, in additional shares of Common Stock of the Fund. Holders of Common Stock who elect not to participate in the Plan will receive all distributions in cash paid by check mailed directly to the shareholder of record (or, if the shares are held in street or other nominee name then to such nominee) by The Bank of New York, as dividend paying agent. Such participants may elect not to participate in the Plan and to receive all distributions of dividends and capital gains in cash by sending written instructions to The Bank of New York, as dividend paying agent, at the address set forth below. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by written notice if received by the Plan Agent not less than ten days prior to any dividend record date; otherwise such termination will be effective with respect to any subsequently declared dividend or distribution.

Whenever the Fund declares an income dividend or capital gains distribution (collectively referred to as "dividends") payable either in shares or in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in shares of Common Stock. The shares will be acquired by the Plan Agent for the participant's account, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized shares of Common Stock from the Fund ("newly issued shares") or (ii) by purchase of outstanding

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

shares of Common Stock on the open market ("open-market purchases") on the New York Stock Exchange or elsewhere. If on the payment date for the dividend, the net asset value per share of the Common Stock is equal to or less than the market price per share of the Common Stock plus estimated brokerage commissions (such conditions being referred to herein as "market premium"), the Plan Agent will invest the dividend amount in newly issued shares on behalf of the participant. The number of newly issued shares of Common Stock to be credited to the participant's account will be determined by dividing the dollar amount of the dividend by the net asset value per share on the date the shares are issued, provided that the maximum discount from the then current market price per share on the date of issuance may not exceed 5%. If on the dividend payment date the net asset value per share is greater than the market value (such condition being referred to herein as "market discount"), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participant in open-market purchases.

In the event of a market discount on the dividend payment date, the Plan Agent will have until the last business day before the next date on which the shares trade on an "ex-dividend" basis or in no event more than 30 days after the dividend payment date (the "last purchase date") to invest the dividend amount in shares acquired in open-market purchases. It is contemplated that the Fund will pay monthly income dividends. Therefore, the period during which open-market purchases can be made will exist only from the payment date on the dividend through the date before the next "ex-dividend" date, which typically will be approximately ten days. If, before the Plan Agent has completed its open-market purchases, the market price of a share of Common Stock exceeds the net asset value per share, the average per share purchase price paid by the Plan Agent may exceed the net asset value of the Fund's shares, resulting in the acquisitions of fewer shares than if the dividend had been paid in newly issued shares on the dividend payment date. Because of the foregoing difficulty with respect to open-market purchases, the Plan provides that if the Plan Agent is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Agent will cease making open-market purchases and will invest the uninvested portion of the dividend amount in newly issued shares at the close of business on the last purchase date determined by dividing the uninvested portion of the dividend by the net asset value per share.

The Plan Agent maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the account, including information needed by shareholders for tax records. Shares in the account of each Plan participant will be held by the Plan Agent in non-certificated form in the name of the participant, and each shareholder's proxy will include those shares purchased or received pursuant to the Plan. The Plan Agent will forward all proxy solicitation materials to participants and vote proxies for shares held pursuant to the Plan in accordance with the instructions of the participants.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Automatic Dividend Reinvestment Plan (concluded)

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

In the case of shareholders such as banks, brokers or nominees which hold shares of others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the record shareholders as representing the total amount registered in the record shareholder's name and held for the account of beneficial owners who are to participate in the Plan.

There will be no brokerage charges with respect to shares issued directly by the Fund as a result of dividends or capital gains distributions payable either in shares or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open-market purchases in connection with the reinvestment of dividends.

The automatic reinvestment of dividends and distributions will not relieve participants of any Federal, state or local income tax that may be payable (or required to be withheld) on such dividends.

Shareholders participating in the Plan may receive benefits not available to shareholders not participating in the Plan. If the market price plus commissions of the Fund's shares is above the net asset value, participants in the Plan will receive shares of the Fund at less than they could otherwise purchase them and will have shares with a cash value greater than the value of any cash distribution they would have received on their shares. If the market price plus commissions is below the net asset value, participants will receive distributions in shares with a net asset value greater than the value of any cash distribution they would have received on their shares. However, there may be insufficient shares available in the market to make distributions in shares at prices below the net asset value. Also, since the Fund does not redeem shares, the price on resale may be more or less than the net asset value.

The value of shares acquired pursuant to the Plan will generally be excluded from gross income to the extent that the cash amount reinvested would be excluded from gross income. If, when the Fund's shares are trading at a premium over net asset value, the Fund issues shares pursuant to the Plan that have a greater fair market value than the amount of cash reinvested, it is possible that all or a portion of such discount (which may not exceed 5% of the fair market value of the Fund's shares) could be viewed as a taxable distribution. If the discount is viewed as a taxable distribution, it is also possible that the taxable character of this discount would be allocable to all the shareholders, including shareholders who do not participate in the Plan. Thus, shareholders who do not participate in the Plan might be required to report as ordinary income a portion of their distributions equal to their allocable share of the discount.

Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence concerning the Plan should be directed to the Plan Agent at The Bank of New York, Church Street Station, P.O. Box 11258, New York, NY 10286-1258, Telephone: 800-432-8224.

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

MUNIYIELD FUND, INC., OCTOBER 31, 2003

### Officers and Directors (unaudited)

Name, Address & Age	Position(s) Held with Fund	Length Of Time Served	Principal Occupation(s) During Past 5 Years	Number Portf Fund Overs Direc
<b>Interested Director</b>				
Terry K. Glenn* P.O. Box 9011 Princeton, NJ 08543-9011 Age: 63	President and Director	1999 to present and 1991 to present	President and Chairman of Merrill Lynch Investment Managers, L.P. ("MLIM")/Fund Asset Management, L.P. ("FAM")--Advised Funds since 1999; Chairman (Americas Region) of MLIM from 2000 to 2002; Executive Vice President of MLIM and FAM (which terms as used herein include their corporate predecessors) from 1983 to 2002; President of FAM Distributors, Inc. ("FAMD") from 1986 to 2002 and Director thereof from 1991 to 2002; Executive Vice President and Director of Princeton Services, Inc. ("Princeton Services") from 1993 to 2002; President of Princeton Administrators, L.P. from 1989 to 2002; Director of Financial Data Services, Inc. since 1985.	124 F 163 P

\* Mr. Glenn is a director, trustee or member of an advisory board of certain other investment companies for which MLIM or FAM acts as investment adviser. Mr. Glenn is an "interested person," as described in the Investment Company Act, of the Fund based on his former positions with MLIM, FAM, FAMD, Princeton Services and Princeton Administrators, L.P. The Director's term is unlimited. Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. As Fund President, Mr. Glenn serves at the pleasure of the Board of Directors.

### Independent Directors\*

James H. Bodurtha P.O. Box 9095 Princeton, NJ 08543-9095 Age: 59	Director	1995 to present	Director, The China Business Group, Inc. since 1996 and Executive Vice President thereof from 1996 to 2003; Chairman of the Board, Berkshire Holding Corporation since 1980; Partner, Squire, Sanders & Dempsey from 1980 to 1993.	40 Fu 59 Po
Joe Grills P.O. Box 9095 Princeton,	Director	2002 to present	Member of the Committee of Investment of Employee Benefit Assets of the Association of Financial Professionals ("CIEBA") since	40 Fu 59 Po



Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

NJ 08543-9095

Age: 68

1986 and its Chairman from 1991 to 1992; Member of the Investment Advisory Committees of the State of New York Common Retirement Fund since 1989; Member of the Investment Advisory Committee of the Howard Hughes Medical Institute from 1997 to 2000; Director, Duke Management Company since 1992 and Vice Chairman thereof since 1998; Director LaSalle Street Fund from 1995 to 2001; Director, Kimco Realty Corporation since 1997; Member of the Investment Advisory Committee of the Virginia Retirement System since 1998 and Vice Chairman thereof since 2002; Director, Montpelier Foundation since 1998 and Vice Chairman thereof since 2000; Member of the Investment Committee of the Woodberry Forest School since 2000; Member of the Investment Committee of the National Trust for Historic Preservation since 2000.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Officers and Directors (unaudited) (continued)

Name, Address & Age	Position(s) Held with Fund	Length Of Time Served	Principal Occupation(s) During Past 5 Years	Number of Shares of Fund Owned
Independent Directors* (concluded)				
Herbert I. London P.O. Box 9095 Princeton, NJ 08543-9095 Age: 64	Director	1991 to present	John M. Olin Professor of Humanities, New York University since 1993 and Professor thereof since 1980; President of Hudson Institute since 1997 and Trustee thereof since 1980.	40 Fu 59 Po
Andre F. Perold P.O. Box 9095 Princeton, NJ 08543-9095 Age: 51	Director	1991 to present	George Gund Professor of Finance and Banking, Harvard Business School since 2000 and a member of the faculty since 1979; Director and Chairman of the Board, UNX, Inc. since 2003; Director, Sanlam Limited and Sanlam Life since 2001; Director, Genbel Securities and Gensec Bank since 1999; Director, Stockback.com from 2002 to 2002; Director, Bulldogresearch.com from 2000 to 2001; Director, Sanlam Investment Management from 1999 to 2001; Director, Quantec Limited from 1991 to 1999.	40 Fu 59 Po
Roberta Cooper Ramo	Director	1999 to	Shareholder, Modrall, Sperling, Roehl,	40 Fu

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

P.O. Box 9095 Princeton, NJ 08543-9095 Age: 61	present	Harris & Sisk, P.A. since 1993; Director of Cooper's, Inc. since 1999 and Chairman of the Board since 2000; Director of ECMC, Inc. since 2001.	59 Po
Robert S. Salomon, Jr. Director P.O. Box 9095 Princeton, NJ 08543-9095 Age: 66	2002 to present	Principal of STI Management since 1994, Trustee of Commonfund from 1980 to 2001; Director of Rye Country Day School since 2001.	40 Fu 59 Po
Stephen B. Swensrud P.O. Box 9095 Princeton, NJ 08543-9095 Age: 70	Director 2002 to present	Chairman, Fernwood Advisors (investment adviser) since 1996; Principal of Fernwood Associates (financial consultant) since 1975; Chairman of RPP Corporation since 1978; Director, International Mobile Communications, Inc. since 1998.	41 Fu 60 Po

\* The Director's term is unlimited. Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

### Officers and Directors (unaudited) (concluded)

Name, Address & Age	Position(s) Held with Fund	Length Of Time Served*	Principal Occupation(s) During Past 5 Years
<b>Fund Officers</b>			
Donald C. Burke P.O. Box 9011 Princeton, NJ 08543-9011 Age: 43	Vice President and Treasurer	1993 to present and 1999 to present	First Vice President of MLIM and FAM since 1997 and 1999; Senior Vice President and Treasurer of Prince Vice President of FAMD since 1999; Director of MLIM
Kenneth A. Jacob P.O. Box 9011 Princeton, NJ 08543-9011 Age: 52	Senior Vice President	2002 to present	Managing Director of MLIM since 2000; Director (Mun Management) of MLIM from 1997 to 2000.
John M. Loffredo P.O. Box 9011 Princeton, NJ 08543-9011 Age: 39	Senior Vice President	2002 to present	Managing Director of MLIM since 2000; Director (Mun Management) of MLIM from 1998 to 2000.



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

The quality ratings of securities in the Fund as of October 31, 2003 were as follows:

S&P Rating/Moody's Rating	Percent of Total Investments
AAA/Aaa	42.2%
AA/Aa	10.0
A/A	10.5
BBB/Baa	11.6
BB/Ba	8.0
B/B	2.0
CCC/Caa	1.7
NR (Not Rated)	14.0
Other*	0.0++

\*Temporary investments on short-term municipal securities.

++Holdings are less than 0.1%.

MUNIYIELD FUND, INC., OCTOBER 31, 2003

Item 2 - Did registrant adopt a code of ethics, as of the end of the period covered by this report, that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party? If not, why not? Briefly describe any amendments or waivers that occurred during the period. State here if code of ethics/amendments/waivers are on website and give website address-. State here if fund will send code of ethics to shareholders without charge upon request--

The registrant has adopted a code of ethics, as of the end of the period covered by this report, that applies to the registrant's principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions. A copy of the code of ethics is available without charge upon request by calling toll-free 1-800-MER-FUND (1-800-637-3863).

Item 3 - Did the registrant's board of directors determine that the registrant either: (i) has at least one audit committee financial expert serving on its audit committee; or (ii) does not have an audit committee financial expert serving on its audit committee? If yes, disclose name of financial expert and whether he/she is "independent," (fund may, but is not required, to disclose name/independence of more than one financial expert) If no, explain why not. -

The registrant's board of directors has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent: (1) Joe Grills, (2) Andre Perold, (3) Robert S. Salomon, Jr., and (4) Stephen B. Swensrud.

Item 4 - Disclose annually only (not answered until December 15,

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

2003)

(a) Audit Fees - Disclose aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years. N/A.

(b) Audit-Related Fees - Disclose aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item. Registrants shall describe the nature of the services comprising the fees disclosed under this category. N/A.

(c) Tax Fees - Disclose aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning. Registrants shall describe the nature of the services comprising the fees disclosed under this category. N/A.

(d) All Other Fees - Disclose aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item. Registrants shall describe the nature of the services comprising the fees disclosed under this category. N/A.

(e) (1) Disclose the audit committee's pre-approval policies and procedures described in paragraph (c) (7) of Rule 2-01 of Regulation S-X. N/A.

(e) (2) Disclose the percentage of services described in each of paragraphs (b) through (d) of this Item that were approved by the audit committee pursuant to paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X. N/A.

(f) If greater than 50%, disclose the percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees. N/A.

(g) Disclose the aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant. N/A.

(h) Disclose whether the registrant's audit committee has considered whether the provision of non-audit services that were rendered to the registrant's investment adviser (not including any subadviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c) (7) (ii) of Rule

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

2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence. N/A.

Item 5 - If the registrant is a listed issuer as defined in Rule 10A-3 under the Exchange Act, state whether or not the registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. If the registrant has such a committee, however designated, identify each committee member. If the entire board of directors is acting as the registrant's audit committee in Section 3(a)(58)(B) of the Exchange Act, so state.

If applicable, provide the disclosure required by Rule 10A-3(d) under the Exchange Act regarding an exemption from the listing standards for audit committees. N/A

(Listed issuers must be in compliance with the new listing rules by the earlier of their first annual shareholders meeting after January 2004, or October 31, 2004 (annual requirement))

Item 6 - Reserved

Item 7 - For closed-end funds that contain voting securities in their portfolio, describe the policies and procedures that it uses to determine how to vote proxies relating to those portfolio securities.

### Proxy Voting Policies and Procedures

Each Fund's Board of Directors/Trustees has delegated to Merrill Lynch Investment Managers, L.P. and/or Fund Asset Management, L.P. (the "Investment Adviser") authority to vote all proxies relating to the Fund's portfolio securities. The Investment Adviser has adopted policies and procedures ("Proxy Voting Procedures") with respect to the voting of proxies related to the portfolio securities held in the account of one or more of its clients, including a Fund. Pursuant to these Proxy Voting Procedures, the Investment Adviser's primary objective when voting proxies is to make proxy voting decisions solely in the best interests of each Fund and its shareholders, and to act in a manner that the Investment Adviser believes is most likely to enhance the economic value of the securities held by the Fund. The Proxy Voting Procedures are designed to ensure that that the Investment Adviser considers the interests of its clients, including the Funds, and not the interests of the Investment Adviser, when voting proxies and that real (or perceived) material conflicts that may arise between the Investment Adviser's interest and those of the Investment Adviser's clients are properly addressed and resolved.

In order to implement the Proxy Voting Procedures, the Investment Adviser has formed a Proxy Voting Committee (the "Committee"). The Committee is comprised of the Investment Adviser's Chief Investment Officer (the "CIO"), one or more other senior investment professionals appointed by the CIO, portfolio managers and investment analysts appointed by the CIO and any other personnel the CIO deems appropriate. The Committee will also include two non-voting representatives from the Investment Adviser's Legal department appointed by the Investment Adviser's General Counsel. The Committee's membership shall be limited to full-time employees of the Investment Adviser. No person with any investment banking, trading, retail brokerage or research responsibilities for the

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

Investment Adviser's affiliates may serve as a member of the Committee or participate in its decision making (except to the extent such person is asked by the Committee to present information to the Committee, on the same basis as other interested knowledgeable parties not affiliated with the Investment Adviser might be asked to do so). The Committee determines how to vote the proxies of all clients, including a Fund, that have delegated proxy voting authority to the Investment Adviser and seeks to ensure that all votes are consistent with the best interests of those clients and are free from unwarranted and inappropriate influences. The Committee establishes general proxy voting policies for the Investment Adviser and is responsible for determining how those policies are applied to specific proxy votes, in light of each issuer's unique structure, management, strategic options and, in certain circumstances, probable economic and other anticipated consequences of alternate actions. In so doing, the Committee may determine to vote a particular proxy in a manner contrary to its generally stated policies. In addition, the Committee will be responsible for ensuring that all reporting and recordkeeping requirements related to proxy voting are fulfilled.

The Committee may determine that the subject matter of a recurring proxy issue is not suitable for general voting policies and requires a case-by-case determination. In such cases, the Committee may elect not to adopt a specific voting policy applicable to that issue. The Investment Adviser believes that certain proxy voting issues require investment analysis - such as approval of mergers and other significant corporate transactions - akin to investment decisions, and are, therefore, not suitable for general guidelines. The Committee may elect to adopt a common position for the Investment Adviser on certain proxy votes that are akin to investment decisions, or determine to permit the portfolio manager to make individual decisions on how best to maximize economic value for a Fund (similar to normal buy/sell investment decisions made by such portfolio managers). While it is expected that the Investment Adviser will generally seek to vote proxies over which the Investment Adviser exercises voting authority in a uniform manner for all the Investment Adviser's clients, the Committee, in conjunction with a Fund's portfolio manager, may determine that the Fund's specific circumstances require that its proxies be voted differently.

To assist the Investment Adviser in voting proxies, the Committee has retained Institutional Shareholder Services ("ISS"). ISS is an independent adviser that specializes in providing a variety of fiduciary-level proxy-related services to institutional investment managers, plan sponsors, custodians, consultants, and other institutional investors. The services provided to the Investment Adviser by ISS include in-depth research, voting recommendations (although the Investment Adviser is not obligated to follow such recommendations), vote execution, and recordkeeping. ISS will also assist the Fund in fulfilling its reporting and recordkeeping obligations under the Investment Company Act.

The Investment Adviser's Proxy Voting Procedures also address special circumstances that can arise in connection with proxy voting. For instance, under the Proxy Voting Procedures, the Investment Adviser generally will not seek to vote proxies related to portfolio securities that are on loan, although it may do so under certain circumstances. In addition, the Investment Adviser will vote proxies related to securities of foreign issuers only on a best efforts basis and may elect not to vote at all in certain

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

countries where the Committee determines that the costs associated with voting generally outweigh the benefits. The Committee may at any time override these general policies if it determines that such action is in the best interests of a Fund.

From time to time, the Investment Adviser may be required to vote proxies in respect of an issuer where an affiliate of the Investment Adviser (each, an "Affiliate"), or a money management or other client of the Investment Adviser (each, a "Client") is involved. The Proxy Voting Procedures and the Investment Adviser's adherence to those procedures are designed to address such conflicts of interest. The Committee intends to strictly adhere to the Proxy Voting Procedures in all proxy matters, including matters involving Affiliates and Clients. If, however, an issue representing a non-routine matter that is material to an Affiliate or a widely known Client is involved such that the Committee does not reasonably believe it is able to follow its guidelines (or if the particular proxy matter is not addressed by the guidelines) and vote impartially, the Committee may, in its discretion for the purposes of ensuring that an independent determination is reached, retain an independent fiduciary to advise the Committee on how to vote or to cast votes on behalf of the Investment Adviser's clients.

In the event that the Committee determines not to retain an independent fiduciary, or it does not follow the advice of such an independent fiduciary, the powers of the Committee shall pass to a subcommittee, appointed by the CIO (with advice from the Secretary of the Committee), consisting solely of Committee members selected by the CIO. The CIO shall appoint to the subcommittee, where appropriate, only persons whose job responsibilities do not include contact with the Client and whose job evaluations would not be affected by the Investment Adviser's relationship with the Client (or failure to retain such relationship). The subcommittee shall determine whether and how to vote all proxies on behalf of the Investment Adviser's clients or, if the proxy matter is, in their judgment, akin to an investment decision, to defer to the applicable portfolio managers, provided that, if the subcommittee determines to alter the Investment Adviser's normal voting guidelines or, on matters where the Investment Adviser's policy is case-by-case, does not follow the voting recommendation of any proxy voting service or other independent fiduciary that may be retained to provide research or advice to the Investment Adviser on that matter, no proxies relating to the Client may be voted unless the Secretary, or in the Secretary's absence, the Assistant Secretary of the Committee concurs that the subcommittee's determination is consistent with the Investment Adviser's fiduciary duties.

In addition to the general principles outlined above, the Investment Adviser has adopted voting guidelines with respect to certain recurring proxy issues that are not expected to involve unusual circumstances. These policies are guidelines only, and the Investment Adviser may elect to vote differently from the recommendation set forth in a voting guideline if the Committee determines that it is in a Fund's best interest to do so. In addition, the guidelines may be reviewed at any time upon the request of a Committee member and may be amended or deleted upon the vote of a majority of Committee members present at a Committee meeting at which there is a quorum.

The Investment Adviser has adopted specific voting guidelines with respect to the following proxy issues:



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

\* Proposals related to the composition of the Board of Directors of issuers other than investment companies. As a general matter, the Committee believes that a company's Board of Directors (rather than shareholders) is most likely to have access to important, nonpublic information regarding a company's business and prospects, and is therefore best-positioned to set corporate policy and oversee management. The Committee, therefore, believes that the foundation of good corporate governance is the election of qualified, independent corporate directors who are likely to diligently represent the interests of shareholders and oversee management of the corporation in a manner that will seek to maximize shareholder value over time. In individual cases, the Committee may look at a nominee's history of representing shareholder interests as a director of other companies or other factors, to the extent the Committee deems relevant.

\* Proposals related to the selection of an issuer's independent auditors. As a general matter, the Committee believes that corporate auditors have a responsibility to represent the interests of shareholders and provide an independent view on the propriety of financial reporting decisions of corporate management. While the Committee will generally defer to a corporation's choice of auditor, in individual cases, the Committee may look at an auditors' history of representing shareholder interests as auditor of other companies, to the extent the Committee deems relevant.

\* Proposals related to management compensation and employee benefits. As a general matter, the Committee favors disclosure of an issuer's compensation and benefit policies and opposes excessive compensation, but believes that compensation matters are normally best determined by an issuer's board of directors, rather than shareholders. Proposals to "micro-manage" an issuer's compensation practices or to set arbitrary restrictions on compensation or benefits will, therefore, generally not be supported.

\* Proposals related to requests, principally from management, for approval of amendments that would alter an issuer's capital structure. As a general matter, the Committee will support requests that enhance the rights of common shareholders and oppose requests that appear to be unreasonably dilutive.

\* Proposals related to requests for approval of amendments to an issuer's charter or by-laws. As a general matter, the Committee opposes poison pill provisions.

\* Routine proposals related to requests regarding the formalities of corporate meetings.

\* Proposals related to proxy issues associated solely with holdings of investment company shares. As with other types of companies, the Committee believes that a fund's Board of Directors (rather than its shareholders) is best-positioned to set fund policy and oversee management. However, the Committee opposes granting Boards of Directors authority over certain matters, such as changes to a fund's investment objective, that the Investment Company Act envisions will be approved directly by shareholders.

\* Proposals related to limiting corporate conduct in some manner that relates to the shareholder's environmental or social concerns. The Committee generally believes that annual shareholder meetings are inappropriate forums for discussion of larger social issues, and opposes shareholder resolutions "micromanaging" corporate conduct or

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

requesting release of information that would not help a shareholder evaluate an investment in the corporation as an economic matter. While the Committee is generally supportive of proposals to require corporate disclosure of matters that seem relevant and material to the economic interests of shareholders, the Committee is generally not supportive of proposals to require disclosure of corporate matters for other purposes.

Item 8--Reserved

Item 9(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.

Item 9(b)--There were no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 10 - Exhibits

10(a) - Attach code of ethics or amendments/waivers, unless code of ethics or amendments/waivers is on website or offered to shareholders upon request without charge. N/A.

10(b) - Attach certifications pursuant to Section 302 of the Sarbanes-Oxley Act. 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: December 22, 2003

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

Edgar Filing: MUNIYIELD FUND INC - Form N-CSR

MuniYield Fund, Inc.

Date: December 22, 2003

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

Date: December 22, 2003

Attached hereto as a furnished exhibit are the certifications pursuant to Section 906 of the Sarbanes-Oxley Act.