

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

Form N-CSRS

April 04, 2013

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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 811-06540

Name of Fund: BlackRock MuniYield Quality Fund III, Inc. (MYI)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield Quality

Fund III, Inc., 55 East 52nd Street, New York, NY 10055

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 07/31/2013

Date of reporting period: 01/31/2013

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Item 1 Report to Stockholders

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JANUARY 31, 2013

SEMI-ANNUAL REPORT (UNAUDITED)

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Not FDIC Insured May Lose Value No Bank Guarantee

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Dear Shareholder

Financial markets have substantially improved over the past year, providing investors with considerable relief compared to where things were during the global turmoil seen in 2011. Despite a number of headwinds, higher-risk asset classes boasted strong returns as investors sought meaningful yields in the ongoing low-interest-rate environment.

Rising investor confidence drove equity markets higher in early 2012, while climbing US Treasury yields pressured higher-quality fixed income assets. The second quarter, however, brought a market reversal as Europe's debt crisis boiled over once again. Political instability in Greece and severe deficit and liquidity problems in Spain raised the specter of a euro collapse. Alongside the drama in Europe, investors were discouraged by gloomy economic reports from various parts of the world. A slowdown in China, a key powerhouse for global growth, emerged as a particular concern. But as the outlook for the global economy worsened, investors grew increasingly optimistic that the world's largest central banks would soon intervene to stimulate growth. This theme, along with the European Central Bank's (ECB's) firm commitment to preserve the euro currency bloc, drove most asset classes higher through the summer. Policy relief came in early September, when the ECB announced its decision to support the eurozone's troubled peripheral countries with unlimited purchases of short term sovereign debt. Days later, the US Federal Reserve announced its own much-anticipated stimulus package.

Although financial markets world-wide were buoyed by accommodative monetary policy, risk assets weakened in the fall. Global trade slowed as many European countries fell into recession and growth continued to decelerate in China, where a once-a-decade leadership change compounded uncertainty. In the United States, stocks slid on lackluster corporate earnings reports and market volatility rose during the lead up to the US Presidential election. In the post-election environment, investors grew increasingly concerned over automatic tax increases and spending cuts that had been scheduled to take effect at the beginning of 2013 (known as the fiscal cliff). There was widespread fear that the fiscal cliff would push the nation into recession unless politicians could agree upon alternate measures to reduce the deficit before the end of 2012. Worries that bipartisan gridlock would preclude a timely budget deal triggered higher levels of volatility in financial markets around the world in the months leading up to the last day of the year. Ultimately, the United States averted the worst of the fiscal cliff with a last-minute tax deal; however, decisions relating to spending cuts and the debt ceiling continue to weigh on investors' minds.

Investors shook off the nerve-racking finale to 2012 and began the New Year with a powerful equity rally. Key indicators signaled broad-based improvements in the world's major economies, particularly China. In the United States, economic data was mixed, but pointed to a continued recovery. The risk of inflation remained low and the US Federal Reserve showed no signs of curtailing its stimulus programs. Additionally, January saw the return of funds that investors had pulled out of the market in late 2012 amid uncertainty about tax-rate increases ahead of the fiscal cliff deadline. In fixed income markets, rising US Treasuries yields dragged down higher-quality asset classes, while high yield bonds continued to benefit from investor demand for yield in the low-rate environment.

On the whole, riskier asset classes outperformed lower-risk investments for the 6- and 12-month periods ended January 31, 2013. International equities were the strongest performers. US stocks and high yield bonds also generated significant returns. Emerging market equities were particularly volatile, but still posted gains for both the 6- and 12-month periods. US Treasury yields remained low, but experienced increasing volatility in recent months. Rising yields near the end of the period resulted in negative returns for Treasuries and investment-grade bonds for the 6-month period. Tax-exempt municipal bonds, however, benefited from favorable supply-and-demand dynamics. Near-zero short term interest rates continued to keep yields on money market securities near their all-time lows.

While investors continue to face a host of unknowns, we believe new opportunities abound. BlackRock was built to provide the global market insight, breadth of capabilities, unbiased investment advice and deep risk management expertise these times require. We encourage you to visit www.blackrock.com/newworld for more information.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

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Despite a number of headwinds, higher-risk asset classes boasted strong returns as investors sought meaningful yields in the ongoing low-interest-rate environment.

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of January 31, 2013

	6-month	12-month
US large cap equities (S&P 500® Index)	9.91%	16.78%
US small cap equities (Russell 2000® Index)	15.51	15.47
International equities (MSCI Europe, Australasia, Far East Index)	18.61	17.25
Emerging market equities (MSCI Emerging Markets Index)	13.11	7.64
3-month Treasury bill (BofA Merrill Lynch 3-Month US Treasury Bill Index)	0.07	0.11
US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index)	(2.90)	1.28
US investment grade bonds (Barclays US Aggregate Bond Index)	(0.29)	2.59
Tax-exempt municipal bonds (S&P Municipal Bond Index)	2.21	5.50
US high yield bonds (Barclays US Corporate High Yield 2% Issuer Capped Index)	7.37	13.87

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

THIS PAGE NOT PART OF YOUR FUND REPORT

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The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the yield and net asset value (NAV) of their common shares (Common Shares). However, these objectives cannot be achieved in all interest rate environments.

To obtain leverage, the Funds issue Variable Rate Demand Preferred Shares (VRDP Shares) or Variable Rate Muni Term Preferred Shares (VMTP Shares) (VRDP Shares and VMTP Shares are collectively referred to as Preferred Shares). Preferred Shares pay dividends at prevailing short-term interest rates, and the Funds invest the proceeds in long-term municipal bonds. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's shareholders will benefit from the incremental net income.

The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV. However, in order to benefit shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. If the yield curve becomes negatively sloped, meaning short-term interest rates exceed long-term interest rates, income to shareholders will be lower than if the Funds had not used leverage.

To illustrate these concepts, assume a Fund's Common Shares capitalization is \$100 million and it issues Preferred Shares 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 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays dividends on the \$50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with assets received from Preferred Shares issuance earn income based on long-term interest rates. In this case, the dividends paid to holders of Preferred Shares (Preferred Shareholders) are significantly lower than the income earned on the Fund's long-term investments, and therefore the holders of Common Shares (Common Shareholders) are the beneficiaries of the incremental net income.

If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental net income pickup will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates, the yield curve has a negative slope. In this case, the Fund pays higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates.

Furthermore, the value of the Funds' portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Funds' Preferred Shares does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds' NAVs positively or negatively in addition to the impact on Fund performance from leverage from Preferred Shares discussed above.

The Funds may also leverage their assets through the use of tender option bond trusts (TOBs), as described in Note 1 of the Notes to Financial Statements. TOB investments generally will provide the Funds with economic benefits in periods of declining short-term interest rates, but expose the Funds to risks during periods of rising short-term interest rates similar to those associated with Preferred Shares issued by the Funds, as described above. Additionally, fluctuations in the market value of municipal bonds deposited into the TOB trust may adversely affect each Fund's NAV per share.

The use of leverage may enhance opportunities for increased income to the Funds and Common Shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Funds' NAVs, market prices and dividend rates than comparable portfolios without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Funds' net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, each Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to Common Shareholders will be reduced. Each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause a Fund to incur losses. The use of leverage may limit each Fund's ability to invest in certain types of securities or use certain types of hedging strategies, such as in the case of certain restrictions imposed by rating agencies that rate the Preferred Shares issued by the Funds. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by Common Shareholders and may reduce income to the Common Shares.

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Under the Investment Company Act of 1940, as amended (the "1940 Act"), the Funds are permitted to issue senior securities in the form of equity securities (e.g., Preferred Shares) up to 50% of their total managed assets (each Fund's total assets less the sum of its accrued liabilities). In addition, each Fund voluntarily limits its economic leverage to 45% of its total managed assets. As of January 31, 2013, the Funds had economic leverage from Preferred Shares and/or TOBs as a percentage of their total managed assets as follows:

	Percent of Economic Leverage
MUE	39%
MCA	39%
MYM	36%
MYN	38%
MYI	37%

Derivative Financial Instruments

The Funds may invest in various derivative financial instruments, including financial futures contracts and options, as specified in Note 2 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a security, index and/or market without owning or taking physical custody of securities or to hedge market and/or interest rate risks. Derivative financial instruments involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Funds' ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require a Fund to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause a Fund to hold an investment that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

Table of Contents**Municipal Market Overview****For the Reporting Period Ended January 31, 2013**

Municipal bonds delivered strong performance during the reporting period ended January 31, 2013. Market conditions remained favorable even though supply picked up considerably in 2012. As the fiscal situation for municipalities continued to improve, the rate of new issuance came back in line with historical averages. Total new issuance for 2012 was \$373 billion, nearly 30% greater than the \$288 billion issued in 2011. In the first month of 2013, issuance exceeded market expectations at \$26.5 billion, which is roughly 50% higher than January 2012. It is important to note that refunding activity has accounted for a large portion of supply during this period as issuers refinanced their debt at lower interest rates. Refunding issues are easily absorbed by the market because when seasoned bonds are refinanced, issuers re-enter the market via cheaper and predominantly shorter-maturity financing. Investors, in turn, support these new issues with the proceeds from bond maturities or coupon payments.

S&P Municipal
Bond Index

Total Returns as of
January 31, 2013
6 months :
+2.21%
12 months :
+5.50%

Increased supply was met with strong demand during the period as investors were starved for yield in a low-rate environment. Investors poured into municipal bond mutual funds, particularly those with long-duration and high-yield investment mandates as they tend to provide higher levels of income. For the 12 months ended January 31, 2013, municipal bond fund inflows totaled \$51.75 billion (according to the Investment Company Institute). Considering the extensive period of significant outflows from late 2010 through mid-2011, these robust inflows are telling of the complete turnaround in confidence and investors' avid search for yield and income.

Municipal market supply-and-demand technicals typically strengthen considerably upon the conclusion of tax season as net negative supply takes hold (i.e., more bonds are being called and maturing than being issued) and this theme remained intact for 2012. In the spring, a resurgence of concerns about Europe's financial crisis and weakening US economic data drove municipal bond yields lower and prices higher. In addition to income and capital preservation, investors were drawn to the asset class for its relatively low volatility. As global sentiment improved over the summer, municipal bonds outperformed the more volatile US Treasury market. The months of October and November, typically a period of waning demand and weaker performance, were positive for the municipal market in 2012 as supply-and-demand technicals continued to be strong going into the fourth quarter. Additionally, the perception of higher taxes given the outcome of the US Presidential election provided further support to municipal bond prices in November.

Seasonal year-end selling pressure typically results in elevated volatility in the final month of the year; however, December of 2012 was more volatile than the historical norm due to a partial unwinding of November's rally coupled with uncertainty around the fiscal cliff (i.e., automatic tax increases and spending cuts that had been scheduled to take effect at the beginning of 2013 unless politicians could agree upon alternate measures to reduce the deficit before the end of 2012). Positive performance in January 2013 was the product of renewed demand in an asset class known for its lower volatility and preservation of earnings as tax rates rise. For the month, municipal bonds significantly outperformed the US Treasury market, where yields rose on an uptick in US economic data. As the period drew to a close, municipal market participants were focused on Washington and the scheduled spending cuts as well as the upcoming tax season.

From January 31, 2012 to January 31, 2013, yields declined by 28 basis points (bps) to 2.86% on AAA-rated 30-year municipal bonds, but rose 14 bps to 1.82% on 10-year bonds and 8 bps to 0.79% on 5-year bonds (as measured by Thomson Municipal Market Data). Overall, the municipal yield curve remained relatively steep, but flattened over the 12-month time period as the spread between 2- and 30-year maturities tightened by 29 bps, while the spread widened in the 2- to 10-year range 13 bps.

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The fundamental picture for municipalities continues to improve. Austerity and de-leveraging have been the general themes across the country as states set their budgets, although a small number of states continue to rely on a "kick-the-can" approach to close their budget gaps, using aggressive revenue projections and accounting gimmicks. It has been over two years since the fiscal problems plaguing state and local governments first became highly publicized and the prophecy of widespread defaults across the municipal market has not materialized. BlackRock maintains the view that municipal bond defaults will be minimal and remain in the periphery and the overall market is fundamentally sound. We continue to recognize that careful credit research and security selection remain imperative amid uncertainty in this economic environment.

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

SEMI-ANNUAL REPORT

JANUARY 31, 2013

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Table of Contents**Fund Summary** as of January 31, 2013**BlackRock MuniHoldings Quality Fund II,
Inc.****Fund Overview**

BlackRock MuniHoldings Quality Fund II, Inc.'s (MUE) (the Fund) investment objective is to provide shareholders with current income exempt from federal income taxes. The Fund seeks to achieve its investment objective by investing primarily in long-term, investment grade municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). Under normal market conditions, the Fund invests at least 80% of its assets in municipal obligations with remaining maturities of one year or more at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

Performance

For the six-month period ended January 31, 2013, the Fund returned 1.96% based on market price and 4.04% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 3.22% based on market price and 4.25% based on NAV. All returns reflect reinvestment of dividends. The Fund's premium to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund's holdings in the health and transportation sectors contributed positively to performance for the period. Holdings of lower-quality credits in those sectors were the strongest contributors due to strong demand from investors seeking higher-yielding investments in the low interest rate environment. Conversely, exposure to Puerto Rico sales tax bonds had a negative impact on performance as the continued decline of Puerto Rico's economy and concerns about credit rating agency downgrades resulted in falling prices across all Puerto Rico securities.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on New York Stock Exchange (NYSE)	MUE
Initial Offering Date	February 26, 1999
Yield on Closing Market Price as of January 31, 2013 (\$15.42) ¹	5.49%
Tax Equivalent Yield ²	9.70%
Current Monthly Distribution per Common Share ³	\$0.0705
Current Annualized Distribution per Common Share ³	\$0.8460
Economic Leverage as of January 31, 2013 ⁴	39%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

³ The distribution rate is not constant and is subject to change.

⁴ Represents VMTP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VMTP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 4.

Table of Contents**BlackRock MuniHoldings Quality Fund II, Inc.****Market Price and Net Asset Value**

The table below summarizes the changes in the Fund's market price and NAV per share:

	1/31/13	7/31/12	Change	High	Low
Market Price	\$ 15.42	\$ 15.55	(0.84)%	\$ 16.22	\$ 14.70
Net Asset Value	\$ 15.36	\$ 15.18	1.19%	\$ 15.89	\$ 14.95

The following charts show the sector allocation, credit quality allocation and call/maturity structure of the Fund's long-term investments:

Sector Allocation

	1/31/13	7/31/12
County/City/Special District/School District	28%	28%
Transportation	27	21
Utilities	15	17
State	10	15
Health	10	10
Education	8	6
Housing	1	2
Tobacco	1	1

Call/Maturity Structure²

Calendar Year Ended December 31,	
2013	
2014	5%
2015	2
2016	2
2017	4

² Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

Credit Quality Allocation¹

	1/31/13	7/31/12
AAA/Aaa	12%	16%
AA/Aa	62	63
A	26	20
BBB/Baa		1

¹ Using the higher of Standard & Poor's (S&P's) or Moody's Investors Service (Moody's) ratings.

Table of Contents**Fund Summary** as of January 31, 2013**BlackRock MuniYield California Quality Fund, Inc.****Fund Overview**

BlackRock MuniYield California Quality Fund, Inc.'s (MCA) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from federal and California income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and California income taxes. Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

Performance

For the six-month period ended January 31, 2013, the Fund returned 2.52% based on market price and 3.82% based on NAV. For the same period, the closed-end Lipper California Municipal Debt Funds category posted an average return of 4.12% based on market price and 4.74% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund's concentration of holdings within the 20- to 25-year maturity range contributed positively to performance, as rates declined in that segment of the municipal yield curve. Investments in the health, education, transportation and utilities sectors were strong contributors as these segments outperformed the broader tax-exempt market during the period. Positive results also came from purchases of zero-coupon bonds that Fund management had identified as undervalued. In addition, exposure to higher-quality essential service revenue bonds enhanced performance. The Fund did not, however, hold exposure to the tobacco sector, which posted exceptional gains during the period.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on NYSE	MCA
Initial Offering Date	October 30, 1992
Yield on Closing Market Price as of January 31, 2013 (\$16.55) ¹	5.51%
Tax Equivalent Yield ²	9.73%
Current Monthly Distribution per Common Share ³	\$0.076
Current Annualized Distribution per Common Share ³	\$0.912
Economic Leverage as of January 31, 2013 ⁴	39%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

³ The distribution rate is not constant and is subject to change.

⁴ Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 4.

Table of Contents**BlackRock MuniYield California Quality Fund, Inc.****Market Price and Net Asset Value**

The table below summarizes the changes in the Fund's market price and NAV per share:

	1/31/13	7/31/12	Change	High	Low
Market Price	\$ 16.55	\$ 16.59	(0.24)%	\$ 17.19	\$ 15.76
Net Asset Value	\$ 16.77	\$ 16.60	1.02%	\$ 17.18	\$ 16.36

The following charts show the sector allocation, credit quality allocation and call/maturity structure of the Fund's long-term investments:

Sector Allocation

	1/31/13	7/31/12
County/City/Special District/School District	38%	42%
Utilities	25	26
Education	12	10
Transportation	10	8
Health	10	10
State	4	4
Corporate	1	

Call/Maturity Structure²

Calendar Year Ended December 31,

2013	4%
2014	1
2015	17
2016	9
2017	16

² Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

Credit Quality Allocation¹

	1/31/13	7/31/12
AAA/Aaa	12%	11%
AA/Aa	72	76
A	16	13

¹ Using the higher of S&P's or Moody's ratings.

Table of Contents**Fund Summary** as of January 31, 2013**BlackRock MuniYield Michigan Quality
Fund II, Inc.****Fund Overview**

BlackRock MuniYield Michigan Quality Fund II, Inc.'s (MYM) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from federal and Michigan income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and Michigan income taxes. Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

Performance

For the six-month period ended January 31, 2013, the Fund returned 4.09% based on market price and 3.29% based on NAV. For the same period, the closed-end Lipper Michigan Municipal Debt Funds category posted an average return of 5.47% based on market price and 3.27% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund's positive performance was derived largely from income accrual as well as spread compression (price appreciation) in certain sectors, most notably in health, education and school districts. Fund performance was negatively impacted by rising interest rates during the period (bond prices fall as rates rise). Exposure to Puerto Rico debt detracted from performance as concerns about credit rating agency downgrades resulted in wider credit spreads (falling prices) for Puerto Rico municipal securities broadly.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on NYSE	MYM
Initial Offering Date	February 28, 1992
Yield on Closing Market Price as of January 31, 2013 (\$14.70) ¹	5.63%
Tax Equivalent Yield ²	9.95%
Current Monthly Distribution per Common Share ³	\$0.069
Current Annualized Distribution per Common Share ³	\$0.828
Economic Leverage as of January 31, 2013 ⁴	36%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

³ The distribution rate is not constant and is subject to change.

⁴ Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 4.

Table of Contents**BlackRock MuniYield Michigan Quality Fund II, Inc.****Market Price and Net Asset Value**

The table below summarizes the changes in the Fund's market price and NAV per share:

	1/31/13	7/31/12	Change	High	Low
Market Price	\$ 14.70	\$ 14.52	1.24%	\$ 15.74	\$ 14.10
Net Asset Value	\$ 15.21	\$ 15.14	0.46%	\$ 15.63	\$ 14.88

The following charts show the sector allocation, credit quality allocation and call/maturity structure of the Fund's long-term investments:

Sector Allocation

	1/31/13	7/31/12
County/City/Special District/School District	27%	27%
Health	16	18
Utilities	15	14
State	15	14
Education	10	12
Transportation	8	8
Housing	6	4
Corporate	3	3

Call/Maturity Structure³

Calendar Year Ended December 31,

2013	6%
2014	10
2015	10
2016	5
2017	8

³ Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

Credit Quality Allocation¹

	1/31/13	7/31/12
AAA/Aaa	1%	1%
AA/Aa	76	74
A	21	20
BBB/Baa	2	4
Not Rated	2	1

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¹ Using the higher of S&P's or Moody's ratings.

² The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of January 31, 2013, the market value of these securities was \$168,343, representing less than 1% of the Fund's long-term investments.

SEMI-ANNUAL REPORT

JANUARY 31, 2013

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Table of Contents**Fund Summary** as of January 31, 2013**BlackRock MuniYield New York Quality Fund, Inc.****Fund Overview**

BlackRock MuniYield New York Quality Fund, Inc.'s (MYN) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from federal income taxes and New York State and New York City personal income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and New York State and New York City personal income taxes. Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

Performance

For the six-month period ended January 31, 2013, the Fund returned 2.92% based on market price and 2.51% based on NAV. For the same period, the closed-end Lipper New York Municipal Debt Funds category posted an average return of 2.41% based on market price and 2.78% based on NAV. All returns reflect reinvestment of dividends. The Fund's premium to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund benefited from its exposure to higher-yielding sectors and lower-quality bonds, which performed well due to strong demand from investors seeking higher-yielding investments in the low interest rate environment. The Fund's heavy exposures to transportation and education boosted returns as these sectors performed well during the period. Holdings in the health sector also contributed positively. Additionally, the Fund benefited from the roll-down effect, whereby effective maturities become shorter with the passing of the year and therefore bonds are evaluated against lower yield levels, which, in a steep yield curve environment, results in higher prices. Detracting from performance was the Fund's long duration posture (higher sensitivity to interest rates) as municipal bond yields moved slightly higher in most maturities, while remaining unchanged or moving slightly lower in the 20- to 25-year range. Also having a negative impact on results was the Fund's exposure to the tax-backed sector (the Fund's most significant credit exposure), which was one of the weaker performing sectors for the period. The strongest performing sector during the period was tobacco, in which the Fund held limited exposure. Exposure to Puerto Rico debt detracted from performance as concerns about credit rating agency downgrades resulted in wider credit spreads (falling prices) for Puerto Rico municipal securities broadly.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on NYSE	MYN
Initial Offering Date	February 28, 1992
Yield on Closing Market Price as of January 31, 2013 (\$15.12) ¹	5.63%
Tax Equivalent Yield ²	9.95%
Current Monthly Distribution per Common Share ³	\$0.071
Current Annualized Distribution per Common Share ³	\$0.852
Economic Leverage as of January 31, 2013 ⁴	38%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

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³ The distribution rate is not constant and is subject to change.

⁴ Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 4.

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SEMI-ANNUAL REPORT

JANUARY 31, 2013

Table of Contents**BlackRock MuniYield New York Quality Fund, Inc.****Market Price and Net Asset Value**

The table below summarizes the changes in the Fund's market price and NAV per share:

	1/31/13	7/31/12	Change	High	Low
Market Price	\$ 15.12	\$ 15.11	0.07%	\$ 16.30	\$ 14.63
Net Asset Value	\$ 15.02	\$ 15.07	(0.33)%	\$ 15.50	\$ 14.81

The following charts show the sector allocation, credit quality allocation and call/maturity structure of the Fund's long-term investments:

Sector Allocation

	1/31/13	7/31/12
County/City/Special District/School District	28%	30%
Transportation	25	26
Education	14	13
State	13	10
Utilities	9	9
Health	6	6
Housing	3	3
Corporate	2	2
Tobacco		1

Call/Maturity Structure³

Calendar Year Ended December 31,

2013	7%
2014	9
2015	14
2016	5
2017	10

³ Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

Credit Quality Allocation¹

	1/31/13	7/31/12
AAA/Aaa	13%	13%
AA/Aa	49	48
A	27	29
BBB/Baa	8	9
BB/Ba	1	1
Not Rated ²	2	

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¹ Using the higher of S&P's or Moody's ratings.

² The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of January 31, 2013 and July 31, 2012, the market value of these securities was \$10,262,109, representing 1%, and \$3,070,810, representing less than 1%, respectively, of the Fund's long-term investments.

SEMI-ANNUAL REPORT

JANUARY 31, 2013

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Table of Contents**Fund Summary** as of January 31, 2013**BlackRock MuniYield Quality Fund III, Inc.****Fund Overview**

BlackRock MuniYield Quality Fund III, Inc.'s (MYI) (the Fund) investment objective is 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. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

Performance

For the six-month period ended January 31, 2013, the Fund returned 1.86% based on market price and 3.98% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 3.22% based on market price and 4.25% based on NAV. All returns reflect reinvestment of dividends. The Fund's premium to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund's positive performance was derived largely from income accrual as well as spread compression (price appreciation) in certain sectors, most notably in health and transportation. Exposure to capital appreciation bonds (zero coupons) also had a positive impact on results as spreads generally tightened in this segment. Fund performance was negatively impacted by rising interest rates during the period (bond prices fall as rates rise). Exposure to Puerto Rico debt detracted from performance as concerns about credit rating agency downgrades resulted in wider credit spreads (falling prices) for Puerto Rico municipal securities broadly.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on NYSE	MYI
Initial Offering Date	March 27, 1992
Yield on Closing Market Price as of January 31, 2013 (\$15.66) ¹	5.52%
Tax Equivalent Yield ²	9.75%
Current Monthly Distribution per Common Share ³	\$0.072
Current Annualized Distribution per Common Share ³	\$0.864
Economic Leverage as of January 31, 2013 ⁴	37%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

³ The distribution rate is not constant and is subject to change.

⁴ Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 4.

Table of Contents**BlackRock MuniYield Quality Fund III, Inc.****Market Price and Net Asset Value**

The table below summarizes the changes in the Fund's market price and NAV per share:

	1/31/13	7/31/12	Change	High	Low
Market Price	\$ 15.66	\$ 15.81	(0.95)%	\$ 16.54	\$ 15.06
Net Asset Value	\$ 15.49	\$ 15.32	1.11%	\$ 15.89	\$ 15.08

The following charts show the sector allocation, credit quality allocation and call/maturity structure of the Fund's long-term investments:

Sector Allocation

	1/31/13	7/31/12
Transportation	26%	27%
State	19	23
Utilities	16	16
County/City/Special District/School District	16	12
Health	9	9
Education	9	8
Housing	4	4
Corporate	1	1

Call/Maturity Structure²

Calendar Year Ended December 31,	
2013	4%
2014	10
2015	1
2016	6
2017	18

² Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

Credit Quality Allocation¹

	1/31/13	7/31/12
AAA/Aaa	10%	11%
AA/Aa	65	64
A	23	22
BBB/Baa	2	3

¹ Using the higher of S&P's or Moody's ratings.

Table of Contents**Schedule of Investments** January 31, 2013 (Unaudited)**BlackRock MuniHoldings Quality Fund II, Inc. (MUE)**

(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
Municipal Bonds		
Alabama 2.1%		
Birmingham Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39	\$ 5,225	\$ 6,112,571
Selma IDB, RB, International Paper Co. Project, Series A, 5.38%, 12/01/35	940	1,039,019
		7,151,590
Arizona 2.8%		
Arizona Board of Regents, Refunding COP, University of Arizona, Series C, 5.00%, 6/01/28	4,180	4,848,591
Arizona Board of Regents, Refunding RB, Arizona State University System, Series A: 5.00%, 6/01/42	1,705	1,950,861
5.00%, 7/01/42	2,460	2,817,487
		9,616,939
California 14.4%		
California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38	5,050	5,954,657
California Health Facilities Financing Authority, RB, Sutter Health, Series B, 6.00%, 8/15/42	2,865	3,443,186
City of San Jose California, Refunding ARB, Series A-1, AMT, 5.50%, 3/01/30	4,045	4,637,754
City of Sunnyvale California, Refunding RB, 5.25%, 4/01/40	2,800	3,232,712
County of Sacramento California, ARB, Senior Series A (AGC), 5.50%, 7/01/41	3,500	4,063,395
Emery Unified School District, GO, Election of 2010, Series A (AGM), 5.50%, 8/01/35	1,875	2,205,937
Los Angeles Community College District California, GO:		
Election of 2001, Series A (NPFGC), 5.00%, 8/01/32	5,000	5,717,950
Election of 2008, Series C, 5.25%, 8/01/39	2,000	2,426,560
Oceanside Unified School District California, GO, Series A (AGC), 5.25%, 8/01/33	1,675	1,876,503
Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/34	2,670	3,194,094
San Bernardino Community College District, GO, Election of 2002, Series A, 6.25%, 8/01/33	2,165	2,623,504
San Francisco City & County Airports Commission, RB, Specialty Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20	1,250	1,254,238
	Par	
Municipal Bonds		
California (concluded)		
State of California, GO, Refunding:		
Various Purpose, 5.00%, 9/01/41	\$ 4,760	\$ 5,364,234
Veterans, Series BZ, AMT (NPFGC), 5.35%, 12/01/21	10	10,018
Ventura County Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/33	3,175	3,766,153
		49,770,895
Colorado 1.6%		
City & County of Denver Colorado, Refunding ARB, Series B, 5.00%, 11/15/37	1,505	1,729,696
Colorado Health Facilities Authority, RB, Hospital, NCMC, Inc. Project, Series B (AGM), 6.00%, 5/15/26	3,300	3,923,733
		5,653,429
Florida 11.6%		
City of Jacksonville Florida, RB, Series A, 5.25%, 10/01/26	2,000	2,423,160
City of Jacksonville Florida, Refunding RB, Better Jacksonville, Series A, 5.00%, 10/01/30	1,885	2,199,248
County of Lee Florida, Refunding ARB, Series A, AMT, 5.38%, 10/01/32	2,500	2,809,025
County of Miami-Dade Florida Aviation, Refunding RB, Series A, AMT: 5.00%, 10/01/31	3,500	3,890,845
Miami International Airport, (AGM) 5.25%, 10/01/41	4,610	4,972,023
Miami International Airport, (AGM) 5.50%, 10/01/41	4,180	4,567,946
Jacksonville Florida Port Authority, Refunding RB, AMT, 5.00%, 11/01/38	2,215	2,407,174

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Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34	7,600	8,792,212
Tohopekaliga Water Authority, Refunding RB, Series A, 5.25%, 10/01/36	6,965	8,129,757
		40,191,390
Idaho 0.1%		
Idaho Housing & Finance Association, RB, S/F Mortgage, Series E, AMT, 6.00%, 1/01/32	230	230,407
Illinois 14.1%		
Chicago Illinois Board of Education, GO, Refunding, Chicago School Reform Board, Series A (NPFGC), 5.50%, 12/01/26	895	1,110,077

Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedules of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

ACA	American Capital Access Corp.	HDA	Housing Development Authority
AGC	Assured Guaranty Corp.	HFA	Housing Finance Agency
AGM	Assured Guaranty Municipal Corp.	IDA	Industrial Development Authority
AMBAC	American Municipal Bond Assurance Corp.	IDB	Industrial Development Board
AMT	Alternative Minimum Tax (subject to)	IDRB	Industrial Development Revenue Bonds
ARB	Airport Revenue Bonds	ISD	Independent School District
BARB	Building Aid Revenue Bonds	LRB	Lease Revenue Bonds
BHAC	Berkshire Hathaway Assurance Corp.	MRB	Mortgage Revenue Bonds
BOCES	Board of Cooperative Educational Services	NPFGC	National Public Finance Guarantee Corp.
CAB	Capital Appreciation Bonds	PSF-GTD	Permanent School Fund Guaranteed
COP	Certificates of Participation	PILOT	Payment in Lieu of Taxes
EDA	Economic Development Authority	Q-SBLF	Qualified School Bond Loan Fund
EDC	Economic Development Corp.	RB	Revenue Bonds
ERB	Education Revenue Bonds	S/F	Single-Family
FHA	Federal Housing Administration	SONYMA	State of New York Mortgage Agency
GAB	Grant Anticipation Bonds	Syncora	Syncora Guarantee
GARB	General Airport Revenue Bonds		
GO	General Obligation Bonds		

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
Municipal Bonds		
Illinois (concluded)		
Chicago Illinois Board of Education, GO, Series A:		
5.50%, 12/01/39	\$ 3,405	\$ 3,980,479
5.00%, 12/01/42	4,710	5,165,881
Chicago Transit Authority, RB:		
Federal Transit Administration Section 5309, Series A (AGC), 6.00%, 6/01/26	3,400	3,951,038
Sales Tax Receipts, 5.25%, 12/01/36	1,060	1,223,367
Sales Tax Receipts, 5.25%, 12/01/40	3,135	3,589,638
City of Chicago Illinois, GARB, O Hare International Airport, Third Lien:		
Series A, 5.75%, 1/01/39	2,000	2,355,660
Series C, 6.50%, 1/01/41	9,085	11,748,268
City of Chicago Illinois, Refunding RB, Sales Tax Revenue, Series A, 5.25%, 1/01/38	1,310	1,511,373
Cook County Forest Preserve District, GO, Refunding:		
Limited Tax Project, Series B, 5.00%, 12/15/32	455	524,032
Unlimited Tax, Series C, 5.00%, 12/15/32	965	1,111,410
Metropolitan Pier & Exposition Authority, Refunding RB, McCormick Place Project, Series B, 5.00%, 12/15/28	3,400	3,979,122
Railsplitter Tobacco Settlement Authority, RB:		
5.50%, 6/01/23	2,350	2,795,701
6.00%, 6/01/28	670	804,610
State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/28	4,000	4,715,840
		48,566,496
Indiana 0.8%		
Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38	2,370	2,690,329
Kansas 1.3%		
Kansas Development Finance Authority, Refunding RB, Adventist Health Sunbelt Obligation, Series A, 5.00%, 11/15/32	4,000	4,633,640
Massachusetts 0.4%		
Massachusetts Development Finance Agency, RB, Wellesley College, Series J, 5.00%, 7/01/42	1,125	1,311,379
Michigan 4.2%		
City of Detroit Michigan, Refunding RB, Sewage Disposal System, Senior Lien (AGM):		
Series B, 7.50%, 7/01/33	1,330	1,661,955
Series C-1, 7.00%, 7/01/27	4,180	5,151,934
Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41	3,420	3,879,545
Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39	3,115	3,983,026
		14,676,460
Minnesota 0.7%		
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38	1,975	2,425,715
Mississippi 2.0%		
Mississippi Development Bank, RB, Refunding RB, Series A:		
Jackson Public School District, 5.00%, 4/01/28	940	1,071,797
Water and Sewer System (AGM), 5.00%, 9/01/30	4,930	5,745,817
		6,817,614
	Par	
	(000)	Value
Municipal Bonds		
Nevada 2.4%		
County of Clark Nevada, ARB:		

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Las Vegas-McCarran International Airport, Series A (AGM), 5.25%, 7/01/39	\$ 6,210	\$ 6,990,038
Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/36	1,300	1,361,555
		8,351,593
New Jersey 5.1%		
New Jersey EDA, RB, Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/33	6,625	6,999,246
New Jersey Health Care Facilities Financing Authority, RB, Virtua Health (AGC), 5.50%, 7/01/38	3,400	3,793,890
New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series A: 5.50%, 6/15/41	3,030	3,521,254
(AGC), 5.63%, 12/15/28	2,930	3,493,088
		17,807,478
New York 9.5%		
Hudson New York Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47	940	1,121,711
New York City Municipal Water Finance Authority, Refunding RB, Series EE: 5.25%, 6/15/40	6,930	8,007,476
Second General Resolution, 5.38%, 6/15/43	2,220	2,605,592
New York City Transitional Finance Authority, RB, Sub-Series S-2A, 5.00%, 7/15/30	4,045	4,764,161
New York State Dormitory Authority, RB, Series B: 5.00%, 3/15/37	2,150	2,489,012
5.00%, 3/15/42	4,000	4,579,200
New York State Thruway Authority, Refunding RB, Series I, 5.00%, 1/01/37	1,740	1,974,030
Sales Tax Asset Receivable Corp., Refunding RB, Series A (AMBAC), 5.25%, 10/15/27	6,750	7,260,233
		32,801,415
North Carolina 1.2%		
North Carolina Medical Care Commission, RB, Duke University Health System, Series A, 5.00%, 6/01/32	3,400	3,998,298
Ohio 1.3%		
The Ohio State University, RB, Special Purpose General Receipts, Series A: 5.00%, 6/01/38	1,510	1,761,959
5.00%, 6/01/43	2,260	2,613,283
		4,375,242
Pennsylvania 1.2%		
Pennsylvania Turnpike Commission, Subordinate Special RB, Motor License Fund, Enhanced Subordinate Special RB, 5.00%, 12/01/42	3,650	4,111,725
Puerto Rico 1.1%		
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.38%, 8/01/39	3,500	3,937,570
South Carolina 4.2%		
City of North Charleston South Carolina, RB, Public Facilities Corp. Installment Purchase, 5.00%, 6/01/35	3,380	3,879,158
South Carolina State Public Service Authority, Refunding RB, Series A: (AMBAC), 5.00%, 1/01/42	7,000	7,840,560
Santee Cooper, 5.50%, 1/01/38	2,500	2,893,675
		14,613,393

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
Municipal Bonds		
Texas 22.0%		
City of Houston Texas, Refunding RB, Utility System, Series A (AGC), 6.00%, 11/15/35	\$ 6,700	\$ 8,165,424
Dallas Area Rapid Transit, Refunding RB, Senior Lien, 5.25%, 12/01/38	4,555	5,272,868
Dallas Fort Worth International Airport, Joint ARB, Series H, 5.00%, 11/01/42	3,375	3,642,604
Dallas Fort Worth International Airport, Refunding ARB, Series E, AMT, 5.00%, 11/01/35	5,000	5,462,400
Harris County Health Facilities Development Corp., Refunding RB, Memorial Hermann Healthcare System, Series B, 7.25%, 12/01/35	1,000	1,245,830
Katy ISD Texas, GO, Refunding, School Building, Series A (PSF-GTD), 5.00%, 2/15/42	1,890	2,184,065
North Texas Tollway Authority, RB, Special Projects System, Series A, 5.50%, 9/01/41	7,000	8,332,940
North Texas Tollway Authority, Refunding RB, First Tier System:		
Series A (NPFGC), 5.63%, 1/01/33	10,975	12,557,705
Series A (NPFGC), 5.75%, 1/01/40	11,575	13,310,787
Series B, 5.00%, 1/01/42	1,030	1,148,264
Series B (NPFGC), 5.75%, 1/01/40	1,000	1,149,960
Series K-2 (AGC), 6.00%, 1/01/38	1,000	1,144,590
Tarrant County Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC), 6.50%, 7/01/37	3,000	3,565,260
Texas Tech University, Refunding RB, Improvement Financing, 14th Series A, 5.00%, 8/15/29	2,000	2,367,100
Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, First Tier, Series A, 5.00%, 8/15/41	1,110	1,225,074
University of Texas System, Refunding RB, Financing System, Series B, 5.00%, 8/15/43	4,575	5,374,710
		76,149,581
Utah 1.9%		
Utah Transit Authority, Refunding RB, 5.00%, 6/15/42	5,765	6,514,565
Virginia 2.5%		
Fairfax County IDA, RB, Inova Health System, Series A, 5.00%, 5/15/40	1,740	1,977,893
Virginia Public School Authority, RB, School Financing, 6.50%, 12/01/18 (a)	2,195	2,895,776
Virginia Resources Authority, RB, Series A-1, 5.00%, 11/01/42	3,110	3,620,848
		8,494,517
Washington 1.4%		
City of Seattle Washington, Refunding RB, Light and Power, Series A, 5.25%, 2/01/36	2,400	2,805,720
State of Washington, GO, Various Purpose, Series B, 5.25%, 2/01/36	1,865	2,194,844
		5,000,564
Wisconsin 1.3%		
Wisconsin Health & Educational Facilities Authority, RB, Ascension Health, Series D, 5.00%, 11/15/41	3,125	3,519,656
Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert Health, Inc. Obligated Group, Series A, 5.00%, 4/01/42	790	887,819
		4,407,475
Total Municipal Bonds 111.2%		384,299,699
	Par	
Municipal Bonds Transferred to Tender Option Bond Trusts (b)	(000)	Value
Alabama 1.2%		
Mobile Board of Water & Sewer Commissioners, RB (NPFGC), 5.00%, 1/01/31	\$ 3,750	\$ 4,082,737
California 2.2%		
Sequoia Union High School District California, GO, Refunding, Election of 2004, Series B (AGM), 5.50%, 7/01/35	5,189	5,831,694
University of California, Refunding RB, Limited Project, Series G, 5.00%, 5/15/37	1,500	1,739,003

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		7,570,697
Colorado 3.0%		
Colorado Health Facilities Authority, RB, Catholic Health, Series C-3 (AGM), 5.10%, 10/01/41	9,410	10,262,358
District of Columbia 0.6%		
District of Columbia Water & Sewer Authority, Refunding RB, Series A, 6.00%, 10/01/35(c)	1,700	2,063,823
Florida 7.9%		
City of St. Petersburg Florida, Refunding RB (NPFGC), 5.00%, 10/01/35	6,493	7,051,015
County of Miami-Dade Florida, GO, Building Better Communities Program, Series B-1, 6.00%, 7/01/38	12,500	14,779,625
County of Miami-Dade Florida, RB, Transit System, Sales Surtax, 5.00% 7/01/22	3,400	3,826,360
Lee County Housing Finance Authority, RB, Multi-County Program, Series A-2, AMT (Ginnie Mae), 6.00%, 9/01/40	1,575	1,665,184
		27,322,184
Georgia 1.9%		
Augusta-Richmond County Georgia, RB, Water & Sewer (AGM), 5.25%, 10/01/34	6,290	6,722,312
Illinois 6.9%		
City of Chicago Illinois, ARB, O Hare International Airport, Series A (AGM), 5.00%, 1/01/38	15,000	16,497,900
City of Chicago Illinois, Refunding RB, Water System: 5.00%, 11/01/42	2,439	2,758,216
Second Lien (AGM), 5.25%, 11/01/33	3,969	4,587,412
		23,843,528
Kentucky 0.8%		
Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27	2,304	2,662,959
Massachusetts 3.3%		
Massachusetts School Building Authority, Sales Tax, RB: Dedicated Sales Tax, Senior Series B, 5.00%, 10/15/41	5,080	5,857,342
Series A (AGM), 5.00%, 8/15/15 (a)	644	708,071
Series A (AGM), 5.00%, 8/15/30	4,350	4,786,537
		11,351,950
Nevada 6.4%		
Clark County Water Reclamation District, GO: Limited Tax, 6.00%, 7/01/38	10,000	12,083,500
Series B, 5.50%, 7/01/29	8,247	10,075,266
		22,158,766
New Jersey 1.7%		
New Jersey State Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29	3,861	4,286,881

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
Municipal Bonds Transferred to Tender Option Bond Trusts (b)		
New Jersey (concluded)		
New Jersey State Transportation Trust Fund, RB, 5.25%, 6/15/36	\$ 1,500	\$ 1,719,480
		6,006,361
New York 7.7%		
New York City Municipal Water Finance Authority, Refunding RB, Series FF, 5.00%, 6/15/45	5,958	6,789,346
New York City Transitional Finance Authority, BARB, Series S-3, 5.25%, 1/15/39	2,300	2,581,071
New York City Transitional Finance Authority, RB, Future Tax Secured, Sub-Series E-1, 5.00%, 2/01/42	2,919	3,354,608
New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Construction, 5.25%, 12/15/43	7,515	8,646,190
New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51	4,400	5,220,072
		26,591,287
Puerto Rico 0.9%		
Puerto Rico Sales Tax Financing Corp., Refunding RB, Sales Tax, Series C, 5.25%, 8/01/40	3,020	3,285,277
Texas 1.7%		
Waco Educational Finance Corp., Refunding RB, Baylor University, 5.00%, 3/01/43	4,995	5,719,924
Utah 0.8%		
City of Riverton Utah Hospital, RB, IHC Health Services, Inc., 5.00%, 8/15/41	2,504	2,771,532
Washington 3.8%		
City of Bellevue Washington, GO, Refunding (NPPFGC), 5.50%, 12/01/14 (a)	\$ 6,883	\$ 7,533,665
University of Washington, Refunding RB, Series A, 5.00%, 7/01/41	4,694	5,463,321
		12,996,986
Total Municipal Bonds Transferred to Tender Option Bond Trusts 50.8%		175,412,681
Total Long-Term Investments		
(Cost \$507,713,071) 162.0%		559,712,380
Short-Term Securities	Shares	
FFI Institutional Tax-Exempt Fund, 0.01% (d)(e)	883,107	883,107
Total Short-Term Securities		
(Cost \$883,107) 0.3%		883,107
Total Investments (Cost \$508,596,178) 162.3%		560,595,487
Other Assets Less Liabilities 1.1%		3,922,863
Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (25.5)%		(88,013,535)
VMTP Shares, at Liquidation Value (37.9)%		(131,000,000)
Net Assets Applicable to Common Shares 100.0%		\$ 345,504,815

Notes to Schedule of investments

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- (a) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (c) All or a portion of security is subject to a recourse agreement, which may require the Fund to pay the liquidity provider in the event there is a shortfall between the TOB trust certificates and proceeds received from the sale of the security contributed to the TOB trust. In the case of a shortfall, the aggregate maximum potential amount the Fund could ultimately be required to pay under the agreements is \$850,278.
- (d) Investments in issuers considered to be an affiliate of the Fund during the six months ended January 31, 2013, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

Affiliate	Shares Held at July 31, 2012	Net Activity	Shares Held at January 31, 2013	Income
FFI Institutional Tax-Exempt Fund		883,107	883,107	\$ 615

- (e) Represents the current yield as of report date.

Fair Value Measurements Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets and liabilities that the Fund has the ability to access

Level 2 other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

Table of Contents**Schedule of Investments (concluded)****BlackRock MuniHoldings Quality Fund II, Inc. (MUE)**

The following table summarizes the Fund's investments categorized in the disclosure hierarchy as of January 31, 2013:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments ¹		\$ 559,712,380		\$ 559,712,380
Short-Term Securities	\$ 883,107			883,107
Total	\$ 883,107	\$ 559,712,380		\$ 560,595,487

¹ See above Schedule of Investments for values in each state or political subdivision.

Certain of the Fund's liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of January 31, 2013, such liabilities are categorized within the disclosure hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Liabilities:				
Bank overdraft		\$ (121,848)		\$ (121,848)
TOB trust certificates		(87,975,110)		(87,975,110)
VMTP Shares		(131,000,000)		(131,000,000)
Total		\$ (219,096,958)		\$ (219,096,958)

There were no transfers between levels during the six months ended January 31, 2013.

See Notes to Financial Statements.

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Schedule of Investments January 31, 2013 (Unaudited)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
California 85.2%		
Corporate 0.9%		
City of Chula Vista California, Refunding RB, San Diego Gas & Electric:		
AMT, 4.00%, 5/01/39	\$ 2,500	\$ 2,546,375
Series A, 5.88%, 2/15/34	2,435	2,869,769
		5,416,144
County/City/Special District/School District 26.1%		
Bay Area Governments Association, Refunding RB, California Redevelopment Agency Pool, Series A (AGM), 6.00%, 12/15/24	255	259,888
California State Public Works Board, RB, Various Capital Projects, Sub-Series I-1, 6.13%, 11/01/29	3,360	4,105,046
Chabot-Las Positas Community College District, GO, CAB, Series C (AMBAC), 5.06%, 8/01/37 (a)	10,000	2,937,700
County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 8/01/35	2,000	2,344,000
Grossmont Healthcare District, GO, Election of 2006, Series B, 6.13%, 7/15/40	2,500	3,067,450
Grossmont Union High School District, GO, Election of 2008, Series C, 5.50%, 8/01/33	1,855	2,236,203
Los Angeles Community Redevelopment Agency California, RB, Bunker Hill Project, Series A (AGM), 5.00%, 12/01/27	7,000	7,458,920
Los Angeles County Metropolitan Transportation Authority, Refunding RB, Proposition A, First Tier, Senior Series A (AMBAC), 5.00%, 7/01/27	4,000	4,365,960
Los Angeles Municipal Improvement Corp., Refunding RB, Real Property, Series B (AGC), 5.50%, 4/01/39	2,045	2,296,515
Merced Union High School District, GO, CAB, Election of 2008, Series C (a):		
4.67%, 8/01/33	2,500	970,400
4.85%, 8/01/36	4,000	1,297,720
Ohlone Community College District, GO, Election of 2010, Series A, 5.25%, 8/01/41	8,140	9,472,030
Orange County Sanitation District, COP, Series A, 5.00%, 2/01/35	2,500	2,853,700
Orange County Water District, COP, Refunding, 5.25%, 8/15/34	9,045	10,674,276
Orchard School District California, GO, Election of 2001, Series A (AGC), 5.00%, 8/01/34	7,490	8,429,920
Oxnard Union High School District California, GO, Refunding, Series A (NPFGC), 6.20%, 8/01/30	9,645	10,916,983
Pittsburg Unified School District, GO, Election of 2006, Series B (AGM):		
5.50%, 8/01/34	2,000	2,282,260
5.63%, 8/01/39	4,500	5,129,100
Redlands Unified School District California, GO, Election of 2008 (AGM), 5.25%, 7/01/33	5,000	5,592,950
San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/38	4,895	5,459,785
San Jose Financing Authority, RB, Convention Center Expansion & Renovation Project:		
5.75%, 5/01/36	2,570	2,879,813
5.75%, 5/01/42	4,500	5,244,390
San Jose Financing Authority, Refunding RB, Civic Center Project, Series B (AMBAC), 5.00%, 6/01/32	11,400	11,437,506
San Juan Unified School District, GO, Election of 2002 (AGM), 5.00%, 8/01/34	6,475	7,343,621
San Leandro Unified School District California, GO, Election of 2010, Series A, 5.75%, 8/01/41	3,000	3,602,490
Snowline Joint Unified School District, COP, Refunding, Refining Project (AGC), 5.75%, 9/01/38	5,600	6,470,240
Walnut Valley Unified School District, GO, Election of 2007, Series B, 5.75%, 8/01/41	7,680	9,241,498
	Par (000)	Value
Municipal Bonds		
California (continued)		
County/City/Special District/School District (concluded)		
West Contra Costa Unified School District California, GO, Election of 2010, Series A, 5.25%, 8/01/41	\$ 6,140	\$ 7,090,042
Westminster Redevelopment Agency California, Tax Allocation Bonds, Subordinate, Commercial Redevelopment Project No. 1 (AGC), 6.25%, 11/01/39	4,300	5,152,303
		150,612,709
Education 3.6%		
Anaheim City School District California, GO, Election of 2010 (AGM), 6.25%, 8/01/40	3,750	4,600,013
California Municipal Finance Authority, RB, Emerson College, 6.00%, 1/01/42	2,500	2,989,900
Gavilan Joint Community College District, GO, Election of 2004, Series D:		

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5.50%, 8/01/31	2,165	2,642,902
5.75%, 8/01/35	8,400	10,277,148
		20,509,963
Health 15.9%		
ABAG Finance Authority for Nonprofit Corps, Refunding RB, Sharp Healthcare, Series A, 6.00%, 8/01/30	2,270	2,785,245
California Health Facilities Financing Authority, RB: Children's Hospital, Series A, 5.25%, 11/01/41	8,000	8,957,280
Providence Health Services, Series B, 5.50%, 10/01/39	4,105	4,691,440
Sutter Health, Series A, 5.25%, 11/15/46	10,000	10,913,300
Sutter Health, Series B, 6.00%, 8/15/42	7,715	9,271,964
California Health Facilities Financing Authority, Refunding RB: Catholic Healthcare West, Series A, 6.00%, 7/01/34	2,180	2,584,237
Catholic Healthcare West, Series A, 6.00%, 7/01/39	5,500	6,498,635
Stanford Hospital, Series A-3, 5.50%, 11/15/40	3,000	3,632,550
California Statewide Communities Development Authority, RB: Kaiser Permanente, Series A, 5.00%, 4/01/42	24,180	27,143,259
Kaiser Permanente, Series B, 5.25%, 3/01/45	3,885	4,136,360
Sutter Health, Series A, 6.00%, 8/15/42	4,375	5,257,919
California Statewide Communities Development Authority, Refunding RB, Catholic Healthcare West, Series D (BHAC), 5.50%, 7/01/31	865	993,738
City of Newport Beach California, Refunding RB, Hoag Memorial Hospital Presbyterian, 6.00%, 12/01/40	3,825	4,706,127
		91,572,054
Housing 0.0%		
California Rural Home Mortgage Finance Authority, RB, Mortgage-Backed Securities Program, Series A, AMT (Ginnie Mae), 6.35%, 12/01/29	50	51,029
County of San Bernardino California, Refunding RB, Home Mortgage-Backed Securities, Series A-1, AMT (Ginnie Mae), 6.25%, 12/01/31	80	86,402
		137,431
State 6.6%		
California State Public Works Board, RB, Department of Education, Riverside Campus Project, Series B, 6.50%, 4/01/34	3,670	4,469,986
State of California, GO, Various Purpose: 6.00%, 3/01/33	7,000	8,704,570
6.00%, 4/01/38	17,115	20,507,193
6.00%, 11/01/39	3,455	4,192,090
		37,873,839

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
Municipal Bonds		
California (continued)		
Transportation 15.3%		
City of Los Angeles Department of Airports, Refunding RB, Los Angeles International Airport, Senior Series A, 5.25%, 5/15/39	\$ 2,785	\$ 3,160,362
City of San Jose California, Refunding ARB, Series A-1, AMT, 6.25%, 3/01/34	1,400	1,685,376
County of Orange California, ARB, Series B, 5.75%, 7/01/34	5,000	5,771,550
County of Sacramento California, ARB, Airport System:		
Senior Series B, AMT (AGM), 5.25%, 7/01/33	7,550	8,290,277
Subordinated and Passenger Facility Charges/Grant, Series C (AGC), 5.75%, 7/01/39	5,505	6,460,833
Los Angeles Department of Airports, Refunding RB, Los Angeles International Airport, Senior Series A, 5.25%, 5/15/29	3,760	4,360,510
Los Angeles Harbor Department, RB, Series B:		
5.25%, 8/01/34	5,530	6,467,833
5.25%, 8/01/39	2,490	2,883,669
San Diego County Regional Airport Authority, RB:		
Senior Series A, 5.00%, 7/01/43	7,105	8,189,294
Senior Series B, AMT, 5.00%, 7/01/38	5,500	6,184,145
Senior Series B, AMT, 5.00%, 7/01/43	1,065	1,191,565
San Diego County Regional Airport Authority, Refunding RB, Series B, 5.00%, 7/01/40	6,350	7,090,283
San Francisco City & County Airports Commission, RB:		
Series E, 6.00%, 5/01/39	9,650	11,506,467
Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20	1,000	1,003,390
Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.13%, 1/01/27	985	987,393
San Francisco City & County Airports Commission, Refunding RB, Second Series 34E, AMT (AGM):		
5.75%, 5/01/24	5,000	5,779,450
5.75%, 5/01/25	3,500	4,011,735
San Joaquin County Transportation Authority, Refunding RB, Limited Tax, Series A, 6.00%, 3/01/36	2,400	2,995,344
		88,019,476
Utilities 16.8%		
Anaheim Public Financing Authority, RB, Electric System Distribution Facilities, Series A, 5.38%, 10/01/36	5,000	5,913,850
City of Los Angeles California Wastewater System, Refunding RB:		
Series A (NPFGC), 5.00%, 6/01/34	15,000	16,319,400
Sub-Series A, 5.00%, 6/01/28	2,000	2,337,440
Sub-Series A, 5.00%, 6/01/32	3,000	3,473,460
Dublin-San Ramon Services District, Refunding RB, 6.00%, 8/01/41	4,000	4,863,760
East Bay Municipal Utility District, RB, Series A (NPFGC), 5.00%, 6/01/37	4,000	4,560,600
East Bay Municipal Utility District, Refunding RB, Sub-Series A:		
5.00%, 6/01/30	5,000	5,898,700
5.00%, 6/01/37	10,000	11,401,500
(AMBAC), 5.00%, 6/01/33	3,000	3,417,750
Imperial Irrigation District, Refunding RB, Electric System, Series B, 5.13%, 11/01/38	5,560	6,232,371
Los Angeles Department of Water & Power, Refunding RB, Series A:		
5.25%, 7/01/39	8,000	9,314,960
Power System, Sub-Series A-2 (NPFGC), 5.00%, 7/01/27	15,000	15,252,900
California (concluded)		
Utilities (concluded)		
Metropolitan Water District of Southern California, RB, Series B-1 (NPFGC), 5.00%, 10/01/13 (b)	\$ 6,885	\$ 7,104,562
San Diego Public Facilities Financing Authority, Refunding RB, Senior Series A, 5.25%, 5/15/34	1,000	1,149,660
		97,240,913
Total Municipal Bonds 85.2%		491,382,529

**Municipal Bonds Transferred to
Tender Option Bond Trusts (c)****California 77.3%****County/City/Special District/School District 36.6%**

Arcadia Unified School District California, GO, Election of 2006, Series A (AGM), 5.00%, 8/01/37	7,925	8,524,425
Desert Community College District California, GO, Series C (AGM), 5.00%, 8/01/37	12,150	13,235,238
Fremont Unified School District Alameda County California, GO, Election of 2002, Series B (AGM), 5.00%, 8/01/15 (b)	10,000	11,101,500
Los Angeles Community College District California, GO: Election of 2001, Series A (AGM), 5.00%, 8/01/32	12,000	13,723,080
Election of 2001, Series A (NPFGC), 5.00%, 8/01/32	26,438	30,233,705
Election of 2003, Series E (AGM), 5.00%, 8/01/31	7,497	8,399,562
Election of 2003, Series F-1, 5.00%, 8/01/33	12,000	13,767,120
Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A, 6.00%, 8/01/33	9,596	12,010,046
Los Angeles County Metropolitan Transportation Authority, Refunding RB, Proposition A, First Tier, Senior Series A (AMBAC), 5.00%, 7/01/35	6,828	7,443,088
Los Angeles County Sanitation Districts Financing Authority, Refunding RB, Capital Project 14 (BHAC), 5.00%, 10/01/34	4,998	5,448,340
Los Angeles Unified School District California, GO, Series I, 5.00%, 1/01/34	5,000	5,627,750
Ohlone Community College District, GO, Series B (AGM), 5.00%, 8/01/15 (b)	19,998	22,274,860
Poway Unified School District, GO, Election of 2002, Improvement District 02, Series 1-B (AGM), 5.00%, 8/01/30	10,000	10,811,900
San Bernardino Community College District California, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31	7,550	8,335,653
San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/30	7,350	7,742,711
San Francisco Bay Area Rapid Transit District, Refunding RB, Series A (NPFGC): 5.00%, 7/01/30	19,630	21,374,322
5.00%, 7/01/34	10,497	11,429,917

211,483,217

Education 15.7%

California State University, Refunding RB, Systemwide, Series C (NPFGC), 5.00%, 11/01/35	20,000	21,853,000
Los Rios Community College District, GO, Election of 2008, Series A, 5.00%, 8/01/35	11,000	12,507,330

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
Municipal Bonds Transferred to Tender Option Bond Trusts (c)		
California (continued)		
Education (concluded)		
University of California, RB:		
Limited Project, Series D (AGM), 5.00%, 5/15/41	\$ 8,000	\$ 8,932,320
Series L, 5.00%, 5/15/40	7,398	8,303,588
Series O, 5.75%, 5/15/34	11,190	13,555,156
University of California, Refunding RB, 5.00%, 5/15/37	21,781	25,250,327
		90,401,721
Transportation 1.0%		
City of Los Angeles California Department of Airports, Refunding RB, Senior, Los Angeles International Airport, Series A, 5.00%, 5/15/40		
	4,999	5,656,185
Utilities 24.0%		
City of Napa California Water Revenue, RB (AMBAC), 5.00%, 5/01/35		
	9,070	9,837,413
East Bay Municipal Utility District, RB, Sub-Series A (NPFGC), 5.00%, 6/01/35		
	15,000	16,297,650
East Bay Municipal Utility District, Refunding RB, Sub-Series A (AMBAC), 5.00%, 6/01/37		
	7,990	9,084,710
Los Angeles Department of Water & Power, RB:		
Power System, Sub-Series A-1 (AGM), 5.00%, 7/01/37		
	13,525	15,233,698
Sub-Series A-1 (AMBAC), 5.00%, 7/01/37		
	5,029	5,664,693
Sub-Series A-2 (AGM), 5.00%, 7/01/35		
	7,500	8,418,975
Metropolitan Water District of Southern California, RB, Series A, 5.00%, 7/01/37		
	15,000	17,121,450
Rancho Water District Financing Authority, Refunding RB, Series A (AGM), 5.00%, 8/01/34		
	9,277	10,265,907
	Par	
Municipal Bonds Transferred to Tender Option Bond Trusts (c)		
California (concluded)		
Utilities (concluded)		
San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/31		
	\$ 10,000	\$ 10,520,800
San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33		
	8,510	9,619,364
San Francisco City & County Public Utilities Commission, RB, Water System Improvement Program, Sub-Series A, 5.00%, 11/01/37		
	22,997	26,704,253
		138,768,913
Total Municipal Bonds Transferred to Tender Option Bond Trusts 77.3%		
		446,310,036
Total Long-Term Investments		
		937,692,565
(Cost \$853,734,599) 162.5%		
Short-Term Securities		
	Shares	
BIF California Municipal Money Fund, 0.00% (d)(e)		
	4,581,630	4,581,630
Total Short-Term Securities		
		4,581,630
(Cost \$4,581,630) 0.8%		
Total Investments		
		942,274,195
(Cost \$858,316,229) 163.3%		

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Other Assets Less	
Liabilities 0.8%	4,443,444
Liability for TOB Trust Certificates, Including Interest	
Expense and Fees Payable (35.2)%	(203,290,505)
VRDP Shares, at Liquidation Value (28.9)%	(166,500,000)
Net Assets Applicable to Common	
Shares 100.0%	\$ 576,927,134

Notes to Schedule of Investments

- (a) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (b) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (c) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (d) Investments in issuers considered to be an affiliate of the Fund during the six months ended January 31, 2013, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

Affiliate	Shares Held at July 31, 2012	Net Activity	Shares Held at January 31, 2013	Income
BIF California Municipal Money Fund	4,870,908	(289,278)	4,581,630	\$ 12

- (e) Represents the current yield as of report date.

For Fund compliance purposes, the Fund's sector classifications refer to any one or more of the sector sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Financial futures contracts as of January 31, 2013 were as follows:

Contracts Sold	Issue	Exchange	Expiration	Notional Value	Unrealized Appreciation
(170)	10-Year US Treasury Note	Chicago Board of Trade	March 2013	\$ 22,317,813	\$ 171,053

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets and liabilities that the Fund has the ability to access

Level 2 other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

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See Notes to Financial Statements.

SEMI-ANNUAL REPORT

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Table of Contents**Schedule of Investments (concluded)****BlackRock MuniYield California Quality Fund, Inc. (MCA)**

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of January 31, 2013:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments ¹		\$ 937,692,565		\$ 937,692,565
Short-Term Securities	\$ 4,581,630			4,581,630
Total	\$ 4,581,630	\$ 937,692,565		\$ 942,274,195

¹ See above Schedule of Investments for values in each sector.

	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments²				
Assets:				
Interest rate contracts	\$ 171,053			\$ 171,053

² Derivative financial instruments are financial futures contracts which are valued at unrealized appreciation/depreciation on the instrument.

Certain of the Fund's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of January 31, 2013, such assets and liabilities are categorized within the disclosure hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash pledged as collateral for financial futures contracts	\$ 224,000			\$ 224,000
Liabilities:				
Bank overdraft		\$ (142,870)		(142,870)
TOB trust certificates		(203,182,546)		(203,182,546)

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VRDP Shares		(166,500,000)	(166,500,000)
Total	\$ 224,000	\$ (369,825,416)	\$ (369,601,416)

There were no transfers between levels during the six months ended January 31, 2013.

See Notes to Financial Statements.

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Schedule of Investments January 31, 2013 (Unaudited)

BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)

(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Michigan 125.1%		
Corporate 4.1%		
Dickinson County EDC, Michigan, Refunding RB, International Paper Co. Project, Series A, 5.75%, 6/01/16	\$ 2,500	\$ 2,508,450
Monroe County EDC, Michigan, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22	3,805	5,113,464
		7,621,914
County/City/Special District/School District 36.8%		
Adrian City School District Michigan, GO (AGM), 5.00%, 5/01/14 (a)	2,400	2,540,208
Anchor Bay School District, GO, Refunding (Q-SBLF):		
4.13%, 5/01/25	2,000	2,210,540
4.25%, 5/01/26	1,145	1,266,771
4.38%, 5/01/27	640	708,154
4.00%, 5/01/28	760	813,428
4.38%, 5/01/28	400	438,692
4.00%, 5/01/29	380	404,715
4.50%, 5/01/29	605	669,929
Bay City School District Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/36	200	219,406
Brighton Area School District, GO, School Building, Series I (Q-SBLF), 4.25%, 5/01/37	1,430	1,483,239
Charter Township of Canton Michigan, GO, Capital Improvement (AGM):		
5.00%, 4/01/25	1,250	1,423,112
5.00%, 4/01/26	1,250	1,405,025
5.00%, 4/01/27	500	562,010
City of Jackson, GO, Capital Appreciation Downtown Development (AGM), 4.61%, 6/01/26 (b)	2,710	1,475,893
City of Oak Park Michigan, GO, Street Improvement (NPFGC), 5.00%, 5/01/30	600	655,632
Comstock Park Public Schools, GO, School Building & Site, Series B (Q-SBLF):		
5.50%, 5/01/36	450	522,378
5.50%, 5/01/41	830	957,007
County of Genesee Michigan, GO, Water Supply System (NPFGC), 5.13%, 11/01/33	500	514,195
County of Genesee Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/19	400	430,360
County of St. Clair, GO, Refunding, Limited Tax Refunding, 5.00%, 4/01/28	915	1,064,657
Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39	2,000	2,253,780
Detroit City School District Michigan, GO, School Building & Site Improvement (NPFGC) (a):		
Series A, 5.38%, 5/01/13	1,480	1,499,018
Series B, 5.00%, 5/01/13	1,600	1,619,056
Eaton Rapids Public Schools Michigan, GO, School Building & Site (AGM), 5.25%, 5/01/14 (a)	2,000	2,123,860
Flint EDC, RB, Michigan Department of Human Services Office Building, 5.25%, 10/01/41	1,880	2,023,463
Fowlerville Community Schools, GO, Refunding, Series C (Q-SBLF), 5.00%, 5/01/28	1,000	1,155,220
Fraser Public School District, GO, School Building & Site (AGM), 5.00%, 5/01/25	1,255	1,367,774
Gibraltar School District Michigan, GO, School Building & Site Improvement (NPFGC) (a):		
5.00%, 5/01/14	3,065	3,244,057
5.00%, 5/01/14	585	619,404
	Par (000)	Value
Municipal Bonds		
Michigan (continued)		
County/City/Special District/School District (concluded)		
Goodrich Area School District, GO, School Building & Site (Q-SBLF):		
5.50%, 5/01/32	\$ 400	\$ 471,304
5.50%, 5/01/36	800	929,928
5.50%, 5/01/41	1,000	1,152,240
Gull Lake Community School District, GO, Refunding (AGM), 4.00%, 5/01/26	500	530,175
Harper Creek Community School District Michigan, GO, Refunding (AGM), 5.00%, 5/01/22	1,000	1,089,860
	10	10,408

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Harper Woods School District Michigan, GO, Refunding, School Building & Site (NPFGC), 5.00%, 5/01/14 (a)		
Howell Public Schools, GO, Refunding (Q-SBLF), 4.50%, 5/01/29	660	749,126
Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41	2,650	3,006,080
Jonesville Community Schools Michigan, GO, Refunding (NPFGC), 5.00%, 5/01/29	1,085	1,163,435
L Anse Creuse Public Schools Michigan, GO, School Building & Site (AGM):		
5.00%, 5/01/25	1,000	1,089,860
5.00%, 5/01/26	1,050	1,138,704
5.00%, 5/01/35	2,000	2,144,580
Lincoln Consolidated School District Michigan, GO, Refunding (NPFGC), 4.63%, 5/01/28	2,325	2,508,907
Livonia Public Schools School District Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/24	500	524,480
Ludington Area School District Michigan, GO (NPFGC), 5.25%, 5/01/23	1,440	1,484,597
New Lothrop Area Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/35	1,200	1,304,064
Parchment School District, County of Kalamazoo, State of Michigan, GO, School Building and Site, 5.00%, 5/01/25	590	678,347
Reed City Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/14 (a)	1,000	1,059,070
Romulus Community Schools, GO, Unlimited Tax, Refunding:		
4.13%, 5/01/25	715	779,929
4.25%, 5/01/26	740	809,789
4.25%, 5/01/27	725	789,830
4.50%, 5/01/29	630	691,343
(AGM), 4.00%, 5/01/24	500	543,025
(AGM), 4.38%, 5/01/28	1,335	1,458,528
Southfield Public Schools Michigan, GO, School Building & Site, Series B (AGM), 5.00%, 5/01/14 (a)	1,000	1,058,810
Sparta Area Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/14 (a)	1,000	1,057,770
Thornapple Kellogg School District Michigan, GO, Refunding, School Building & Site (NPFGC), 5.00%, 5/01/32	1,500	1,669,725
Van Dyke Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/28	750	856,755
Zeeland Public Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/14 (a)	1,230	1,302,336
		67,723,988
Education 9.2%		
Ferris State University, Refunding RB, General (AGM):		
4.50%, 10/01/23	1,360	1,503,983
4.50%, 10/01/24	1,595	1,753,224
4.50%, 10/01/25	1,405	1,536,241

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)

(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Michigan (continued)		
Education (concluded)		
Lake Superior State University, Refunding RB (AGM):		
4.00%, 11/15/26	\$ 475	\$ 502,066
4.00%, 11/15/27	285	300,390
4.00%, 11/15/28	190	199,181
4.00%, 11/15/29	250	260,723
4.00%, 11/15/30	190	197,271
Michigan Higher Education Facilities Authority, RB, Limited Obligation, Hillsdale College Project, 5.00%, 3/01/35	1,030	1,042,854
Michigan State University, Refunding RB, General, Series C:		
5.00%, 2/15/40	3,770	4,184,587
5.00%, 2/15/44	1,000	1,104,010
Michigan Technological University, Refunding RB, Series A, 5.00%, 10/01/34	1,000	1,134,450
Saginaw Valley State University Michigan, Refunding RB, General (NPFGC), 5.00%, 7/01/24	1,450	1,535,187
Western Michigan University, Refunding RB, General, 5.25%, 11/15/40	1,400	1,596,420
		16,850,587
Health 23.5%		
Flint Hospital Building Authority Michigan, Refunding RB, Hurley Medical Center (ACA):		
6.00%, 7/01/20	570	575,905
Series A, 5.38%, 7/01/20	385	385,589
Kalamazoo Hospital Finance Authority, Refunding RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36	2,750	3,100,460
Kent Hospital Finance Authority Michigan, Refunding RB, Spectrum Health, Series A:		
5.50%, 11/15/25	750	895,800
5.00%, 11/15/29	3,000	3,408,270
Michigan State Finance Authority, RB, Sparrow Obligated Group, 5.00%, 11/15/36	950	1,053,892
Michigan State Finance Authority, Refunding RB, Trinity Health Credit:		
5.00%, 12/01/31	1,900	2,177,001
5.00%, 12/01/35	1,900	2,133,282
Michigan State Hospital Finance Authority, RB:		
Ascension Health Senior Credit Group, 5.00%, 11/15/25	2,300	2,673,773
McLaren Health Care, Series C, 5.00%, 8/01/35	1,585	1,703,431
MidMichigan Obligation Group, Series A, 5.00%, 4/15/26	380	401,698
MidMichigan Obligation Group, Series A (AMBAC), 5.50%, 4/15/18	1,000	1,002,840
Trinity Health Credit, Series A, 5.00%, 12/01/16 (a)	145	168,343
Trinity Health Credit, Series A, 5.00%, 12/01/26	855	949,546
Michigan State Hospital Finance Authority, Refunding RB:		
Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/21	400	450,852
Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/25	2,470	2,672,318
Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/37	3,340	3,513,981
	Par (000)	Value
Municipal Bonds		
Michigan (continued)		
Health (concluded)		
Michigan State Hospital Finance Authority, Refunding RB (concluded):		
Hospital, Sparrow Obligated, 5.00%, 11/15/31	\$ 1,595	\$ 1,700,286
McLaren Health Care, 5.75%, 5/15/38	1,500	1,732,890
McLaren Health Care, Series A, 5.00%, 6/01/35	860	955,408
Trinity Health Credit, Series A, 6.13%, 12/01/23	940	1,151,303
Trinity Health Credit, Series A, 6.25%, 12/01/28	570	689,010
Trinity Health Credit, Series A, 6.50%, 12/01/33	1,400	1,690,920
Trinity Health Credit, Series C, 4.00%, 12/01/32	3,040	3,142,874
Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39	1,000	1,278,660

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Sturgis Building Authority, RB, Sturgis Hospital Project (NPFGC), 4.75%, 10/01/34	3,525	3,593,279
		43,201,611
Housing 6.6%		
Michigan State HDA, RB:		
Deaconess Tower AMT (Ginnie Mae), 5.25%, 2/20/48	1,000	1,039,520
Series A, 4.75%, 12/01/25	2,605	2,874,123
Series A (NPFGC), 5.30%, 10/01/37	20	20,020
Michigan State HDA, Refunding RB:		
Rental Housing Revenue, Series D, 4.50%, 10/01/48	5,980	6,055,468
Series A, 6.05%, 10/01/41	2,000	2,167,960
		12,157,091
State 15.7%		
Michigan Municipal Bond Authority, Refunding RB, Local Government, Charter County Wayne, Series B (AGC), 5.38%, 11/01/24		
	125	145,476
Michigan State Building Authority, Refunding RB, Facilities Program:		
Series A, 5.50%, 10/15/45	750	867,780
Series H (AGM), 5.00%, 10/15/26	3,000	3,428,820
Series I, 6.25%, 10/15/38	2,350	2,859,997
Series I (AGC), 5.25%, 10/15/24	2,000	2,374,540
Series I (AGC), 5.25%, 10/15/25	1,500	1,785,165
Series I (AGC), 5.25%, 10/15/26	400	473,852
Series I-A, 5.38%, 10/15/41	2,175	2,505,078
Series II (NPFGC), 5.00%, 10/15/29	2,000	2,054,740
Michigan State Finance Authority, RB, Local Government Loan Program, Series F, 5.25%, 10/01/41	2,510	2,741,598
Michigan Strategic Fund, Refunding RB, Cadillac Place Office Building Project, 5.25%, 10/15/31	1,000	1,141,580
State of Michigan, RB, GAB (AGM), 5.25%, 9/15/27	3,250	3,722,550
State of Michigan Trunk Line Revenue, RB, Fund:		
5.00%, 11/15/29	750	891,232
5.00%, 11/15/33	1,150	1,348,789
5.00%, 11/15/36	2,220	2,584,924
		28,926,121

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)

(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Michigan (concluded)		
Transportation 11.1%		
Wayne County Airport Authority, RB, Detroit Metropolitan Wayne County Airport, AMT (NPFGC):		
5.25%, 12/01/25	\$ 4,475	\$ 4,724,123
5.25%, 12/01/26	3,700	3,898,690
5.00%, 12/01/34	3,550	3,676,735
Wayne County Airport Authority, Refunding RB, AMT (AGC):		
5.75%, 12/01/26	3,060	3,451,405
5.38%, 12/01/32	4,300	4,680,464
		16,850,587
Utilities 18.1%		
City of Detroit Michigan Water Supply System, RB:		
Second Lien, Series B (AGM),		
7.00%, 7/01/36	2,000	2,423,420
Senior Lien, Series A (NPFGC), 5.00%, 7/01/34		
City of Detroit Michigan Water Supply System, Refunding RB, Second Lien, Series C (AGM),		
5.00%, 7/01/29	6,275	6,621,003
City of Grand Rapids Michigan, Refunding RB, Series A (NPFGC), 5.50%, 1/01/22		
City of Grand Rapids Michigan Sanitary Sewer System, RB:		
5.00%, 1/01/37	570	657,102
4.00%, 1/01/42	1,050	1,083,852
City of Port Huron Michigan, RB, Water Supply:		
5.25%, 10/01/31	190	211,656
5.63%, 10/01/40	500	560,930
City of Wyoming Michigan, RB, Sewer System (NPFGC), 5.00%, 6/01/30		
Lansing Board of Water & Light Utilities System, RB, Series A:		
5.00%, 7/01/27	1,210	1,419,245
5.00%, 7/01/31	2,600	3,024,086
5.00%, 7/01/37	1,270	1,456,639
5.50%, 7/01/41	2,000	2,369,420
Michigan Municipal Bond Authority, RB, Clean Water Revolving Fund:		
Pooled Project, 5.00%, 10/01/27	760	924,092
Subordinate, 5.00%, 10/01/27	750	851,693
		33,211,102
Total Municipal Bonds in Michigan		230,123,831
Guam 2.8%		
State 2.0%		
Government of Guam Business Privilege Tax Revenue, RB, Series A, 5.13%, 1/01/42		
	1,800	2,003,364
Territory of Guam, Limited Obligation Bonds, RB, Section 30, Series A, 5.63%, 12/01/29		
	850	951,218
Territory of Guam, RB, Series B-1, 5.00%, 1/01/37		
	715	794,208
		3,748,790
Utilities 0.8%		
Guam Power Authority, Refunding RB, Series A:		
5.00%, 10/01/34	335	373,682
(AGM), 5.00%, 10/01/26	600	685,032
(AGM), 5.00%, 10/01/27	390	444,647
		1,503,361
Total Municipal Bonds in Guam		5,252,151
Municipal Bonds		Value

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	Par (000)	
Puerto Rico 7.2%		
State 5.6%		
Puerto Rico Sales Tax Financing Corp., Refunding RB:		
CAB, Series A (NPFGC), 5.60%, 8/01/43 (b)	\$ 12,500	\$ 2,320,500
CAB, Series A (NPFGC), 5.65%, 8/01/46 (b)	30,000	4,636,800
First Sub-Series C (AGM), 5.13%, 8/01/42	3,200	3,397,216
		10,354,516
Transportation 1.2%		
Puerto Rico Highway & Transportation Authority, Refunding RB, Series CC (AGC), 5.50%, 7/01/31	2,000	2,237,820
Utilities 0.4%		
Puerto Rico Electric Power Authority, RB, Series WW, 5.50%, 7/01/38	680	692,376
Total Municipal Bonds in Puerto Rico		13,284,712
Total Municipal Bonds 135.1%		248,660,694

Municipal Bonds Transferred to

Tender Option Bond Trusts (c)

Michigan 18.5%		
County/City/Special District/School District 4.2%		
Lakewood Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/37	3,970	4,569,490
Portage Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/31	2,850	3,161,590
		7,731,080