

SECURITIES AND EXCHANGE COMMISSION

FORM N-30B-2

Periodic and interim reports mailed to investment company shareholders (other than annual and semi-annual reports mailed to shareholders pursuant to Rule 30e-1)

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FILER

MERRILL LYNCH PRIME FUND INC

CIK: **853911** | IRS No.: **222998937** | State of Incorporation: **NJ** | Fiscal Year End: **0831**
Type: **N-30B-2** | Act: **40** | File No.: **811-05870** | Film No.: **94501265**

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Merrill Lynch
Prime Fund, Inc.

Quarterly Report (unaudited)
November 30, 1993

This report, including the financial information herein, is transmitted to the shareholders of Merrill Lynch Prime Fund, Inc. for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report. Past performance results shown in this report should not be considered a representation of future performance.

Merrill Lynch
Prime Fund, Inc.
Box 9011
Princeton, NJ 08543-9011

Merrill Lynch Prime Fund, Inc.
Dear Shareholder:

The quarter ended November 30, 1993 was one characterized by a marked increase in activity in the leveraged lending market as a number of new transactions were announced. This was in contrast to the August quarter which saw leveraged-loan volume slow to its lowest level of the year. Although many of the financings which came to market during the past quarter were new leveraged buyouts or acquisitions, the market continued to be dominated by transactions driven by the strong high-yield bond and equity markets. Leveraged companies continue to "reequitize" and lower interest costs with offerings of lower-coupon fixed-rate bonds used to refinance high-coupon bonds and bank loans. In the high-yield market alone, new-issue volume in the first 11 months of 1993 reached \$50.0 million versus \$38.0 million for all of 1992. Against this backdrop, and in tandem with an economic recovery that is showing signs of picking up steam, the leveraged loan market should continue to benefit from strengthening credit fundamentals and increased liquidity.

On the heels of a succession of positive economic indicators, the interest rate environment continues to be positive for floating rate instruments such as those in which Merrill Lynch Prime Fund, Inc. invests. Short-term interest rates have continued to rise throughout the November quarter, with the London Interbank Offered Rate reaching 3.50% by the end of the quarter, up more than 25 basis points (0.25%) from the August quarter and compared to a prime rate of 6.0%. As it became apparent that the economy would receive a sizable lift from interest-rate sensitive sectors like housing and automobiles in the third and fourth quarters, and with the potential for gross domestic product growth to be close to 4.0%, investors in long-term fixed-rate bonds experienced an understandable nervousness at the prospect of renewed inflationary pressures and a less accomodative monetary policy by the Federal Reserve Board. While such fears may be premature, a tightening by the Federal Reserve Board and the accompanying rise in short-term interest rates would typically have a positive impact on the Fund's yield without affecting the Fund's net asset value, in contrast to the typical impact on fixed-rate investments.

Portfolio Performance

The Fund finished the November quarter with approximately 86.0%, or \$597.1 million, of its \$698.9 million in net assets invested in loan interests. Assets not invested in loan interests were invested in high-quality, short-term securities.

The Fund's effective yield for the three-month period ended November 30, 1993 was 5.5% versus 5.1% during the August quarter. The upward trend in short-term interest rates during the November quarter was offset by the larger-than-expected cash position carried by the Fund as closings for a number of transactions had been pushed into the fourth quarter. The Fund's net asset value continued to remain stable throughout the period. During the November quarter, the Fund earned \$0.138 per share income

dividends, representing a net annualized yield of 5.50% based on an ending per share net asset value of \$10.02. The Fund's total investment return was +1.44%, based on an unchanged net asset value of \$10.02 per share, and assuming reinvestment of \$0.133 per share income dividends.

Since the Fund's inception (November 3, 1989) through November 30, 1993, the Fund's total investment return was +33.86%, based on a change in per share net asset value from \$10.00 to \$10.02, and assuming reinvestment of \$2.885 per share income dividends.

Investment Activities

The Fund purchased more than \$84.6 million in loan interests during the quarter ended November 30, 1993. These purchases included investments in five new issues: Crown Pacific Inland; Magnavox Electronic Systems Co.; Camelot Music, Inc.; Sperry Marine, Inc.; and Hilton Davis Chemical Co. Additional investments were made in Gulfstream Corp. Offsetting these investments were full or partial prepayments of just over \$58.5 million, the largest prepayment coming from the refinancing of Cort Furniture Rental Corp. The Fund's exposure to selected names was also reduced by \$32.1 million in the aggregate.

At November quarter end, the Fund's portfolio was comprised of 31 borrowers representing 22 industries. The average loan size was \$18.1 million, or 2.59% of net assets. The largest industry concentrations were in paper products (14.9% of net assets), diversified manufacturing (9.3%), retail drug stores (7.5%), grocery (5.9%), and airlines (5.7%).

Our investment strategy continues to emphasize conservatively structured loan facilities to borrowers with strong cash flows, superior market share and franchise value and experienced management. The advantages of this strategy are reflected in both the stability of the Fund's net asset value over the last year and the liquidity and income realization provided by our investments as the borrowers have capitalized on their access to public markets.

The Fund completed another quarterly tender offer on October 15, 1993, with approximately 6.1 million shares tendered and accepted for repurchase. The next tender offer began on December 15, 1993 and will conclude on January 13, 1994. The Fund remains open for new purchases.

Investment Outlook

Although there have been some more aggressive capital structures in recent transactions, default rates for leveraged loans have come down to the lowest levels in six years and are expected to remain low in the coming year. Strong investor demand for senior secured loan products should keep the secondary market tight with the majority of the focus on the primary syndications. This should result in continued downward pressure on yields just as has been the case in the high-yield bond market. We expect this trend to continue as long as the public debt and equity markets remain strong and investors aggressively bid the market.

We thank you for your continued investment in Merrill Lynch Prime Fund, Inc., and we look forward to reviewing our strategy with you again in our upcoming semi-annual report to shareholders.

Sincerely,

(Arthur Zeikel)
Arthur Zeikel
President

(R. Douglas Henderson)
R. Douglas Henderson
Vice President and Portfolio Manager

December 28, 1993

Effective December 1993, Merrill Lynch Prime Fund, Inc. commenced doing business under the name Merrill Lynch Senior Floating Rate Fund. The Fund invests in senior collateralized corporate loans, and borrowers may choose to base the interest rate of these loans either on the London Interbank Offered Rate (LIBOR) or the prime rate. In recent years, the differential between the lower LIBOR-based rate and the higher prime-based rate has widened to the point where it is more attractive for the majority of the Fund's investments to borrow at the LIBOR-based option. This has impeded

the Fund's ability to achieve a net return to shareholders which consistently approximates the average prime lending rate of major US banks. The Fund's management believes that the name Merrill Lynch Senior Floating Rate Fund better reflects its investment capabilities, which are to invest exclusively in senior collateralized corporate loans bearing interest at "floating", or variable rates, which are reset at short-term intervals. The change in the Fund's name does not connote a change in its investment objective, which remains unchanged: to provide shareholders with as high a level of current income and such preservation of capital as is consistent with investment in senior collateralized corporate loans.

<TABLE>

Merrill Lynch Prime Fund, Inc.

Schedule of Investments as of November 30, 1993 (unaudited)

(in Thousands)

<CAPTION>

Industry	Senior Secured Floating Rate Loan Interests*	Face Amount	Value
<S>	<S>	<C>	<C>
Airlines--5.72%	Northwest Airlines, Inc., Revolving Credit Loan, due 8/04/94:		
	5.9375% to 12/15/93	\$ 335	\$ 335
	5.9375% to 12/29/93	558	558
	Northwest Airlines, Inc., Term Loan, due 9/15/97:		
	6.1875% to 12/21/93	7,146	7,146
	6.125% to 1/20/94	6,056	6,056
	6.25% to 2/10/94	2,980	2,980
	6.1875% to 3/08/94	7,751	7,751
	6.125% to 4/20/94	15,139	15,139
		-----	-----
		39,965	39,965
Communications	Magnavox Electronic Systems Co., Term Loan, due 9/30/2000:		
Equipment--1.14%	6.6875% to 2/02/94	50	50
	6.6875% to 5/03/94	7,950	7,950
		-----	-----
		8,000	8,000
Computer-Related	Anacomp, Inc., Term Loan, due 3/31/96, 6.125% to 1/26/94	13,707	13,707
Services--1.96%			
Computing Equipment	Lexmark Holdings, Foreign, Term Loan, due 3/27/98,		
Manufacturing--3.09%	5.6875% to 12/31/93	5,243	5,243
	Lexmark Holdings, US, Term Loan, due 3/27/98:		
	6.00% to 1/31/94	8,483	8,483
	5.875% to 3/31/94	7,910	7,910
		-----	-----
		21,636	21,636
Corporate Aircraft	Gulfstream Corp., Revolving Credit Loan, due 3/31/98, 7.25%(1)	4,731	4,731
Manufacturing--3.63%	Gulfstream Corp., Term Loan, due 3/31/97, 5.63% to 1/13/94	11,373	11,373
	Gulfstream Corp., Term Loan, due 3/31/98, 8.00%(1)	9,260	9,260
		-----	-----
		25,364	25,364
Electrical Instruments	Berg Electronics, Term Loan, due 3/31/95:		
& Controls--0.70%	5.94% to 3/29/94	93	93
	6.13% to 3/29/94	4,845	4,845
		-----	-----
		4,938	4,938
Grocery--5.90%	Carr-Gottstein Foods Co., Term Loan B, due 12/31/2000,		
	5.44% to 12/31/93	10,000	10,000
	Grand Union Company, Term Loan B, due 6/30/97:		
	8.00%(1)	48	48
	6.6875% to 12/09/93	6,667	6,667
	7.00% to 5/16/94	6,333	6,333
	Ralph's Grocery Company, Term Loan, due 6/30/98:		
	7.75%(1)	603	603
	5.9375% to 12/06/93	7,715	7,715
	6.25% to 2/08/94	9,849	9,849
		-----	-----
		41,215	41,215
Inorganic	Hilton Davis Chemical Co., Term Loan A, due 9/09/98,		
Pigments--1.43%	5.9375% to 12/15/93	1,667	1,667
	Hilton Davis Chemical Co., Term Loan B, due 9/09/2000,		
	6.4375% to 12/15/93	8,333	8,333
		-----	-----
		10,000	10,000

</TABLE>

<TABLE>
Merrill Lynch Prime Fund, Inc.
Schedule of Investments as of November 30, 1993 (unaudited) (continued) (in Thousands)
<CAPTION>

Industry	Senior Secured Floating Rate Loan Interests*	Face Amount	Value
<S>	<S>	<C>	<C>
Liquid Gas Distribution--4.57%	Petrolane, Inc., Term Loan, due 3/20/96: 5.3125% to 12/29/93 5.6875% to 1/28/94 Petrolane, Inc., Term Loan, due 9/20/96, 5.5625% to 1/28/94	\$ 3,028 24,290 4,598 ----- 31,916	\$ 3,028 24,290 4,598 ----- 31,916
Manufacturing-- Diversified--9.28%	American Standard, Inc., Term Loan A, due 6/02/2000, 6.50% to 12/02/93 Coltec Industries, Inc., Term Loan, due 4/01/99: 7.50%(1) 5.9375% to 12/06/93 6.3125% to 12/10/93 6.125% to 1/07/94 Joy Technologies, Inc., Term Loan B, due 12/31/98, 6.5625% to 5/27/94 The Pullman Co., Inc., Term Loan, due 9/30/96: 7.25%(1) 7.50%(1) 5.8125% to 12/15/93 6.0625% to 12/15/93 5.625% to 1/14/94 5.875% to 1/14/94 5.75% to 2/08/94 6.00% to 2/08/94 5.625% to 3/29/94 5.875% to 3/29/94	25,000 22 3,626 1,813 7,840 7,837 227 540 1,476 3,513 886 2,108 886 2,108 2,067 4,918 ----- 64,867	25,000 22 3,626 1,813 7,840 7,837 227 540 1,476 3,513 886 2,108 886 2,108 2,067 4,918 ----- 64,867
Manufacturing-- Food--3.58%	Specialty Foods Corp., Term Loan B, due 8/31/99, 6.63% to 4/18/94	25,000	25,000
Manufacturing-- Soft Drinks--3.50%	Dr. Pepper/Seven Up Inc., Term Loan A, due 6/30/98: 7.625%(1) 5.8125% to 12/06/93 5.8125% to 12/13/93 Dr. Pepper/Seven Up Inc., Term Loan B, due 6/30/99: 8.25%(1) 6.4375% to 12/06/93 6.4375% to 12/13/93	9 4,676 2,586 201 8,800 8,166 ----- 24,438	9 4,676 2,586 201 8,800 8,166 ----- 24,438
Packaging--1.42%	IVEX Packaging Corp., Term Loan B, due 12/31/99: 8.25%(1) 6.94% to 2/24/94 6.88% to 3/24/94	68 2,714 7,143 ----- 9,925	68 2,714 7,143 ----- 9,925

</TABLE>

<TABLE>
Merrill Lynch Prime Fund, Inc.
Schedule of Investments as of November 30, 1993 (unaudited) (continued) (in Thousands)
<CAPTION>

Industry	Senior Secured Floating Rate Loan Interests*	Face Amount	Value
<S>	<S>	<C>	<C>
Paper Products-- 14.89%	++Fort Howard Corp., Senior Secured Notes, due 9/11/98, 6.19% to 12/12/93 ++Fort Howard Corp., Senior Secured Notes, due 9/11/2000, 6.69% to 12/12/93 Fort Howard Corp., Term Loan, due 12/31/96: 7.125%(1) 7.25%(1) 5.255% to 1/27/94 5.38% to 1/27/94 5.625% to 5/31/94 5.75% to 5/31/94 Fort Howard Corp., Term Loan, due 5/01/97, 6.44% to 4/21/94 ++Jefferson Smurfit/Container Corp. of America, Senior Secured Notes, due 12/01/98, 6.00% to 12/01/93 Jefferson Smurfit/Container Corp. of America, Term Loan, due 12/31/97:	\$ 5,000 30,000 6 2 822 223 1,744 473 9,125 23,988	\$ 5,000 30,000 6 2 822 223 1,744 473 9,125 23,988

	5.63% to 1/18/94	13,814	13,814
	5.63% to 1/25/94	8	8
	6.375% to 1/27/94	18,903	18,903
		-----	-----
		104,108	104,108
Restaurants--1.29%	TW Services, Term Loan, Facility A2, due 8/15/95, 5.875% to 12/22/93	5,617	5,617
	TW Services, Term Loan, Facility A3, due 8/15/95, 5.875% to 12/22/93	3,404	3,404
		-----	-----
		9,021	9,021
Retail--Apparel--2.86%	Saks and Co., Term Loan B, due 6/30/2000, 6.50% to 12/31/93	20,000	20,000
Retail-- Convenience Stores-- 2.60%	Circle K Acquisitions Corp., Term Loan A, due 4/30/98: 6.1875% to 12/27/93 5.68% to 12/29/93	1,818 3,030	1,818 3,030
	Circle K Acquisitions Corp., Term Loan B, due 4/30/2000: 6.6875% to 12/27/93 6.9375% to 4/27/94	3,556 9,778	3,556 9,778
		-----	-----
		18,182	18,182
Retail--Drug Stores-- 7.46%	Duane Reade, Term Loan A, due 9/30/97: 6.1875% to 12/27/93 6.50% to 2/28/94	352 13,604	352 13,604
	Duane Reade, Term Loan B, due 9/30/99, 7.00% to 2/28/94	10,000	10,000
	Hook-SupeRx, Inc., Term Loan Series C, due 7/31/2000, 6.065% to 12/31/93	14,000	14,000
	Jack Eckerd Corp., Term Loan B, due 6/14/2000, 6.50% to 2/28/94	14,174	14,174
		-----	-----
		52,130	52,130
Retail--Record & Tape-- 4.29%	Camelot Music, Inc., Term Loan B, due 8/31/2001: 6.50% to 2/17/94 6.50% to 5/17/94	14,063 8,438	14,063 8,438
	Camelot Music, Inc., Term Loan C, due 8/31/2002, 6.69% to 12/17/93	7,500	7,500
		-----	-----
		30,001	30,001

</TABLE>

<TABLE>

Merrill Lynch Prime Fund, Inc.

Schedule of Investments as of November 30, 1993 (unaudited) (continued)

(in Thousands)

<CAPTION>

Industry	Senior Secured Floating Rate Loan Interests*	Face Amount	Value
<S>	<S>	<C>	<C>
Search & Navigation-- Equipment--1.50%	Sperry Marine, Inc., Term Loan, due 11/15/2000, 8.25%(1)	\$ 10,500	\$ 10,500
Specialty Chemicals--1.37%	OSI Specialties, Inc., Term Loan, due 6/30/2000, 5.94% to 12/01/93	9,545	9,545
Timber Tracts--1.41%	Crown Pacific Inland, Term Loan A, due 12/31/95, 6.3125% to 1/05/94 Crown Pacific Inland, Term Loan B, due 10/31/98, 6.3125% to 1/05/94	1,515 8,333	1,515 8,333
		-----	-----
		9,848	9,848
Warehousing-- Business Records-- 1.79%	Pierce Leahy Corp., Term Loan A, due 1/31/2000, 6.25% to 12/07/93 Pierce Leahy Corp., Term Loan B, due 7/31/2000: 6.4375% to 12/07/93 6.50% to 3/07/94	5,000 3,750 3,750	5,000 3,750 3,750
		-----	-----
		12,500	12,500
	Total Senior Secured Floating Rate Loan Interests (Cost--\$596,806)--85.38%	596,806	596,806

<CAPTION>

Short-Term Securities

<S>	<S>	<C>	<C>
Commercial Paper**-- 14.84%	APRECO, Inc., 3.10% due 12/08/93 AT&T Capital Corp., 3.06% due 12/06/93 Bank One Diversified, 3.26% due 1/11/94 CXC Inc., 3.11% due 12/10/93 General Electric Capital Corp., 3.20% due 12/01/93	15,000 30,000 8,301 10,000 25,455	14,991 29,988 8,270 9,992 25,455

	Matterhorn Capital Corp., 3.08% due 12/03/93	15,000	14,997
	Total Short-Term Securities (Cost--\$103,693)--14.84%	103,756	103,693
<CAPTION>			
	Common Stock	Shares	
<S>	<S>	Held	<C>
Restaurants--0.05%	++TW Services, Inc.	44	320
	Total Common Stock (Cost--\$0)--0.05%	44	320
	Total Investments (Cost--\$700,499)--100.27%		700,819
	Liabilities in Excess of Other Assets--(0.27%)		(1,910)
	Net Assets (Equivalent to \$10.02 per share based on 69,785,192 shares outstanding)--100.00%		\$698,909
			=====

<FN>

*The interest rates on senior secured floating rate loan interests are subject to change periodically based on the change in the prime rate of a US Bank, LIBOR (London Interbank Offered Rate), or, in some cases, another base lending rate. The interest rates shown are those in effect at November 30, 1993.

**Commercial Paper is traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund.

(1) Index is based on the prime rate of a US bank, which is subject to change daily.

++Restricted securities as to resale. The value of the Fund's investment in restricted securities was approximately \$59,308,000, representing 8.49% of net assets.

</TABLE>

Officers and Directors

Arthur Zeikel--President and Director
 Ronald W. Forbes--Director
 Charles C. Reilly--Director
 Kevin A. Ryan--Director
 Richard R. West--Director
 Marc A. White--Director
 Terry K. Glenn--Executive Vice President
 N. John Hewitt--Senior Vice President
 Donald C. Burke--Vice President
 R. Douglas Henderson--Vice President
 Gerald M. Richard--Treasurer
 Patrick D. Sweeney--Secretary

Custodian

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 110 Washington Street
 New York, New York 10286

Transfer Agent

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