

BLACKROCK MUNIYIELD CALIFORNIA QUALITY FUND, INC  
Form N-CSRS  
April 07, 2011  
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 811-06692

Name of Fund: BlackRock MuniYield California Quality Fund, Inc. (MCA)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Series Fund, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 07/31/2011

Date of reporting period: 01/31/2011

Item 1 Report to Stockholders

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January 31, 2011

## Semi-Annual Report (Unaudited)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

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

BlackRock MuniYield New York Quality Fund, Inc. (MYN)

Not FDIC Insured § No Bank Guarantee § May Lose Value

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Dear Shareholder

Economic data fluctuated widely throughout 2010, but as the year drew to a close, it became clear that cyclical stimulus had beaten out structural problems as economic data releases generally became more positive and financial markets showed signs of continuing improvement. The sovereign debt crises and emerging market inflation that troubled the global economy in 2010 remain a challenge to global growth, but overall levels of uncertainty are gradually declining as the United States and the world economy are progressing from a stimulus-driven recovery into a consumption-driven expansion.

In the United States, the corporate sector has been an important area of strength and consumer spending has shown improvement, although weakness in the housing and labor markets continues to burden the economy. It is important to note that we are in the midst of the first global economic recovery that is being led by emerging economies, and the United States has only just begun its transition to a self-sustaining expansion, suggesting that economic improvements still have a way to go.

Global equity markets experienced uneven growth and high volatility over the course of 2010, but ended the year strong. Stocks continued their advance through most of January until the political unrest in Egypt and widespread discord across the Middle East caused a sharp, but temporary decline at the end of the period. US stocks outpaced most international markets over the 12-month period. Small cap stocks outperformed large caps as investors moved into higher-risk assets.

Fixed income markets saw yields trend lower over most of 2010, until the fourth quarter brought an abrupt reversal in sentiment and risk tolerance that drove yields sharply upward (pushing prices downward) through year end and into the New Year. However, on a 12-month basis, yields were lower overall and fixed income markets performed well. Conversely, the tax-exempt municipal market was dealt an additional blow as it became evident that the Build America Bond program would expire at the end of 2010. In addition, negative headlines regarding fiscal challenges faced by state and local governments damaged investor confidence and sparked additional volatility in the municipal market. These conditions began to moderate as the period came to a close and the market has shown signs of improvement in supply-and-demand technicals.

Cash investments, as represented by the 3-month Treasury bill, returned only a fraction over 0% for the 12-month period as short-term interest rates remained low. Yields on money market securities remain near all-time lows.

| <b>Total Returns as of January 31, 2011</b>   | <b>6-month</b> | <b>12-month</b> |
|---|----------------|-----------------|
| US large cap equities (S&P 500 Index)   | 17.93%         | 22.19%          |
| US small cap equities (Russell 2000 Index)  | 20.75          | 31.36           |
| International equities (MSCI Europe, Australasia, Far East Index)                     | 16.10          | 15.38           |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month Treasury Bill Index)                | 0.06           | 0.13            |
| US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index)                 | (2.25)         | 5.25            |
| US investment grade bonds (Barclays Capital US Aggregate Bond Index)                  | 0.20           | 5.06            |
| Tax-exempt municipal bonds (Barclays Capital Municipal Bond Index)                    | (2.84)         | 1.10            |
| US high yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index) | 8.65           | 15.96           |

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

While no one can peer into a crystal ball and eliminate the uncertainties presented by the economic landscape and financial markets, BlackRock can offer investors the next best thing: partnership with the world's largest asset management firm and a unique global perspective that allows us

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to identify trends early and capitalize on market opportunities. For additional market perspective and investment insight, visit [www.blackrock.com/shareholdermagazine](http://www.blackrock.com/shareholdermagazine), where you'll find the most recent issue of our award-winning *Shareholder*® magazine, as well as its quarterly companion newsletter, *Shareholder Perspectives*. As always, we thank you for entrusting BlackRock with your investments, and we look forward to your continued partnership in the months and years ahead.

Sincerely,  
Rob Kapito  
President, BlackRock Advisors, LLC

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THIS PAGE NOT PART OF YOUR FUND REPORT

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## Municipal Market Overview

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### As of January 31, 2011

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The municipal market began the period with a strong tone as rates fell (and prices rose) along with those of US Treasuries. However, the cliché of the perfect storm of negative events all conspired in the final months of 2010, leading to the worst quarterly performance for the municipal market since the tightening cycle of 1994. Treasury yields lost their support as concerns about the US deficit raised questions over the willingness of foreign investors to continue to purchase Treasury securities, at least at the previous historically low yields. Municipal valuations also suffered a quick and severe setback as it became evident that the Build America Bond ( BAB ) program would expire at year-end. The program had opened the taxable market to municipal issuers, which had successfully alleviated supply pressure in the traditional tax-exempt marketplace, bringing down yields in that space.

The financial media has been replete with interviews, articles and presentations advertising the stress experienced in municipal finance, resulting in a loss of confidence among retail investors who buy individual bonds or mutual funds. From the middle of November through year-end, funds specializing in tax-exempt bonds witnessed weekly outflows averaging over \$2.5 billion. Long-term and high-yield funds saw the greatest redemptions, followed by state-specific funds to a lesser but still significant degree. Demand usually is strong at the beginning of the new year against a backdrop of low new-issue supply, but the mutual fund outflows continued in January, putting additional upward pressure on municipal yields. Political uncertainty surrounding the midterm elections and the approach taken by the new Congress on issues such as income tax rates and alternative minimum tax (and the previously mentioned BAB non-extension) exacerbated the situation. All these conditions, combined with the seasonal illiquidity surrounding year-end holidays and dealers closing their fiscal books, sapped willing market participation from the trading community.

As demand for municipal securities from traditional retail investors was declining and trading desk liquidity was being curtailed, there was no comparable reduction in supply. As it became evident that the BAB program would be retired, issuers rushed deals to market both in the taxable municipal space and, to a lesser degree, in the traditional tax-exempt space. This imbalance in the supply/demand technicals provided the classic market action, leading to wider quality spreads and higher bond yields. The municipal curve steepened as the issuance was concentrated in longer (greater than 20-year) maturities. Curve steepening that began in October accelerated in November, spurred on by Treasury weakness, heavy supply and record outflows. As measured by Thomson Municipal Market Data, AAA-rated municipals rose nearly 82 basis points ( bps ) for maturities 25 years and longer from July 31, 2010, to January 31, 2011. The spread between two-year and 30-year maturities widened from 360 bps to 406 bps over the period.

The fundamental picture for municipalities will be subject to scrutiny for months to come, as the challenges to state and local budgets are real and need to be addressed with significant cuts to expenses and tax revenue increases. The debates around austerity measures needed to succeed in balancing these budgets are not over whether action needs to be taken, but over degree, approach and political will to accomplish these needs. The attention shone upon municipal finance has the potential to improve this market for the future if these efforts result in greater means toward disclosure and accuracy (and timeliness) of reporting. Early tests to judge progress will come soon as California, Illinois and Puerto Rico need to take austerity measures and access financing in the municipal market to address relatively immediate fiscal imbalances. BlackRock favors a more constructive outlook for the municipal market heading into 2011 as the typical, and this year particularly atypical, weakness passes.

Fund Summary as of January 31, 2011

BlackRock MuniHoldings Quality Fund II, Inc.

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**Fund Overview**


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Effective November 9, 2010, BlackRock MuniHoldings Insured Fund II, Inc. changed its name to BlackRock MuniHoldings Quality Fund II, Inc.

**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.

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**Performance**


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Effective November 9, 2010, the Fund s investment policy was changed by the removal of the insurance investment policy that required at least 80% of Fund assets to be invested in insured municipal securities. Accordingly, the Fund was moved from the Lipper Insured Municipal Debt Funds (Leveraged) category into the Lipper General Municipal Debt Funds (Leveraged) category. For the six months ended January 31, 2011, the Fund returned (15.50)% based on market price and (8.08)% based on net asset value ( NAV ). For the same period, the closed-end Lipper General Municipal Debt Funds (Leveraged) category posted an average return of (8.46)% based on market price and (6.45)% based on NAV, while the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of (11.13)% based on market price and (6.92)% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a premium to NAV to a discount by period-end, which 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 exposure to longer-duration and longer-maturity bonds detracted from performance as the long end of the yield curve steepened during the period. Conversely, the Fund s exposure to the housing sector contributed to performance as the sector was one of the municipal market s better performers. Additionally, the Fund s exposure to shorter-duration bonds and premium coupon bonds (6% or higher) benefited performance in the rising interest rate environment of 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.

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**Fund Information**


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|   |                   |
|---|-------------------|
| Symbol on New York Stock Exchange ( NYSE )                                  | MUE               |
| Initial Offering Date   | February 26, 1999 |
| Yield on Closing Market Price as of January 31, 2011 (\$11.65) <sup>1</sup> | 7.57%             |
| Tax Equivalent Yield <sup>2</sup>   | 11.65%            |
| Current Monthly Distribution per Common Share <sup>3</sup>                  | \$0.0735          |
| Current Annualized Distribution per Common Share <sup>3</sup>               | \$0.8820          |
| Leverage as of January 31, 2011 <sup>4</sup>                                | 42%               |

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- <sup>1</sup> 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.
- <sup>2</sup> Tax equivalent yield assumes the maximum federal tax rate of 35%.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents Auction Market Preferred Shares ( Preferred Shares ) and tender option bond trusts ( TOBs ) as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to Preferred 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 10.

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

|                 | 1/31/11  | 7/31/10  | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 11.65 | \$ 14.26 | (18.30)% | \$ 14.63 | \$ 10.87 |
| Net Asset Value | \$ 12.06 | \$ 13.57 | (11.13)% | \$ 14.04 | \$ 11.62 |

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

### Sector Allocations

|  | 1/31/11 | 7/31/10 |
|--|---------|---------|
| County/City/Special District/School District | 28%     | 28%     |
| Transportation                               | 23      | 23      |
| Utilities                                    | 22      | 23      |
| Health                                       | 10      | 9       |
| State  | 9       | 11      |
| Housing                                      | 5       | 5       |
| Corporate                                    | 2       | 1       |
| Education                                    | 1       |         |

### Credit Quality Allocations<sup>5</sup>

|                        | 1/31/11 | 7/31/10 |
|------------------------|---------|---------|
| AAA/Aaa                | 11%     | 54%     |
| AA/Aa                  | 68      | 24      |
| A                      | 17      | 20      |
| BBB/Baa                | 3       | 1       |
| Not Rated <sup>6</sup> | 1       | 1       |

<sup>5</sup> Using the higher of Standard & Poor's ( S&Ps ) or Moody's Investors Service (Moody's ) ratings.

<sup>6</sup> The investment advisor has deemed certain of these securities to be of investment grade quality. As of January 31, 2011 and July 31, 2010, the market value of these securities was \$3,531,114, representing 1% and \$3,925,265, representing 1%, respectively, of the Fund's long-term investments.





Fund Summary as of January 31, 2011

**BlackRock MuniYield California Quality Fund, Inc.**

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**Fund Overview**

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Effective November 9, 2010, BlackRock MuniYield California Insured Fund, Inc. changed its name to BlackRock MuniYield California Quality Fund, Inc.

**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.

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**Performance**

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Effective November 9, 2010, the Fund s investment policy was changed by the removal of the insurance investment policy that required at least 80% of Fund assets to be invested in insured municipal securities. Accordingly, the Fund was moved from the Lipper Single-State Insured Municipal Debt Funds category into the Lipper California Municipal Debt Funds category. For the six months ended January 31, 2011, the Fund returned (9.16)% based on market price and (7.78)% based on NAV. For the same period, the closed-end Lipper California Municipal Debt Funds category posted an average return of (9.24)% based on market price and (8.09)% based on NAV, while the closed-end Lipper Single-State Insured Municipal Debt Funds category posted an average return of (9.05)% based on market price and (6.44)% 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. A generally negative municipal market environment hindered Fund performance. Some widening of credit spreads, especially among California school districts and health care credits, detracted from Fund performance, as did a relatively long duration posture given the rising interest rate environment of the period. Conversely, the Fund maintained a low average cash reserve level, which benefited total return by boosting income accrual. Increased exposure to tender option bonds to take advantage of the historically steep municipal yield curve also benefited the income accrual. As a result, the Fund was able to increase dividend payments twice over the period. In addition, the Fund s holdings in corporate-backed municipals aided performance as non-traditional investors identified the sector s attractive investment opportunities and subsequently drove up demand.

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.

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**Fund Information**

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|   |                  |
|---|------------------|
| Symbol on NYSE  | MCA              |
| Initial Offering Date   | October 30, 1992 |
| Yield on Closing Market Price as of January 31, 2011 (\$12.34) <sup>1</sup> | 7.15%            |

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|   |          |
|---|----------|
| Tax Equivalent Yield <sup>2</sup>                             | 11.00%   |
| Current Monthly Distribution per Common Share <sup>3</sup>    | \$0.0735 |
| Current Annualized Distribution per Common Share <sup>3</sup> | \$0.8820 |
| Leverage as of January 31, 2011 <sup>4</sup>                  | 44%      |

- <sup>1</sup> 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.
- <sup>2</sup> Tax equivalent yield assumes the maximum federal tax rate of 35%.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to Preferred 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 10.

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

|                 | 1/31/11  | 7/31/10  | Change    | High     | Low      |
|-----------------|----------|----------|-----------|----------|----------|
| Market Price    | \$ 12.34 | \$ 14.02 | (11.98) % | \$ 14.70 | \$ 11.83 |
| Net Asset Value | \$ 13.10 | \$ 14.66 | (10.64) % | \$ 15.22 | \$ 12.62 |

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

### Sector Allocations

|  | 1/31/11 | 7/31/10 |
|--|---------|---------|
| County/City/Special District/School District | 51%     | 55%     |
| Utilities                                    | 26      | 22      |
| Education                                    | 8       | 7       |
| Transportation                               | 7       | 11      |
| Corporate                                    | 4       | 1       |
| Health                                       | 3       | 2       |
| State  | 1       | 2       |

### Credit Quality Allocations<sup>5</sup>

|         | 1/31/11 | 7/31/10 |
|---------|---------|---------|
| AAA/Aaa | 10%     | 57%     |
| AA/Aa   | 77      | 29      |
| A       | 13      | 14      |

<sup>5</sup> Using the higher of S&P's or Moody's ratings.

Fund Summary as of January 31, 2011

BlackRock MuniYield Quality Fund III, Inc.

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**Fund Overview**


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Effective November 9, 2010, BlackRock MuniYield Insured Fund, Inc. changed its name to BlackRock MuniYield Quality Fund III, Inc.

**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.

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**Performance**


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Effective November 9, 2010, the Fund s investment policy was changed by the removal of the insurance investment policy that required at least 80% of Fund assets to be invested in insured municipal securities. Accordingly, the Fund was moved from the Lipper Insured Municipal Debt Funds (Leveraged) category into the Lipper General Municipal Debt Funds (Leveraged) category. For the six months ended January 31, 2011, the Fund returned (11.26)% based on market price and (8.17)% based on NAV. For the same period, the closed-end Lipper General Municipal Debt Funds (Leveraged) category posted an average return of (8.46)% based on market price and (6.45)% based on NAV, while the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of (11.13)% based on market price and (6.92)% 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 exposure to the housing and corporate sectors contributed to performance as these sectors outperformed the general municipal market. Additionally, the Fund s exposure to shorter-duration bonds and premium coupon bonds (6% or higher) benefited performance in the rising interest rate environment of the period. Conversely, the Fund s long duration stance detracted from performance, again due to the rising rate environment. In addition, the Fund s exposure to longer maturity bonds detracted as the long end of the yield curve steepened 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.

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**Fund Information**


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|   |                |
|---|----------------|
| Symbol on NYSE  | MYI            |
| Initial Offering Date   | March 27, 1992 |
| Yield on Closing Market Price as of January 31, 2011 (\$12.17) <sup>1</sup> | 7.10%          |
| Tax Equivalent Yield <sup>2</sup>   | 10.92%         |
| Current Monthly Distribution per Common Share <sup>3</sup>                  | \$0.072        |
| Current Annualized Distribution per Common Share <sup>3</sup>               | \$0.864        |
| Leverage as of January 31, 2011 <sup>4</sup>                                | 40%            |

- <sup>1</sup> 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.
- <sup>2</sup> Tax equivalent yield assumes the maximum federal tax rate of 35%.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to Preferred 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 10.

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

|                 | 1/31/11  | 7/31/10  | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 12.17 | \$ 14.17 | (14.11)% | \$ 14.56 | \$ 11.21 |
| Net Asset Value | \$ 12.15 | \$ 13.67 | (11.12)% | \$ 14.17 | \$ 11.71 |

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

#### Sector Allocations

|  | 1/31/11 | 7/31/10 |
|--|---------|---------|
| Transportation                               | 27%     | 27%     |
| County/City/Special District/School District | 21      | 21      |
| Utilities                                    | 18      | 17      |
| Education                                    | 8       | 8       |
| State  | 8       | 8       |
| Health                                       | 7       | 7       |
| Housing                                      | 6       | 6       |
| Corporate                                    | 5       | 6       |

#### Credit Quality Allocations<sup>5</sup>

|         | 1/31/11 | 7/31/10 |
|---------|---------|---------|
| AAA/Aaa | 9%      | 46%     |
| AA/Aa   | 67      | 29      |
| A       | 19      | 20      |
| BBB/Baa | 5       | 5       |

<sup>5</sup> Using the higher of S&P's or Moody's ratings.

Fund Summary as of January 31, 2011

**BlackRock MuniYield Michigan Quality Fund II, Inc.****Fund Overview**

Effective November 9, 2010, BlackRock MuniYield Michigan Insured Fund II, Inc. changed its name to BlackRock MuniYield Michigan Quality Fund II, Inc.

**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**

Effective November 9, 2010, the Fund s investment policy was changed by the removal of the insurance investment policy that required at least 80% of Fund assets to be invested in insured municipal securities. Accordingly, the Fund was moved from the Lipper Single-State Insured Municipal Debt Funds category into the Lipper Michigan Municipal Debt Funds category. For the six months ended January 31, 2011, the Fund returned (10.75)% based on market price and (5.74)% based on NAV. For the same period, the closed-end Lipper Michigan Municipal Debt Funds category posted an average return of (7.46)% based on market price and (5.90)% based on NAV, while the closed-end Lipper Single-State Insured Municipal Debt Funds category posted an average return of (9.05)% based on market price and (6.44)% 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 maintained a low average cash reserve level, which benefited total return by boosting income accrual. Increased exposure to tender option bonds to take advantage of the historically steep municipal yield curve also benefited the income accrual. In addition, the Fund s holdings in corporate-backed municipals aided performance as non-traditional investors identified the sector s attractive investment opportunities and subsequently drove up demand. Conversely, a generally negative municipal market environment hindered Fund performance. Some widening of credit spreads, especially among health care credits, also detracted from Fund performance.

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, 2011 (\$11.80) <sup>1</sup> | 7.27%             |
| Tax Equivalent Yield <sup>2</sup>   | 11.18%            |



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|   |          |
|---|----------|
| Current Monthly Distribution per Common Share <sup>3</sup>    | \$0.0715 |
| Current Annualized Distribution per Common Share <sup>3</sup> | \$0.8580 |
| Leverage as of January 31, 2011 <sup>4</sup>                  | 39%      |

- <sup>1</sup> 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.
- <sup>2</sup> Tax equivalent yield assumes the maximum federal tax rate of 35%.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to Preferred 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 10.

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

|                 | 1/31/11  | 7/31/10  | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 11.80 | \$ 13.67 | (13.68)% | \$ 13.95 | \$ 11.01 |
| Net Asset Value | \$ 12.60 | \$ 13.82 | (8.83)%  | \$ 14.25 | \$ 12.23 |

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

### Sector Allocations

|  | 1/31/11 | 7/31/10 |
|--|---------|---------|
| County/City/Special District/School District | 25%     | 26%     |
| Utilities                                    | 15      | 12      |
| Health                                       | 14      | 15      |
| State  | 12      | 13      |
| Corporate                                    | 12      | 12      |
| Transportation                               | 11      | 12      |
| Education                                    | 8       | 8       |
| Housing                                      | 3       | 2       |

### Credit Quality Allocations<sup>5</sup>

|         | 1/31/11 | 7/31/10 |
|---------|---------|---------|
| AAA/Aaa | 4%      | 40%     |
| AA/Aa   | 65      | 27      |
| A       | 25      | 28      |
| BBB/Baa | 4       | 2       |

<sup>5</sup> Using the higher of S&P's or Moody's ratings.

<sup>6</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of January 31, 2011 and July 31, 2010, the market value of these securities was \$2,188,619, representing 1% and \$4,382,645, representing 2%, respectively, of the Fund's long-term investments.

Fund Summary as of January 31, 2011

BlackRock MuniYield New York Quality Fund, Inc.

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**Fund Overview**


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Effective November 9, 2010, BlackRock MuniYield New York Insured Fund, Inc. changed its name to BlackRock MuniYield New York Quality Fund, Inc.

**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.

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**Performance**


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Effective November 9, 2010, the Fund s investment policy was changed by the removal of the insurance investment policy that required at least 80% of Fund assets to be invested in insured municipal securities. Accordingly, the Fund was moved from the Lipper Single-State Insured Municipal Debt Funds category into the Lipper New York Municipal Debt Funds category. For the six months ended January 31, 2011, the Fund returned (8.99)% based on market price and (6.99)% based on NAV. For the same period, the closed-end Lipper New York Municipal Debt Funds category posted an average return of (6.95)% based on market price and (5.68)% based on NAV, while the closed-end Lipper Single-State Insured Municipal Debt Funds category posted an average return of (9.05)% based on market price and (6.44)% 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. A generally negative municipal market hindered Fund performance, and the Fund s exposure to long maturity and discount coupon bonds also detracted as the yield curve steepened and these issues underperformed the market. Additionally, Fund performance was negatively affected by exposure to lower-quality bonds, which underperformed, and to the transportation sector, which was one of the market s poorest performers. On the positive side, the Fund benefited from an above-average yield relative to its Lipper category. In addition, the Fund s holdings in corporate-backed municipals aided performance as non-traditional investors identified the sector s attractive investment opportunities and subsequently drove up demand. Finally, the Fund benefited from exposure to the housing sector, which was one of the market s better performers.

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.

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**Fund Information**


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Symbol on NYSE  
Initial Offering Date

MYN  
February 28, 1992

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|   |         |
|---|---------|
| Yield on Closing Market Price as of January 31, 2011 (\$11.96) <sup>1</sup> | 7.12%   |
| Tax Equivalent Yield <sup>2</sup>   | 10.95%  |
| Current Monthly Distribution per Common Share <sup>3</sup>                  | \$0.071 |
| Current Annualized Distribution per Common Share <sup>3</sup>               | \$0.852 |
| Leverage as of January 31, 2011 <sup>4</sup>                                | 40%     |

- <sup>1</sup> 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.
- <sup>2</sup> Tax equivalent yield assumes the maximum federal tax rate of 35%.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to Preferred 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 10.

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

|                 | 1/31/11  | 7/31/10  | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 11.96 | \$ 13.57 | (11.86)% | \$ 14.40 | \$ 11.60 |
| Net Asset Value | \$ 12.51 | \$ 13.89 | (9.94)%  | \$ 14.37 | \$ 12.11 |

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

### Sector Allocations

|  | 1/31/11 | 7/31/10 |
|--|---------|---------|
| Transportation                               | 30%     | 31%     |
| County/City/Special District/School District | 28      | 29      |
| State  | 11      | 11      |
| Utilities                                    | 9       | 10      |
| Education                                    | 8       | 7       |
| Health                                       | 6       | 4       |
| Corporate                                    | 4       | 5       |
| Housing                                      | 3       | 2       |
| Tobacco                                      | 1       | 1       |

### Credit Quality Allocations<sup>5</sup>

| Credit Rating | 1/31/11 | 7/31/10 |
|---------------|---------|---------|
| AAA/Aaa       | 15%     | 44%     |

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|         |    |    |
|---------|----|----|
| AA/Aa   | 50 | 17 |
| A       | 24 | 34 |
| BBB/Baa | 9  | 2  |
| BB/Ba   | 2  | 3  |

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<sup>5</sup> Using the higher of S&P's or Moody's ratings.

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### The Benefits and Risks of Leveraging

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

To leverage, all the Funds issue preferred shares ( Preferred Shares ), which pay dividends at prevailing short-term interest rates, and 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 holders of Common Shares ( Common Shareholders ) will benefit from the incremental net income.

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 the 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 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 on the Common Shares will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates of 6%, the yield curve has a negative slope. In this case, the Fund pays dividends on the 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' NAV 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 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 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, each Fund's 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, the 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 ratings agencies that rate 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.

Under the Investment Company Act of 1940, the Funds are permitted to issue Preferred Shares in an amount of up to 50% of their total managed assets at the time of issuance. Under normal circumstances, each Fund anticipates that the total economic leverage from Preferred Shares and/or TOBs will not exceed 50% of its total managed assets at the time such leverage is incurred. As of January 31, 2011, the Funds had economic leverage from Preferred Shares and/or TOBs as a percentage of their total managed assets as follows:

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|     | Percent of<br>Leverage |
|-----|------------------------|
| MUE | 42%                    |
| MCA | 44%                    |
| MYI | 40%                    |
| MYM | 39%                    |
| MYN | 40%                    |

### Derivative Financial Instruments

The Funds may invest in various derivative instruments, including financial futures contracts, as specified in Note 2 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market and/or interest rate risks. Such derivative instruments involve risks, including the imperfect correlation between the value of a derivative instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative instrument. The Funds ability to successfully use a derivative instrument depends on the investment advisor's ability to accurately predict pertinent market movements, which cannot be assured. The use of derivative 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.

Schedule of Investments January 31, 2011 (Unaudited)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)  
(Percentages shown are based on Net Assets)

| Municipal Bonds   | Par<br>(000) | Value             |
|---|--------------|-------------------|
| <b>Alabama 3.2%</b>   |              |                   |
| Birmingham Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39         | \$ 5,225     | \$ 5,402,963      |
| County of Jefferson Alabama, RB, Series A, 5.50%, 1/01/22   | 3,580        | 3,329,436         |
|   |              | <u>8,732,399</u>  |
| <b>Arizona 0.4%</b>   |              |                   |
| State of Arizona, COP, Department of Administration, Series A (AGM), 5.25%, 10/01/28                          | 1,175        | 1,129,152         |
| <b>Arkansas 4.5%</b>  |              |                   |
| Arkansas Development Finance Authority, Refunding RB, Series C (NPFGC):                                       |              |                   |
| 5.35%, 12/01/11 (a)   | 1,050        | 1,102,868         |
| 5.35%, 12/01/35   | 11,115       | 10,993,624        |
|   |              | <u>12,096,492</u> |
| <b>California 17.0%</b>   |              |                   |
| California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38 | 5,050        | 5,090,804         |
| California Health Facilities Financing Authority, Refunding RB, Sutter Health, Series B, 6.00%, 8/15/42 (b)   | 2,865        | 2,813,201         |
| City of Sunnyvale California, Refunding RB, 5.25%, 4/01/40  | 2,800        | 2,754,612         |
| City of Vista California, COP, Refunding, Community Projects (NPFGC), 5.00%, 5/01/37                          | 3,375        | 2,876,141         |
| County of Sacramento California, RB, Senior Series A (AGC), 5.50%, 7/01/41                                    | 3,500        | 3,389,400         |
| Los Angeles Community College District California, GO: Election of 2001, Series A (NPFGC), 5.00%, 8/01/32     | 5,000        | 4,699,000         |
| Election of 2008, Series C, 5.25%, 8/01/39  | 2,500        | 2,365,925         |
| Modesto Schools Infrastructure Financing Agency, Special Tax Bonds (AMBAC), 5.50%, 9/01/36                    | 4,240        | 3,531,114         |

| Municipal Bonds               | Par<br>(000) | Value |
|-------------------------------|--------------|-------|
| <b>California (concluded)</b> |              |       |



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|  |    |       |    |            |
|--|----|-------|----|------------|
| Oceanside Unified School District California, GO,<br>Series A (AGC), 5.25%, 8/01/33  | \$ | 3,175 | \$ | 3,175,000  |
| Oxnard Union High School District, GO, Refunding,<br>Election of 2004, Series A (AGM),<br>5.00%, 8/01/40                         |    | 3,250 |    | 2,901,503  |
| Port of Oakland, RB, Series K, AMT (NPFGC),<br>5.75%, 11/01/21   |    | 2,975 |    | 2,977,082  |
| Port of Oakland, Refunding RB, Series M, AMT<br>(NPFGC), 5.38%, 11/01/27   |    | 2,220 |    | 2,067,775  |
| Roseville Joint Union High School District California,<br>GO, Election of 2004, Series A (NPFGC),<br>5.00%, 8/01/29              |    | 2,985 |    | 2,863,242  |
| Sacramento City Financing Authority California, RB,<br>Capital Improvement (AMBAC), 5.00%, 12/01/27                              |    | 150   |    | 141,666    |
| San Francisco City & County Airports Commission,<br>RB, Special Facility Lease, SFO Fuel, Series A, AMT<br>(AGM), 6.10%, 1/01/20 |    | 1,250 |    | 1,251,675  |
| State of California, GO, Refunding, Veterans, Series<br>BZ, AMT (NPFGC), 5.35%, 12/01/21   |    | 1,280 |    | 1,280,013  |
| Stockton Public Financing Authority California, RB,<br>Redevelopment Projects, Series A (Radian),<br>5.25%, 9/01/34              |    | 2,430 |    | 1,780,558  |
|  |    |       |    | 45,958,711 |

**Colorado 1.6%**

|   |  |       |  |           |
|---|--|-------|--|-----------|
| Colorado Health Facilities Authority, RB, Hospital,<br>NMC Inc. Project, Series B (AGM),<br>6.00%, 5/15/26    |  | 3,300 |  | 3,477,903 |
| Colorado Housing & Finance Authority, Refunding<br>RB, S/F Program, Senior Series A-2, AMT,<br>7.50%, 4/01/31 |  | 135   |  | 141,078   |
| Regional Transportation District, COP, Series A,<br>5.00%, 6/01/25  |  | 765   |  | 747,351   |
|   |  |       |  | 4,366,332 |

**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:

|              |   |
|--------------|---|
| <b>ACA</b>   | ACA Financial Guaranty Corp.              |
| <b>AGC</b>   | Assured Guaranty Corp.                    |
| <b>AGM</b>   | Assured Guaranty Municipal Corp.          |
| <b>AMBAC</b> | American Municipal Bond Assurance Corp.   |
| <b>AMT</b>   | Alternative Minimum Tax (subject to)      |
| <b>ARB</b>   | Airport Revenue Bonds                     |
| <b>BHAC</b>  | Berkshire Hathaway Assurance Corp.        |
| <b>BOCES</b> | Board of Cooperative Educational Services |
| <b>CAB</b>   | Capital Appreciation Bonds                |
| <b>CIFG</b>  | CDC IXIS Financial Guaranty               |
| <b>COP</b>   | Certificates of Participation             |
| <b>EDA</b>   | Economic Development Authority            |
| <b>EDC</b>   | Economic Development Corp.                |

|                |   |
|----------------|---|
| <b>ERB</b>     | Education Revenue Bonds                 |
| <b>FGIC</b>    | Financial Guaranty Insurance Co.        |
| <b>FHA</b>     | Federal Housing Administration          |
| <b>GAN</b>     | Grant Anticipation Notes                |
| <b>GO</b>      | General Obligation Bonds                |
| <b>HFA</b>     | Housing Finance Agency                  |
| <b>HDA</b>     | Housing Development Authority           |
| <b>HRB</b>     | Housing Revenue Bonds                   |
| <b>IDRB</b>    | Industrial Development Revenue Bonds    |
| <b>ISD</b>     | Independent School District             |
| <b>MRB</b>     | Mortgage Revenue Bonds                  |
| <b>NPFGC</b>   | National Public Finance Guarantee Corp. |
| <b>PILOT</b>   | Payment in Lieu of Taxes                |
| <b>PSF-GTD</b> | Permanent School Fund Guaranteed        |
| <b>RB</b>      | Revenue Bonds                           |
| <b>S/F</b>     | Single-Family                           |
| <b>SONYMA</b>  | State of New York Mortgage Agency       |
| <b>VRDN</b>    | Variable Rate Demand Notes              |

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)

| Municipal Bonds  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>District of Columbia 0.8%</b>   |              |              |
| District of Columbia, RB, Deed Tax, Housing<br>Production Trust Fund, Series A (NPFGC),<br>5.00%, 6/01/32                | \$ 2,500     | \$ 2,286,225 |
| <b>Florida 18.3%</b>   |              |              |
| County of Miami-Dade Florida, RB:<br>CAB, Sub-Series A (NPFGC), 5.24%,<br>10/01/37 (c)                                   | 905          | 131,632      |
| Miami International Airport, Series A, AMT (AGM),<br>5.25%, 10/01/41   | 12,505       | 11,179,845   |
| Miami International Airport, Series A, AMT (AGM),<br>5.50%, 10/01/41   | 6,700        | 6,223,362    |
| Series A, AMT (AGM), 5.00%, 10/01/33<br>Water & Sewer System (AGM),<br>5.00%, 10/01/39                                   | 6,430        | 5,711,190    |
|  | 11,010       | 10,309,874   |
| County of St. John s Florida, RB, CAB (AMBAC),<br>5.37%, 6/01/31 (c)   | 710          | 214,250      |
| Jacksonville Port Authority, RB, AMT (AGC),<br>6.00%, 11/01/38   | 3,625        | 3,643,850    |
| Orange County School Board, COP, Series A (AGC),<br>5.50%, 8/01/34   | 12,375       | 11,994,469   |
|  |              | 49,408,472   |
| <b>Georgia 3.7%</b>  |              |              |
| City of Atlanta Georgia, RB, General, Series A (AGM),<br>5.00%, 1/01/40  | 2,355        | 2,188,596    |
| Gwinnett County Hospital Authority, Refunding RB,<br>Gwinnett Hospital System, Series D (AGM),<br>5.50%, 7/01/41         | 3,425        | 3,195,696    |
| Metropolitan Atlanta Rapid Transit Authority, RB, Third<br>Indenture, Series B (AGM), 5.00%, 7/01/34                     | 4,830        | 4,751,223    |
|  |              | 10,135,515   |
| <b>Idaho 0.1%</b>  |              |              |
| Idaho Housing & Finance Association, RB, S/F<br>Mortgage, Series E, AMT, 6.00%, 1/01/32                                  | 245          | 251,708      |
| <b>Illinois 7.8%</b>   |              |              |
| Chicago Board of Education Illinois, GO, Refunding,<br>Chicago School Reform Board, Series A (NPFGC),<br>5.50%, 12/01/26 | 2,080        | 2,051,733    |
| Chicago Transit Authority, RB, Federal Transit<br>Administration Section 5309, Series A (AGC),<br>6.00%, 6/01/26         | 3,400        | 3,526,412    |

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City of Chicago Illinois, GO, Refunding, Projects,

Series A (AGM):

|  |       |            |
|--|-------|------------|
| 5.00%, 1/01/29   | 3,585 | 3,282,820  |
| 5.00%, 1/01/30   | 1,430 | 1,302,630  |
| City of Chicago Illinois, RB, General, Third Lien,<br>Series C (AGM), 5.25%, 1/01/35 | 2,085 | 1,997,305  |
| City of Chicago Illinois, Refunding RB, Second Lien<br>(NPFGC), 5.50%, 1/01/30       | 2,270 | 2,267,367  |
| Railsplitter Tobacco Settlement Authority, RB:                                       |       |            |
| 5.50%, 6/01/23   | 2,350 | 2,224,909  |
| 6.00%, 6/01/28   | 670   | 639,408    |
| State of Illinois, RB, Build Illinois, Series B,<br>5.25%, 6/15/28                   | 4,000 | 3,858,400  |
|  |       | 21,150,984 |

| Municipal Bonds   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Indiana 3.6%</b>   |              |              |
| Indiana Municipal Power Agency, RB, Series A<br>(NPFGC), 5.00%, 1/01/42   | \$ 8,000     | \$ 7,200,720 |
| Indianapolis Local Public Improvement Bond Bank,<br>Refunding RB, Waterworks Project, Series A (AGC),<br>5.50%, 1/01/38 | 2,370        | 2,429,463    |
|   |              | 9,630,183    |
| <b>Iowa 1.0%</b>  |              |              |
| Iowa Finance Authority, Refunding RB, Iowa Health<br>System (AGC), 5.25%, 2/15/29                                       | 2,915        | 2,828,978    |
| <b>Kansas 0.5%</b>  |              |              |
| Sedgwick & Shawnee Counties Kansas, MRB,<br>Series A-2, AMT (Ginnie Mae), 6.20%, 12/01/33                               | 1,480        | 1,501,682    |
| <b>Kentucky 0.9%</b>  |              |              |
| Kentucky Economic Development Finance Authority,<br>RB, Louisville Arena, Sub-Series A-1 (AGC),<br>6.00%, 12/01/38      | 1,000        | 1,016,490    |
| Kentucky State Property & Buildings Commission,<br>Refunding RB, Project No. 93 (AGC),<br>5.25%, 2/01/29                | 1,525        | 1,530,932    |
|   |              | 2,547,422    |
| <b>Louisiana 1.4%</b>   |              |              |
| Louisiana State Citizens Property Insurance Corp.,<br>RB, Series C-3 (AGC), 6.13%, 6/01/25                              | 3,550        | 3,830,557    |
| <b>Maine 0.7%</b>   |              |              |
| City of Portland Maine, RB, General (AGM),<br>5.25%, 1/01/35  | 1,920        | 1,884,019    |
| <b>Michigan 11.9%</b>   |              |              |
| City of Detroit Michigan, RB:   |              |              |

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|  |       |            |
|--|-------|------------|
| Second Lien, Series B (NPFGC),<br>5.50%, 7/01/29   | 4,170 | 3,941,275  |
| Senior Lien, Series B (AGM), 7.50%, 7/01/33  | 2,500 | 2,895,175  |
| City of Detroit Michigan, Refunding RB:  |       |            |
| Second Lien, Series C (BHAC), 5.75%, 7/01/27   | 2,600 | 2,672,462  |
| Second Lien, Series E (BHAC), 5.75%, 7/01/31   | 5,060 | 5,080,898  |
| Senior Lien, Series C-1 (AGM), 7.00%, 7/01/27  | 4,180 | 4,666,259  |
| Senior Lien, Series C-2 (BHAC),<br>5.25%, 7/01/29  | 1,860 | 1,783,628  |
| Kalamazoo Hospital Finance Authority, RB, Bronson<br>Methodist Hospital (AGM), 5.25%, 5/15/36                | 2,000 | 1,835,020  |
| Michigan State Building Authority, Refunding RB,<br>Facilities Program, Series I (AGC):                      |       |            |
| 5.25%, 10/15/24  | 1,440 | 1,459,973  |
| 5.25%, 10/15/25  | 750   | 750,563    |
| Michigan Strategic Fund, Refunding RB, AMT, Detroit<br>Edison Co. (Syncora):                                 |       |            |
| Pollution, Series C, 5.65%, 9/01/29  | 2,935 | 2,868,845  |
| Project, Series A, 5.50%, 6/01/30  | 750   | 713,123    |
| Royal Oak Hospital Finance Authority Michigan,<br>Refunding RB, William Beaumont Hospital,<br>8.25%, 9/01/39 | 3,115 | 3,468,584  |
|  |       | 32,135,805 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock MuniHoldings Quality Fund II, Inc. (MUE)**  
(Percentages shown are based on Net Assets)

| Municipal Bonds  | Par<br>(000) | Value             |
|--|--------------|-------------------|
| <b>Minnesota 0.8%</b>  |              |                   |
| City of Minneapolis Minnesota, Refunding RB,<br>Fairview Health Services, Series B (AGC),<br>6.50%, 11/15/38     | \$ 1,975     | \$ 2,073,059      |
| <b>Nevada 4.2%</b>   |              |                   |
| County of Clark Nevada, RB:<br>Las Vegas-McCarran International Airport,<br>Series A (AGC), 5.25%, 7/01/39       | 5,765        | 5,333,202         |
| Subordinate Lien, Series A-2 (NPFGC),<br>5.00%, 7/01/36  | 6,595        | 5,826,023         |
| Nevada Housing Division, Refunding RB, S/F<br>Mortgage, Mezzanine, Series A-2, AMT (NPFGC),<br>6.30%, 4/01/22    | 95           | 96,422            |
|  |              | <u>11,255,647</u> |
| <b>New Jersey 7.5%</b>   |              |                   |
| Delaware River Port Authority, RB, Series D (AGC),<br>5.00%, 1/01/40   | 3,000        | 2,867,460         |
| New Jersey EDA, RB, Motor Vehicle Surcharge,<br>Series A (NPFGC), 5.25%, 7/01/33                                 | 11,000       | 10,814,540        |
| New Jersey Health Care Facilities Financing<br>Authority, RB, Virtua Health (AGC),<br>5.50%, 7/01/38             | 3,400        | 3,429,444         |
| New Jersey Transportation Trust Fund Authority, RB,<br>Transportation System, Series A (AGC),<br>5.63%, 12/15/28 | 2,930        | 3,090,681         |
|  |              | <u>20,202,125</u> |
| <b>New York 2.9%</b>   |              |                   |
| New York City Municipal Water Finance Authority, RB:<br>Fiscal 2009, Series EE, 5.25%, 6/15/40                   | 4,160        | 4,168,112         |
| Second General Resolution, Series EE,<br>5.38%, 6/15/43  | 1,315        | 1,319,405         |
| New York City Transitional Finance Authority, RB,<br>Fiscal 2009, Series S-3, 5.25%, 1/15/39                     | 2,300        | 2,296,596         |
|  |              | <u>7,784,113</u>  |
| <b>North Carolina 0.4%</b>   |              |                   |
| North Carolina HFA, RB, Home Ownership,<br>Series 14A, AMT (AMBAC), 5.35%, 1/01/22                               | 1,020        | 1,021,449         |

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| <b>Pennsylvania 1.9%</b>   |       |           |
|--|-------|-----------|
| Pennsylvania Turnpike Commission, RB, Sub-Series B (AGM), 5.25%, 6/01/39   | 3,000 | 2,859,660 |
| Pittsburgh & Allegheny County Sports & Exhibition Authority, Refunding RB, Regional Asset District Sales Tax (AGM), 5.00%, 2/01/31 | 2,270 | 2,208,460 |
|  |       | 5,068,120 |

| <b>Puerto Rico 1.3%</b>   |       |           |
|---|-------|-----------|
| Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.38%, 8/01/39 | 3,500 | 3,584,070 |

| <b>South Carolina 5.8%</b>  |        |            |
|---|--------|------------|
| South Carolina State Housing Finance & Development Authority, Refunding RB, Series A-2, AMT (AGM), 6.35%, 7/01/19 | 925    | 937,876    |
| South Carolina State Public Service Authority, RB, Series A (AMBAC), 5.00%, 1/01/42                               | 15,000 | 14,630,550 |
|   |        | 15,568,426 |

| Municipal Bonds  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Texas 21.2%</b>   |              |              |
| City of Austin Texas, Refunding RB, Series A (AGM):<br>5.00%, 11/15/28   | \$ 1,795     | \$ 1,774,034 |
| 5.00%, 11/15/29  | 2,270        | 2,226,461    |
| City of Dallas Texas, Refunding RB (AGC),<br>5.25%, 8/15/38  | 2,100        | 2,005,878    |
| City of Houston Texas, Refunding RB, Combined,<br>First Lien, Series A (AGC), 6.00%, 11/15/35  | 6,700        | 7,239,149    |
| County of Bexar Texas, RB, Venue Project, Motor<br>Vehicle Rental (BHAC), 5.00%, 8/15/39   | 1,805        | 1,673,307    |
| Dallas Area Rapid Transit, Refunding RB, Senior Lien,<br>5.25%, 12/01/38   | 3,920        | 3,932,191    |
| Harris County Health Facilities Development Corp.,<br>Refunding RB, Memorial Hermann Healthcare<br>System, Series B, 7.25%, 12/01/35 | 1,000        | 1,073,870    |
| Lower Colorado River Authority, Refunding RB, LCRA<br>Transmission Services Project (AGC),<br>5.50%, 5/15/36                         | 2,935        | 2,899,193    |
| Lubbock Cooper ISD Texas, GO, School Building<br>(AGC), 5.75%, 2/15/42   | 1,250        | 1,274,113    |
| North Texas Tollway Authority, RB, System, First Tier,<br>Series K-2 (AGC), 6.00%, 1/01/38   | 1,000        | 1,019,480    |
| North Texas Tollway Authority, Refunding RB (NPFGC)<br>System, First Tier:<br>5.75%, 1/01/40   | 14,750       | 13,861,755   |
| Series A, 5.13%, 1/01/28   | 3,950        | 3,796,464    |
| Series A, 5.63%, 1/01/33   | 10,975       | 10,489,027   |
| Series B, 5.75%, 1/01/40   | 1,000        | 939,780      |
| Tarrant County Cultural Education Facilities Finance<br>Corp., Refunding RB, Christus Health, Series A<br>(AGC), 6.50%, 7/01/37      | 3,000        | 3,072,390    |
|  |              | 57,277,092   |

**Utah 1.4%**

|  |       |           |
|--|-------|-----------|
| City of Riverton Utah, RB, IHC Health Services Inc.,<br>5.00%, 8/15/41 | 4,085 | 3,739,368 |
|--|-------|-----------|

**Virginia 0.9%**

|  |       |           |
|--|-------|-----------|
| Virginia Public School Authority, RB, School<br>Financing, 6.50%, 12/01/35 | 2,195 | 2,382,365 |
|--|-------|-----------|

**Washington 1.8%**

|   |       |           |
|---|-------|-----------|
| Chelan County Public Utility District No. 1, RB,<br>Chelan Hydro System, Series A, AMT (AMBAC),<br>5.45%, 7/01/37 | 3,840 | 3,481,689 |
|---|-------|-----------|

|   |       |           |
|---|-------|-----------|
| Washington Health Care Facilities Authority,<br>Refunding RB, Providence Health, Series C (AGM),<br>5.25%, 10/01/33 | 1,330 | 1,282,107 |
|---|-------|-----------|

4,763,796

**Total Municipal Bonds 127.5%**

344,594,266

**Municipal Bonds Transferred to  
Tender Option Bond Trusts (d)**

**Alabama 1.3%**

|  |       |           |
|--|-------|-----------|
| Mobile Board of Water & Sewer Commissioners, RB<br>(NPFGC), 5.00%, 1/01/31 | 3,750 | 3,612,450 |
|--|-------|-----------|

See Notes to Financial Statements.



## Schedule of Investments (continued)

**BlackRock MuniHoldings Quality Fund II, Inc. (MUE)**  
(Percentages shown are based on Net Assets)

| Municipal Bonds Transferred to<br>Tender Option Bond Trusts (d)  | Par<br>(000) | Value             |
|--|--------------|-------------------|
| <b>California 3.8%</b>   |              |                   |
| City of San Jose California, GO, Libraries, Parks, and<br>Public Safety Project (NPFGC), 5.00%, 9/01/30              | \$ 3,805     | \$ 3,807,015      |
| San Diego Community College District California, GO,<br>Election of 2002 (AGM), 5.00%, 5/01/30                       | 1,486        | 1,432,584         |
| Sequoia Union High School District California, GO,<br>Refunding, Election of 2004, Series B (AGM),<br>5.50%, 7/01/35 | 5,189        | 5,133,742         |
|  |              | <u>10,373,341</u> |
| <b>Colorado 3.2%</b>   |              |                   |
| Colorado Health Facilities Authority, RB, Catholic<br>Health, Series C-3 (AGM), 5.10%, 10/01/41                      | 9,410        | 8,608,174         |
| <b>District of Columbia 0.7%</b>   |              |                   |
| District of Columbia Water & Sewer Authority, RB,<br>Series A, 6.00%, 10/01/35                                       | 1,700        | 1,837,638         |
| <b>Florida 8.1%</b>  |              |                   |
| City of St. Petersburg Florida, Refunding RB (NPFGC),<br>5.00%, 10/01/35   | 6,493        | 5,983,345         |
| County of Miami-Dade Florida, GO, Building Better<br>Communities Program, Series B-1,<br>6.00%, 7/01/38              | 12,500       | 13,186,875        |
| Lee County Housing Finance Authority, RB,<br>Multi-County Program, Series A-2, AMT<br>(Ginnie Mae), 6.00%, 9/01/40   | 2,535        | 2,652,852         |
|  |              | <u>21,823,072</u> |
| <b>Georgia 2.3%</b>  |              |                   |
| Augusta-Richmond County Georgia, RB (AGM),<br>5.25%, 10/01/34  | 6,290        | 6,310,317         |
| <b>Illinois 6.5%</b>   |              |                   |
| Chicago Illinois O Hare International Airport Rev<br>Ser A, 5.00%, 1/01/38   | 7,500        | 6,847,687         |
| City of Chicago Illinois, RB, Series A (AGM),<br>5.00%, 1/01/33  | 7,500        | 6,847,688         |
| City of Chicago Illinois, Refunding RB, Second Lien<br>(AGM), 5.25%, 11/01/33  | 3,969        | 3,825,490         |
|  |              | <u>17,520,865</u> |

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**Kentucky 0.9%**

|   |       |           |
|---|-------|-----------|
| Kentucky State Property & Building Commission,<br>Refunding RB, Project No. 93 (AGC),<br>5.25%, 2/01/27 | 2,304 | 2,343,463 |
|---|-------|-----------|

**Massachusetts 1.8%**

|  |       |           |
|--|-------|-----------|
| Massachusetts School Building Authority, RB,<br>Series A (AGM), 5.00%, 8/15/30 | 4,994 | 4,997,889 |
|--|-------|-----------|

**Nevada 7.1%**

|   |        |            |
|---|--------|------------|
| Clark County Water Reclamation District, GO:<br>Limited Tax, 6.00%, 7/01/38 | 10,000 | 10,702,300 |
| Series B, 5.50%, 7/01/29  | 8,247  | 8,476,251  |

19,178,551

**New Jersey 1.4%**

|   |       |           |
|---|-------|-----------|
| New Jersey State Housing & Mortgage Finance<br>Agency, RB, S/F Housing, Series CC,<br>5.25%, 10/01/29 | 3,941 | 3,867,311 |
|---|-------|-----------|

**Municipal Bonds Transferred to  
Tender Option Bond Trusts (d)**

**Par  
(000)**

**Value**

**New York 2.6%**

|  |          |              |
|--|----------|--------------|
| Sales Tax Asset Receivable Corp., RB, Series A<br>(AMBAC), 5.25%, 10/15/27 | \$ 6,751 | \$ 7,009,612 |
|--|----------|--------------|

**Washington 2.7%**

|  |       |           |
|--|-------|-----------|
| City of Bellevue Washington, GO, Refunding<br>(NPFGC), 5.50%, 12/01/39 | 6,883 | 7,231,633 |
|--|-------|-----------|

**Total Municipal Bonds Transferred to  
Tender Option Bond Trusts 42.4%**

114,714,316

**Total Long-Term Investments  
(Cost \$477,021,180) 169.9%**

459,308,582

**Short-Term Securities**

**Florida 0.4%**

|  |       |           |
|--|-------|-----------|
| Jacksonville Health Facilities Authority, Refunding<br>RB, VRDN, Baptist Series C (Bank of America NA<br>LLC) 0.30%, 2/01/11 (e) | 1,115 | 1,115,000 |
|--|-------|-----------|

**Shares**

**Money Market Fund 0.2%**

|   |         |         |
|---|---------|---------|
| FFI Institutional Tax-Exempt Fund, 0.20% (f)(g) | 434,253 | 434,253 |
|---|---------|---------|

|   |                       |
|---|-----------------------|
| <b>Total Short-Term Securities</b><br>(Cost \$1,549,253) 0.6% | 1,549,253             |
| <b>Total Investments (Cost \$478,570,433*)</b> 170.5%         | 460,857,835           |
| <b>Other Assets Less Liabilities</b> 1.1%                     | 2,915,644             |
| <b>Liability for Trust Certificates, Including Interest</b>   |                       |
| <b>Expense and Fees Payable</b> (23.1)%                       | (62,425,648)          |
| <b>Preferred Shares, at Redemption Value</b> (48.5)%          | (131,008,297)         |
| <b>Net Assets Applicable to Common Shares</b> 100.0%          | <u>\$ 270,339,534</u> |

\* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2011, as computed for federal income tax purposes, were as follows:

|                               |                        |
|-------------------------------|------------------------|
| Aggregate cost                | \$ 416,362,692         |
| Gross unrealized appreciation | \$ 4,732,828           |
| Gross unrealized depreciation | (22,620,619)           |
| Net unrealized depreciation   | <u>\$ (17,887,791)</u> |

- (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) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty            | Value        | Unrealized<br>Appreciation |
|-------------------------|--------------|----------------------------|
| Morgan Stanley Co. Inc. | \$ 2,813,201 | \$ 27,189                  |

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

- (c) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (d) 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.
- (e) Variable rate security. Rate shown is as of report date and maturity shown is the date the principal owed can be recovered through demand.
- (f) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                         | Shares at<br>July 31,<br>2010 | Net<br>Activity | Shares at<br>January 31,<br>2011 | Income   |
|-----------------------------------|-------------------------------|-----------------|----------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 17,366,850                    | (16,932,597)    | 434,253                          | \$ 9,995 |

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

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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 inputs or methodologies used for valuing securities are not necessarily an indication of the risk 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.

The following table summarizes the inputs used as of January 31, 2011 in determining the fair valuation of the Fund's investments:

| Valuation Inputs                   | Level 1    | Level 2        | Level 3 | Total          |
|------------------------------------|------------|----------------|---------|----------------|
| <b>Assets:</b>                     |            |                |         |                |
| Investments in Securities:         |            |                |         |                |
| Long-Term Investments <sup>1</sup> |            | \$ 459,308,582 |         | \$ 459,308,582 |
| Short-Term Securities              | \$ 434,253 | 1,115,000      |         | 1,549,253      |

|              |    |         |    |             |    |             |
|--------------|----|---------|----|-------------|----|-------------|
| <b>Total</b> | \$ | 434,253 | \$ | 460,423,582 | \$ | 460,857,835 |
|--------------|----|---------|----|-------------|----|-------------|

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<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

See Notes to Financial Statements.

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SEMI-ANNUAL REPORT

JANUARY 31, 2011

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Schedule of Investments January 31, 2011 (Unaudited)

**BlackRock MuniYield California Quality Fund, Inc. (MCA)**  
 (Percentages shown are based on Net Assets)

| Municipal Bonds  | Par<br>(000) | Value            |
|--|--------------|------------------|
| <b>California 99.0%</b>  |              |                  |
| <b>Corporate 0.9%</b>  |              |                  |
| City of Chula Vista California, Refunding RB, San Diego Gas & Electric, Series A, 5.88%, 2/15/34                             | \$ 2,435     | \$ 2,495,169     |
| University of California, RB, Limited Project, Series B (AGM), 5.00%, 5/15/33  | 1,760        | 1,693,507        |
|  |              | <u>4,188,676</u> |
| <b>County/City/Special District/<br/>School District 48.4%</b>   |              |                  |
| Arcadia Unified School District California, GO, Election of 2006, Series A (AGM), 5.00%, 8/01/37                             | 7,925        | 7,354,796        |
| Bay Area Governments Association, Refunding RB, California Redevelopment Agency Pool, Series A (AGM), 6.00%, 12/15/24        | 255          | 258,703          |
| Brentwood Infrastructure Financing Authority California, Special Assessment Bonds, Refunding, Series A (AGM), 5.20%, 9/02/29 | 3,980        | 3,905,455        |
| City & County of San Francisco California, COP, Refunding, Series A, 5.00%, 10/01/28   | 5,895        | 5,615,341        |
| City of Riverside California, COP (AMBAC), 5.00%, 9/01/28  | 3,000        | 2,828,970        |
| County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 8/01/35                                | 2,000        | 2,100,960        |
| Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/28                            | 2,500        | 2,511,025        |
| Fremont Unified School District Alameda County California, GO, Series A (NPFGC), 5.50%, 8/01/26                              | 10,755       | 10,919,014       |
| Fresno Joint Powers Financing Authority California, RB, Series A (AGM), 5.75%, 6/01/26                                       | 3,295        | 3,297,142        |
| Glendora Unified School District California, GO, Election of 2005, Series A (NPFGC):   |              |                  |
| 5.00%, 8/01/27   | 1,350        | 1,366,821        |
| 5.25%, 8/01/30   | 2,730        | 2,765,080        |
| Los Angeles Community Redevelopment Agency California, RB, Bunker Hill Project, Series A (AGM), 5.00%, 12/01/27              | 10,000       | 10,016,600       |
| Los Angeles County Metropolitan Transportation Authority, Refunding RB, Proposition A, First Tier, Senior Series A (AMBAC):  |              |                  |
| 5.00%, 7/01/27   | 5,240        | 5,301,832        |
| 5.00%, 7/01/35   | 6,825        | 6,748,833        |
| Los Angeles Municipal Improvement Corp., Refunding RB, Real Property, Series B (AGC),  | 1,515        | 1,510,576        |

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|  |        |            |
|--|--------|------------|
| 5.50%, 4/01/39<br>Los Angeles Unified School District California, GO,<br>Election of 2002, Series C (AGM),<br>5.00%, 7/01/32           | 10,000 | 9,291,700  |
| Los Gatos Union School District California, GO,<br>Election of 2001, Series C (NPFGC),<br>5.13%, 8/01/32                               | 1,075  | 1,089,029  |
| Los Rios Community College District, GO, Election of<br>2008, Series A, 5.00%, 8/01/35   | 11,000 | 10,181,160 |
| Murrieta Valley Unified School District Public<br>Financing Authority, Special Tax Bonds, Refunding,<br>Series A (AGC), 5.13%, 9/01/26 | 8,000  | 8,090,560  |

| Municipal Bonds               | Par<br>(000) | Value |
|-------------------------------|--------------|-------|
| <b>California (continued)</b> |              |       |

**County/City/Special District/  
School District (concluded)**

|  |          |              |
|--|----------|--------------|
| Orange County Sanitation District, COP, Series A,<br>5.00%, 2/01/35  | \$ 2,500 | \$ 2,465,625 |
| Orange County Water District, COP, Refunding,<br>5.25%, 8/15/34  | 9,045    | 9,064,989    |
| Orchard School District California, GO, Election of<br>2001, Series A (AGC), 5.00%, 8/01/34  | 7,490    | 7,268,371    |
| Oxnard Union High School District California, GO,<br>Refunding, Series A (NPFGC), 6.20%, 8/01/30   | 9,645    | 9,747,719    |
| Pittsburg Unified School District, GO, Election of<br>2006, Series B (AGM):<br>5.50%, 8/01/34  | 2,000    | 2,024,500    |
| 5.63%, 8/01/39   | 4,500    | 4,581,180    |
| Port of Oakland, Refunding RB, Series M, AMT<br>(NPFGC), 5.38%, 11/01/27   | 16,930   | 15,769,110   |
| Redlands Unified School District California, GO,<br>Election of 2008 (AGM), 5.25%, 7/01/33   | 5,000    | 4,784,000    |
| Riverside Unified School District California, GO,<br>Series C (AGC), 5.00%, 8/01/32  | 2,000    | 1,858,140    |
| Sacramento Area Flood Control Agency, Special<br>Assessment Bonds, Refunding, Consolidated,<br>Capital Assessment District, Series A (NPFGC),<br>5.00%, 10/01/32 | 4,350    | 4,193,574    |
| Saddleback Valley Unified School District California,<br>GO (AGM), 5.00%, 8/01/29  | 2,565    | 2,522,447    |
| San Bernardino City Unified School District<br>California, GO, Series A (AGM), 5.00%, 8/01/28  | 5,000    | 4,994,200    |
| San Diego Community College District California,<br>GO, Election of 2006 (AGM), 5.00%, 8/01/32   | 7,115    | 6,941,109    |
| San Diego County Water Authority, COP, Refunding,<br>Series 2008-A (AGM), 5.00%, 5/01/38   | 4,895    | 4,610,258    |
| San Jose Redevelopment Agency California, Tax<br>Allocation Bonds, Housing Set Aside Merged Area,<br>Series E, AMT (NPFGC), 5.85%, 8/01/27                       | 7,300    | 7,303,869    |
| San Juan Unified School District, GO, Election of<br>2002 (AGM), 5.00%, 8/01/34  | 6,475    | 5,931,229    |
| San Mateo County Transportation District California,<br>Refunding RB, Series A (NPFGC), 5.00%, 6/01/29   | 4,350    | 4,383,408    |
| Santa Rosa High School District California, GO,<br>Election of 2002 (NPFGC), 5.00%, 8/01/28  | 2,500    | 2,382,250    |

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|  |       |                    |
|--|-------|--------------------|
| Snowline Joint Unified School District, COP,<br>Refunding, Refining Project (AGC),<br>5.75%, 9/01/38   | 5,600 | 5,854,184          |
| South Tahoe Joint Powers Financing Authority, RB,<br>South Tahoe Redevelopment Project Area No. 1,<br>Series A (AGM), 5.00%, 10/01/29                  | 1,645 | 1,513,614          |
| Ventura County Community College District, GO,<br>Refunding, Series A (NPFGC), 5.00%, 8/01/27  | 3,395 | 3,395,000          |
| West Contra Costa Unified School District California,<br>GO, Election of 2002, Series B (AGM),<br>5.00%, 8/01/32                                       | 6,690 | 6,401,193          |
| Westminster Redevelopment Agency California, Tax<br>Allocation Bonds, Subordinate, Commercial<br>Redevelopment Project No. 1 (AGC),<br>6.25%, 11/01/39 | 4,300 | 4,603,451          |
|  |       | <u>217,747,017</u> |

See Notes to Financial Statements.



## Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)  
(Percentages shown are based on Net Assets)

| Municipal Bonds  | Par<br>(000) | Value         |
|--|--------------|---------------|
| <b>California (continued)</b>  |              |               |
| <b>Education 7.9%</b>  |              |               |
| California State University, Refunding RB,<br>Systemwide, Series C (NPFGC),<br>5.00%, 11/01/35   | \$ 20,000    | \$ 18,030,800 |
| Riverside Community College District, GO, Election<br>of 2004, Series C (AGM), 5.00%, 8/01/32  | 8,750        | 8,244,337     |
| University of California, RB, Limited Project, Series D:<br>(AGM), 5.00%, 5/15/37  | 2,775        | 2,668,829     |
| (NPFGC), 5.00%, 5/15/37  | 5,500        | 5,289,570     |
| (NPFGC), 5.00%, 5/15/41  | 1,255        | 1,194,798     |
|  |              | 35,428,334    |
| <b>Health 5.1%</b>   |              |               |
| ABAG Finance Authority for Nonprofit Corps,<br>Refunding RB, Sharp Healthcare, Series A,<br>6.00%, 8/01/30 (a)                                 | 2,250        | 2,157,795     |
| California Health Facilities Financing Authority,<br>Refunding RB:<br>Catholic Healthcare West, Series A,<br>6.00%, 7/01/34                    | 2,130        | 2,131,257     |
| Catholic Healthcare West, Series A,<br>6.00%, 7/01/39  | 5,500        | 5,425,860     |
| Sutter Health, Series B, 6.00%, 8/15/42 (a)  | 2,800        | 2,749,376     |
| California Statewide Communities Development<br>Authority, RB, Health Facility, Memorial Health<br>Services, Series A, 6.00%, 10/01/23         | 3,685        | 3,795,329     |
| California Statewide Communities Development<br>Authority, Refunding RB, Catholic Healthcare<br>West, Series D (BHAC), 5.50%, 7/01/31          | 1,030        | 1,029,949     |
| City of Newport Beach California, RB, Hoag Memorial<br>Hospital Presbyterian, 6.00%, 12/01/40 (a)  | 1,070        | 1,065,474     |
| City of Torrance California, RB, Torrance Memorial<br>Medical Center, Series A, 5.00%, 9/01/40   | 5,350        | 4,478,003     |
|  |              | 22,833,043    |
| <b>Housing 0.1%</b>  |              |               |
| California Rural Home Mortgage Finance Authority,<br>RB, AMT, Mortgage-Backed Securities Program<br>(Ginnie Mae):<br>Series A, 6.35%, 12/01/29 | 90           | 91,572        |
| Series B, 6.25%, 12/01/31  | 65           | 65,686        |
| County of San Bernardino California, Refunding RB,<br>Home Mortgage-Backed Securities, Series A-1,   | 140          | 142,783       |

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AMT (Ginnie Mae), 6.25%, 12/01/31

300,041

**State 1.9%**

California State Public Works Board, RB, Department of Education, Riverside Campus Project, Series B, 6.50%, 4/01/34

3,670 3,767,659

California State University, Refunding RB, Systemwide, Series C (NPFGC), 5.00%, 11/01/38

5,690 5,079,633

8,847,292

| Municipal Bonds | Par (000) | Value |
|-----------------|-----------|-------|
|-----------------|-----------|-------|

**California (continued)**

**Transportation 13.1%**

City of San Jose California, RB, Series D (NPFGC), 5.00%, 3/01/28

\$ 4,575 \$ 4,446,809

County of Orange California, RB, Series B, 5.75%, 7/01/34

5,000 5,172,950

County of Sacramento California, RB:

Senior-Series B, AMT (AGM), 5.25%, 7/01/33 Subordinated and PFC/Grant, Series C (AGC), 5.75%, 7/01/39

7,500 6,941,550

5,455 5,477,529

Los Angeles Harbor Department, RB, Series B, 5.25%, 8/01/34

5,530 5,377,261

Port of Oakland, RB, Series K, AMT (NPFGC), 5.75%, 11/01/29

11,405 10,839,426

San Francisco City & County Airports Commission, RB:

Series E, 6.00%, 5/01/39

9,650 9,933,324

Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20

1,000 1,001,340

Special Facility Lease, SFO Fuel, Series A AMT (AGM), 6.13%, 1/01/27

985 985,345

San Francisco City & County Airports Commission, Refunding RB, Second Series 34E, AMT (AGM):

5.75%, 5/01/24

5,000 5,186,200

5.75%, 5/01/25

3,500 3,608,325

58,970,059

**Utilities 21.6%**

City of Glendale California, RB (NPFGC), 5.00%, 2/01/32

4,380 4,145,758

City of Los Angeles California, Refunding RB, Sub-Series A, 5.00%, 6/01/32

3,000 2,926,770

City of Santa Clara California, RB, Sub-Series A (NPFGC), 5.00%, 7/01/28

5,500 5,480,750

Contra Costa Water District, Refunding RB, Series L (AGM), 5.00%, 10/01/32

4,135 4,140,624

Dublin-San Ramon Services District, Refunding RB, 6.00%, 8/01/41

4,000 4,046,160

4,000 4,001,880

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|   |        |            |
|---|--------|------------|
| East Bay Municipal Utility District, RB, Series A (NPFGC), 5.00%, 6/01/37   |        |            |
| East Bay Municipal Utility District, Refunding RB, Sub-Series A (AMBAC), 5.00%, 6/01/33                               | 4,125  | 4,124,711  |
| East Valley Water District Financing Authority, Refunding RB, 5.00%, 10/01/40   | 4,065  | 3,769,027  |
| Fortuna Public Financing Authority, RB (AGM), 5.00%, 10/01/36   | 1,500  | 1,351,755  |
| Los Angeles County Sanitation Districts Financing Authority, Refunding RB, Capital Project 14 (BHAC), 5.00%, 10/01/34 | 7,915  | 7,637,658  |
| Los Angeles Department of Water & Power, RB, Power System:  |        |            |
| Series A-2, 5.25%, 7/01/32  | 1,035  | 1,029,680  |
| Sub-Series A-1 (AGM), 5.00%, 7/01/37  | 13,525 | 12,914,076 |
| Metropolitan Water District of Southern California, RB, Series B-1 (NPFGC), 5.00%, 10/01/33                           | 7,175  | 7,078,711  |

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)

| Municipal Bonds  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>California (concluded)</b>  |              |              |
| <b>Utilities (concluded)</b>   |              |              |
| Orange County Sanitation District, COP, Series B (AGM), 5.00%, 2/01/30   | \$ 2,105     | \$ 2,099,885 |
| Oxnard Financing Authority, RB, Redwood Trunk Sewer & Headworks, Series A (NPFGC), 5.25%, 6/01/34                  | 13,000       | 12,574,640   |
| Sacramento Regional County Sanitation District, RB, Sacramento Regional County Sanitation (NPFGC), 5.00%, 12/01/27 | 7,070        | 7,132,075    |
| San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/31  | 3,000        | 2,903,280    |
| San Diego Public Facilities Financing Authority, Refunding RB, Series A, 5.00%, 8/01/29                            | 2,000        | 1,950,520    |
| San Francisco City & County Public Utilities Commission, RB, Series B, 5.00%, 11/01/29                             | 3,000        | 2,988,930    |
| Turlock Public Financing Authority California, RB, Series A (NPFGC), 5.00%, 9/15/33                                | 3,000        | 2,855,460    |
| Vallecitos Water District California, COP, Refunding, Series A (AGM), 5.00%, 7/01/27                               | 2,000        | 1,919,840    |
|  |              | 97,072,190   |
| <b>Total Municipal Bonds 99.0%</b>   |              | 445,386,652  |

**Municipal Bonds Transferred to  
Tender Option Bond Trusts (b)**

**California 75.4%**

**Corporate 5.9%**

|   |        |            |
|---|--------|------------|
| San Francisco Bay Area Rapid Transit District, Refunding RB, Series A (NPFGC), 5.00%, 7/01/30 | 19,630 | 19,629,215 |
| University of California, RB, Series L, 5.00%, 5/15/40  | 7,398  | 7,058,538  |
|   |        | 26,687,753 |

**County/City/Special District/School District 40.0%**

|  |        |            |
|--|--------|------------|
| Desert Community College District California, GO, Series C (AGM), 5.00%, 8/01/37 | 12,150 | 11,165,121 |
|--|--------|------------|

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|   |        |            |
|---|--------|------------|
| Fremont Unified School District Alameda County<br>California, GO, Election of 2002, Series B (AGM),<br>5.00%, 8/01/30 | 15,997 | 14,992,840 |
| Lodi Unified School District California, GO, Election<br>of 2002 (AGM), 5.00%, 8/01/29                                | 10,260 | 9,864,785  |
| Los Angeles Community College District<br>California, GO:<br>Election of 2001, Series A (AGM),<br>5.00%, 8/01/32      | 12,000 | 11,306,520 |
| Election of 2001, Series A (NPFGC),<br>5.00%, 8/01/32   | 26,438 | 24,845,981 |
| Election of 2003, Series E (AGM),<br>5.00%, 8/01/31   | 7,497  | 7,092,613  |
| Election of 2008, Series A, 6.00%, 8/01/33  | 9,596  | 10,151,438 |
| Los Angeles Unified School District California, GO,<br>Series I, 5.00%, 1/01/34                                       | 5,000  | 4,585,000  |

**Municipal Bonds Transferred to  
Tender Option Bond Trusts (b)**

**Par  
(000)**

**Value**

**California (continued)**

**County/City/Special District/School District (concluded)**

|  |           |               |
|--|-----------|---------------|
| Ohlone Community College District, GO, Ohlone,<br>Series B (AGM), 5.00%, 8/01/30                                     | \$ 19,998 | \$ 19,040,560 |
| Peralta Community College District, GO, Series A<br>(NPFGC), 5.00%, 8/01/31  | 24,130    | 22,517,151    |
| Poway Unified School District, GO, Election of 2002,<br>Improvement District 02, Series 1-B (AGM),<br>5.00%, 8/01/30 | 10,000    | 9,372,400     |
| San Bernardino Community College District<br>California, GO, Election of 2002, Series C<br>(AGM), 5.00%, 8/01/31     | 7,550     | 7,045,358     |
| San Diego County Water Authority, COP, Series A<br>(AGM), 5.00%, 5/01/30   | 7,350     | 7,137,144     |
| San Francisco Bay Area Transit Financing Authority,<br>Refunding RB, Series A (NPFGC), 5.00%, 7/01/34                | 10,497    | 10,325,894    |
| San Jose Financing Authority, Refunding RB, Civic<br>Center Project, Series B (AMBAC),<br>5.00%, 6/01/32             | 11,400    | 10,421,196    |
|  |           | 179,864,001   |

**Education 5.3%**

|   |        |            |
|---|--------|------------|
| California State University, RB, Systemwide, Series A<br>(AGM), 5.00%, 11/01/39     | 4,860  | 4,458,224  |
| University of California, RB:<br>Limited Project, Series D (AGM),<br>5.00%, 5/15/41 | 8,000  | 7,616,240  |
| Series O, 5.75%, 5/15/34  | 11,190 | 11,877,625 |
|   |        | 23,952,089 |

**Utilities 24.2%**

|   |       |           |
|---|-------|-----------|
| Anaheim Public Financing Authority California, RB,<br>Electric System Distribution Facilities, Series A<br>(AGM), 5.00%, 10/01/31 | 3,568 | 3,357,471 |
| City of Napa California, RB (AMBAC),<br>5.00%, 5/01/35  | 9,070 | 8,640,808 |

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|   |        |            |
|---|--------|------------|
| East Bay Municipal Utility District, RB, Sub-Series A (NPFGC), 5.00%, 6/01/35                               | 15,000 | 14,607,600 |
| East Bay Municipal Utility District, Refunding RB, Sub-Series A (AMBAC), 5.00%, 6/01/37                     | 7,990  | 7,931,593  |
| Los Angeles Department of Water & Power, RB: Power System, Sub-Series A-1 (AGM), 5.00%, 7/01/31             | 5,007  | 4,845,421  |
| Power System, Sub-Series A-1 (AMBAC), 5.00%, 7/01/37  | 5,029  | 4,802,123  |
| System, Sub-Series A-2 (AGM), 5.00%, 7/01/35  | 7,500  | 7,193,475  |
| Los Angeles Department of Water & Power, Refunding RB, Power System, Sub-Series A-2 (NPFGC), 5.00%, 7/01/27 | 16,000 | 16,031,840 |
| Metropolitan Water District of Southern California, RB, Series A, 5.00%, 7/01/37                            | 15,000 | 14,934,000 |
| Rancho Water District Financing Authority, Refunding RB, Series A (AGM), 5.00%, 8/01/34                     | 9,277  | 8,833,261  |

See Notes to Financial Statements.

Schedule of Investments (concluded)

**BlackRock MuniYield California Quality Fund, Inc. (MCA)**  
(Percentages shown are based on Net Assets)

| Municipal Bonds Transferred to<br>Tender Option Bond Trusts (b)                                  | Par<br>(000)  | Value                 |
|--|---------------|-----------------------|
| <b>California (concluded)</b>  |               |                       |
| <b>Utilities (concluded)</b>   |               |                       |
| San Diego County Water Authority, COP, Refunding,<br>Series 2008-A (AGM), 5.00%, 5/01/33         | \$ 8,510      | \$ 8,221,171          |
| San Diego County Water Authority, COP, Series A<br>(AGM), 5.00%, 5/01/31                         | 10,000        | 9,677,600             |
|  |               | <u>109,076,363</u>    |
| <b>Total Municipal Bonds Transferred to<br/>Tender Option Bond Trusts 75.4%</b>                  |               | 339,580,206           |
| <b>Total Long-Term Investments<br/>(Cost \$824,394,330) 174.4%</b>                               |               | 784,966,858           |
| <b>Short-Term Securities</b>   |               |                       |
|  | <b>Shares</b> |                       |
| BIF California Municipal Money Fund,<br>0.04% (c)(d)   | 11,363,487    | 11,363,487            |
| <b>Total Short-Term Securities<br/>(Cost \$11,363,487) 2.5%</b>                                  |               | 11,363,487            |
| <b>Total Investments (Cost \$835,757,817*) 176.9%</b>  |               | 796,330,345           |
| <b>Other Assets Less Liabilities 0.8%</b>  |               | 3,615,080             |
| <b>Liability for Trust Certificates, Including Interest<br/>Expense and Fees Payable (40.7)%</b> |               | (183,375,204)         |
| <b>Preferred Shares, at Redemption Value (37.0)%</b>   |               | (166,541,739)         |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |               | <u>\$ 450,028,482</u> |

\* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2011, as computed for federal income tax purposes, were as follows:

|                |                |
|----------------|----------------|
| Aggregate cost | \$ 652,948,560 |
|----------------|----------------|

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|                               |                 |
|-------------------------------|-----------------|
| Gross unrealized appreciation | \$ 1,950,961    |
| Gross unrealized depreciation | (41,771,597)    |
| Net unrealized depreciation   | \$ (39,820,636) |

(a) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty                  | Value        | Unrealized<br>Appreciation<br>(Depreciation) |
|-------------------------------|--------------|--|
| Citigroup Global Markets Inc. | \$ 1,683,080 | \$ (35,395)                                  |
| Merrill Lynch & Co.           | \$ 474,715   | \$ (9,983)                                   |
| Morgan Stanley Co. Inc.       | \$ 2,749,376 | \$ 26,572                                    |
| Citigroup Global Markets Inc. | \$ 1,065,474 | \$ 5,853                                     |

- (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) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                           | Shares Held<br>at July 31,<br>2010 | Net<br>Activity | Shares Held<br>at January 31,<br>2011 | Income   |
|-------------------------------------|------------------------------------|-----------------|---------------------------------------|----------|
| BIF California Municipal Money Fund | 39,049,939                         | (27,686,452)    | 11,363,487                            | \$ 2,582 |

(d) 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 rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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)



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The inputs or methodologies used for valuing securities are not necessarily an indication of the risk 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.

The following table summarizes the inputs used as of January 31, 2011 in determining the fair valuation of the Fund's investments:

| Valuation Inputs                   | Level 1       | Level 2        | Level 3 | Total          |
|------------------------------------|---------------|----------------|---------|----------------|
| <b>Assets:</b>                     |               |                |         |                |
| Investments in Securities:         |               |                |         |                |
| Long-Term Investments <sup>1</sup> |               | \$ 784,966,858 |         | \$ 784,966,858 |
| Short-Term Securities              | \$ 11,363,487 |                |         | 11,363,487     |
| <b>Total</b>                       | \$ 11,363,487 | \$ 784,966,858 |         | \$ 796,330,345 |

<sup>1</sup> See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

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Schedule of Investments January 31, 2011 (Unaudited)

BlackRock MuniYield Quality Fund III, Inc. (MYI)  
(Percentages shown are based on Net Assets)

| Municipal Bonds   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Alabama 0.5%</b>   |              |              |
| Birmingham Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39                         | \$ 3,605     | \$ 3,727,786 |
| <b>Alaska 1.6%</b>  |              |              |
| Alaska Housing Finance Corp., RB, General Housing, Series B (NPFGC), 5.25%, 12/01/30  | 2,000        | 1,975,580    |
| Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC), 6.00%, 9/01/28                                | 10,150       | 10,902,115   |
|   |              | 12,877,695   |
| <b>Arizona 2.8%</b>   |              |              |
| Downtown Phoenix Hotel Corp., RB, Senior Series A (FGIC), 5.00%, 7/01/36  | 21,355       | 16,013,260   |
| Maricopa County & Phoenix Industrial Development Authorities, Refunding RB, S/F, Series A-2, AMT (Ginnie Mae), 5.80%, 7/01/40 | 2,075        | 2,112,786    |
| State of Arizona, COP, Department of Administration, Series A (AGM):  |              |              |
| 5.00%, 10/01/27   | 3,725        | 3,519,306    |
| 5.25%, 10/01/28   | 1,600        | 1,537,568    |
|   |              | 23,182,920   |
| <b>California 14.0%</b>   |              |              |
| Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.47%, 10/01/24 (a)         | 10,000       | 7,839,800    |
| California Health Facilities Financing Authority, Refunding RB:   |              |              |
| St. Joseph Health System, Series A, 5.75%, 7/01/39  | 1,550        | 1,522,240    |
| Sutter Health, Series B, 5.88%, 8/15/31 (b)   | 3,200        | 3,171,648    |
| California HFA, RB, Home Mortgage, Series K, AMT, 5.50%, 2/01/42  | 5,170        | 5,248,998    |
| California State University, RB, Systemwide, Series A (NPFGC), 5.00%, 11/01/32  | 9,865        | 9,043,936    |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/37  | 3,545        | 3,269,979    |
| California Statewide Communities Development Authority, RB (AGM):   |              |              |
| St. Joseph Health System, Series E, 5.25%, 7/01/47  | 9,000        | 8,230,950    |
| Sutter Health, Series D, 5.05%, 8/15/38   | 750          | 684,585      |
|   | 1,900        | 1,787,634    |

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|   |        |            |
|---|--------|------------|
| City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30                              |        |            |
| City of San Jose California, Refunding RB, Series A, AMT (AMBAC), 5.50%, 3/01/32                        | 11,965 | 10,999,424 |
| County of Sacramento California, RB, Senior Series A (AGM), 5.00%, 7/01/41                              | 15,000 | 13,411,350 |
| Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/28       | 5,800  | 5,825,578  |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32 | 1,200  | 1,130,652  |

| Municipal Bonds  | Par<br>(000) | Value         |
|--|--------------|---------------|
| <b>California (concluded)</b>  |              |               |
| Los Angeles Municipal Improvement Corp., RB, Series B1 (NPFGC), 4.75%, 8/01/37   | \$ 14,000    | \$ 11,855,620 |
| Mendocino-Lake Community College District, GO, Election of 2006, Series A (NPFGC), 5.00%, 8/01/31                              | 1,485        | 1,373,774     |
| Norwalk-La Mirada Unified School District California, GO, Refunding, CAB, Election of 2002, Series E (AGC), 6.47%, 8/01/38 (c) | 7,620        | 1,133,627     |
| Oceanside Unified School District California, GO, Series A (AGC), 5.25%, 8/01/33   | 2,500        | 2,500,000     |
| Port of Oakland, RB, Series K, AMT (NPFGC), 5.75%, 11/01/29  | 3,645        | 3,464,244     |
| Port of Oakland, Refunding RB, Series M, AMT (NPFGC), 5.38%, 11/01/27  | 7,530        | 7,013,668     |
| Riverside County Public Financing Authority, Tax Allocation Bonds, Redevelopment Projects (Syncora), 5.00%, 10/01/35           | 10,000       | 7,440,400     |
| State of California, GO, Series 2007-2 (NPFGC), 5.50%, 4/01/30   | 10           | 9,768         |
| Stockton Public Financing Authority California, RB, Parking & Capital Projects (NPFGC), 5.25%, 9/01/34                         | 5,000        | 4,392,700     |
| West Valley-Mission Community College District, GO, Election of 2004, Series A (AGM), 5.00%, 8/01/30                           | 3,600        | 3,419,352     |
|  |              | 114,769,927   |

|  |        |           |
|--|--------|-----------|
| <b>District of Columbia 1.1%</b>   |        |           |
| Metropolitan Washington Airports Authority, RB, Series B, AMT (AMBAC), 5.00%, 10/01/32 | 10,000 | 9,216,300 |

|  |        |            |
|--|--------|------------|
| <b>Florida 16.6%</b>   |        |            |
| Broward County School Board Florida, COP, Series A (AGM), 5.25%, 7/01/33                         | 15,000 | 13,900,800 |
| City of Orlando Florida, RB, Senior, 6th Cent Contract Payments, Series A (AGC), 5.25%, 11/01/38 | 14,050 | 12,296,279 |
| City of Tallahassee Florida, RB (NPFGC), 5.00%, 10/01/32   | 3,300  | 3,104,277  |
| Collier County School Board, COP (AGM), 5.00%, 2/15/23   | 5,000  | 5,103,600  |
| County of Broward Florida, RB, Series A, 5.25%, 10/01/34   | 2,250  | 2,228,760  |

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|  |        |            |
|--|--------|------------|
| County of Miami-Dade Florida, GO, Building Better Communities Program: |        |            |
| Series B, 6.38%, 7/01/28   | 6,000  | 6,496,080  |
| Series B-1, 5.75%, 7/01/33   | 3,700  | 3,784,878  |
| County of Miami-Dade Florida, RB:                                      |        |            |
| Jackson Health System (AGC), 5.75%, 6/01/39                            | 5,200  | 5,211,804  |
| Miami International Airport, AMT (NPFGC), 5.38%, 10/01/25              | 7,500  | 7,541,475  |
| Miami International Airport, AMT (NPFGC), 5.38%, 10/01/27              | 1,000  | 989,620    |
| County of Miami-Dade Florida, RB:                                      |        |            |
| Miami International Airport, Series A, AMT (AGM), 5.50%, 10/01/41      | 19,020 | 17,666,917 |
| Water & Sewer System (AGM), 5.00%, 10/01/39                            | 11,700 | 10,955,997 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock MuniYield Quality Fund III, Inc. (MYI)**  
(Percentages shown are based on Net Assets)

| Municipal Bonds   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Florida (concluded)</b>  |              |              |
| County of Miami-Dade Florida, Refunding RB:<br>(AGM), 5.00%, 7/01/35  | \$ 2,800     | \$ 2,505,916 |
| Miami International Airport AMT (AGC),<br>5.00%, 10/01/40   | 11,000       | 9,483,100    |
| Miami International Airport, Series A, AMT (AGC),<br>5.00%, 10/01/35  | 2,100        | 1,841,028    |
| Series C (BHAC), 6.00%, 10/01/23  | 20,095       | 22,235,520   |
| County of Orange Florida, Refunding RB, Series B<br>(NPFGC), 5.13%, 1/01/32   | 2,000        | 1,936,340    |
| Highlands County Health Facilities Authority, RB,<br>Adventist Health System/Sunbelt, Series B,<br>6.00%, 11/15/37  | 1,750        | 1,784,510    |
| Miami-Dade County School Board, COP, Refunding,<br>Series B (AGC), 5.25%, 5/01/31                                   | 2,390        | 2,340,216    |
| Sarasota County Public Hospital District, RB,<br>Sarasota Memorial Hospital Project, Series A,<br>5.63%, 7/01/39    | 5,135        | 5,031,324    |
|   |              | 136,438,441  |
| <b>Georgia 1.8%</b>   |              |              |
| City of Atlanta Georgia, RB, General, Series B (AGM),<br>5.25%, 1/01/33   | 12,500       | 12,228,750   |
| Gwinnett County Hospital Authority, Refunding RB,<br>Gwinnett Hospital System, Series D (AGM),<br>5.50%, 7/01/41    | 2,275        | 2,122,689    |
|   |              | 14,351,439   |
| <b>Illinois 16.9%</b>   |              |              |
| Chicago Board of Education Illinois, GO, Refunding,<br>CAB, School Reform, Series A (NPFGC),<br>5.39%, 12/01/22 (c) | 8,230        | 4,100,927    |
| Chicago Park District, GO, Harbor Facilities, Series C,<br>5.25%, 1/01/40   | 1,505        | 1,448,653    |
| City of Chicago Illinois, ARB, General, Third Lien,<br>Series B-2, AMT (NPFGC):<br>5.25%, 1/01/27                   | 16,685       | 15,444,637   |
| 6.00%, 1/01/27  | 26,230       | 26,332,559   |
| City of Chicago Illinois, GO, CAB, City Colleges<br>(NPFGC) (c):<br>5.56%, 1/01/29                                  | 5,000        | 1,516,750    |
| 5.69%, 1/01/33  | 7,950        | 1,763,628    |
| City of Chicago Illinois, GO, Refunding, Series B<br>(AGM), 5.00%, 1/01/24  | 12,950       | 12,448,835   |
|   | 16,400       | 15,497,180   |

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|   |        |            |
|---|--------|------------|
| City of Chicago Illinois, Refunding ARB, General,<br>Third Lien, Series C-2, AMT (AGM),<br>5.25%, 1/01/30 |        |            |
| County of Cook Illinois, GO, Refunding, Series A,<br>5.25%, 11/15/33                                      | 3,700  | 3,534,092  |
| Illinois Finance Authority, Refunding RB,<br>Northwestern Memorial Hospital, Series A,<br>6.00%, 8/15/39  | 5,250  | 5,365,815  |
| Illinois Municipal Electric Agency, RB,<br>Series A (NPFGC):<br>5.00%, 2/01/35                            | 21,200 | 19,690,348 |
| 5.25%, 2/01/35  | 15,000 | 14,368,800 |

| Municipal Bonds   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Illinois (concluded)</b>   |              |              |
| Kane, Kendall, Etc. Counties Community College<br>District No. 516 Illinois, GO, CAB, Series E<br>(NPFGC), 5.21%, 12/15/25 (c)              | \$ 8,750     | \$ 3,799,162 |
| Metropolitan Pier & Exposition Authority, RB, CAB,<br>McCormick Place Expansion Project, Series A<br>(NPFGC) (c):<br>5.75%, 6/15/32         | 14,000       | 3,322,200    |
| 6.00%, 12/15/34   | 10,000       | 1,966,500    |
| Metropolitan Pier & Exposition Authority, Refunding<br>RB, CAB, McCormick Place Expansion Project,<br>Series B (AGM) (c):<br>5.83%, 6/15/27 | 3,575        | 1,272,486    |
| 6.25%, 6/15/44  | 9,430        | 958,371      |
| Railsplitter Tobacco Settlement Authority, RB,<br>6.00%, 6/01/28  | 1,700        | 1,622,378    |
| Regional Transportation Authority, RB, Series C<br>(NPFGC), 7.75%, 6/01/20  | 1,000        | 1,192,570    |
| State of Illinois, RB, Build Illinois, Series B,<br>5.25%, 6/15/34  | 3,500        | 3,276,315    |
|   |              | 138,922,206  |

|   |       |            |
|---|-------|------------|
| <b>Indiana 2.4%</b>   |       |            |
| City of Indianapolis Indiana, Refunding RB, Second<br>Lien, Series B (AGC), 5.25%, 8/15/27                              | 5,000 | 4,972,550  |
| Indiana Municipal Power Agency, RB:<br>Series A (NPFGC), 5.00%, 1/01/37   | 9,200 | 8,437,688  |
| Series B, 5.75%, 1/01/34  | 1,050 | 1,053,843  |
| Indianapolis Local Public Improvement Bond Bank,<br>Refunding RB, Waterworks Project, Series A (AGC),<br>5.50%, 1/01/38 | 5,000 | 5,125,450  |
|   |       | 19,589,531 |

|   |        |            |
|---|--------|------------|
| <b>Iowa 1.5%</b>  |        |            |
| Iowa Finance Authority, RB, Series A (AGC),<br>5.63%, 8/15/37 | 12,650 | 12,503,639 |

|  |       |           |
|--|-------|-----------|
| <b>Kentucky 1.7%</b>   |       |           |
| Kentucky State Property & Buildings Commission,<br>Refunding RB, Project No. 93 (AGC),<br>5.25%, 2/01/28 | 4,000 | 4,041,640 |

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|   |        |                  |
|---|--------|------------------|
| Louisville & Jefferson County Metropolitan Sewer District Kentucky, RB, Series A (NPFGC),<br>5.25%, 5/15/37 | 10,000 | 9,928,700        |
|   |        | <hr/> 13,970,340 |

|  |        |            |
|--|--------|------------|
| <b>Louisiana 1.5%</b><br>New Orleans Aviation Board Louisiana, RB,<br>New Orleans Aviation, Series A, AMT (AGM),<br>5.25%, 1/01/32 | 13,335 | 12,240,597 |
|--|--------|------------|

|   |       |           |
|---|-------|-----------|
| <b>Maryland 0.6%</b><br>Maryland Community Development Administration,<br>Refunding RB, Residential, Series A, AMT,<br>5.75%, 9/01/39 | 4,505 | 4,675,740 |
|---|-------|-----------|

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)  
(Percentages shown are based on Net Assets)

| Municipal Bonds  | Par<br>(000) | Value         |
|--|--------------|---------------|
| <b>Massachusetts 5.6%</b>  |              |               |
| Massachusetts HFA, RB:   |              |               |
| S/F Housing, Series 128, AMT (AGM),<br>4.88%, 12/01/38 (d)   | \$ 12,210    | \$ 10,746,876 |
| Series B, 7.00%, 12/01/38  | 3,440        | 3,694,319     |
| Massachusetts HFA, Refunding RB:   |              |               |
| Housing Development, Series B (NPFGC),<br>5.40%, 12/01/28  | 1,835        | 1,749,434     |
| Rental Housing, Series A, AMT (AGM),<br>5.15%, 7/01/26   | 18,245       | 18,100,499    |
| Series C, AMT, 5.35%, 12/01/42   | 3,100        | 2,782,808     |
| Massachusetts Port Authority, Refunding RB,<br>BOSFUEL Project, AMT (NPFGC), 5.00%, 7/01/38                          | 9,925        | 8,375,112     |
|  |              | 45,449,048    |
| <b>Michigan 8.3%</b>   |              |               |
| City of Detroit Michigan, RB, Series B (AGM):  |              |               |
| Second Lien, 6.25%, 7/01/36  | 1,075        | 1,127,944     |
| Second Lien, 7.00%, 7/01/36  | 500          | 551,375       |
| Senior Lien, 7.50%, 7/01/33  | 1,800        | 2,084,526     |
| City of Detroit Michigan, Refunding RB:  |              |               |
| Senior Lien, Series C-1 (AGM), 7.00%, 7/01/27  | 1,500        | 1,674,495     |
| Senior Lien, Series D (AGM), 5.00%, 7/01/23  | 9,085        | 8,879,316     |
| Series C (NPFGC), 5.00%, 7/01/22   | 4,540        | 4,559,431     |
| Series D (NPFGC), 5.00%, 7/01/33   | 5,000        | 4,332,550     |
| Kalamazoo Hospital Finance Authority, RB, Bronson<br>Methodist Hospital (AGM), 5.25%, 5/15/36                        |              |               |
|  | 1,160        | 1,064,312     |
| Michigan Higher Education Student Loan Authority,<br>RB, Student Loan, Series XVII-Q, AMT (AMBAC),<br>5.00%, 3/01/31 |              |               |
|  | 4,325        | 3,693,463     |
| Michigan State Building Authority, Refunding RB,<br>Facilities Program, Series I:                                    |              |               |
| 6.25%, 10/15/38  | 3,125        | 3,274,281     |
| (AGC), 5.25%, 10/15/24   | 1,750        | 1,774,273     |
| (AGC), 5.25%, 10/15/25   | 3,250        | 3,252,437     |
| Michigan State HDA, RB, Series C, AMT,<br>5.50%, 12/01/28  |              |               |
|  | 2,900        | 2,748,359     |
| Michigan Strategic Fund, Refunding RB, AMT, Detroit<br>Edison Co., (Syncora):  |              |               |
| Project, Series A, 5.50%, 6/01/30  | 5,000        | 4,754,150     |
| Pollution, Series C, 5.65%, 9/01/29  | 2,935        | 2,868,845     |
| State of Michigan, RB, GAN (AGM):  |              |               |
| 5.25%, 9/15/22   | 10,000       | 10,423,700    |
| 5.25%, 9/15/26   | 6,650        | 6,719,958     |
| Wayne County Airport Authority, Refunding RB, AMT<br>(AGC), 5.38%, 12/01/32  |              |               |
|  | 5,000        | 4,392,100     |



68,175,515

**Minnesota 0.7%**

|  |       |           |
|--|-------|-----------|
| City of Minneapolis Minnesota, Refunding RB,<br>Fairview Health Services, Series B (AGC),<br>6.50%, 11/15/38 | 5,500 | 5,773,075 |
|--|-------|-----------|

**Missouri 0.0%**

|   |    |        |
|---|----|--------|
| Missouri Housing Development Commission, RB,<br>S/F Homeowner Loan, Series C-1, AMT<br>(Ginnie Mae), 7.15%, 3/01/32 | 70 | 71,983 |
|---|----|--------|

|                        |                      |              |
|------------------------|----------------------|--------------|
| <b>Municipal Bonds</b> | <b>Par<br/>(000)</b> | <b>Value</b> |
|------------------------|----------------------|--------------|

**Nevada 4.9%**

|  |          |              |
|--|----------|--------------|
| City of Las Vegas Nevada, GO, Limited Tax,<br>Performing Arts Center, 6.00%, 4/01/34                       | \$ 2,250 | \$ 2,348,572 |
| County of Clark Nevada, RB:<br>Las Vegas-McCarran International Airport,<br>Series A (AGC), 5.25%, 7/01/39 | 5,170    | 4,782,767    |
| Southwest Gas Corp. Project, Series A, AMT<br>(AMBAC), 5.25%, 7/01/34                                      | 7,500    | 6,693,300    |
| Subordinate Lien, Series A-2 (NPFGC),<br>5.00%, 7/01/30  | 20,000   | 18,106,200   |
| Subordinate Lien, Series A2 (BHAC),<br>5.00%, 7/01/30  | 750      | 725,535      |
| Las Vegas Convention & Visitors Authority, RB<br>(AMBAC), 5.00%, 7/01/37                                   | 8,500    | 7,586,080    |
|  |          | 40,242,454   |

**New Jersey 3.3%**

|   |        |            |
|---|--------|------------|
| New Jersey EDA, RB, Cigarette Tax, 5.75%, 6/15/34   | 4,000  | 3,498,760  |
| New Jersey EDA, Refunding RB, School Facilities<br>Construction, Series N-1:<br>(AMBAC), 5.50%, 9/01/24                   | 10,000 | 10,505,400 |
| (NPFGC), 5.50%, 9/01/28   | 2,165  | 2,184,377  |
| New Jersey Transportation Trust Fund Authority, RB:<br>CAB, Transportation System, Series C (AGC),<br>5.71%, 12/15/25 (b) | 15,735 | 6,355,996  |
| Transportation System, Series A (NPFGC),<br>5.75%, 6/15/25  | 4,250  | 4,479,882  |
|   |        | 27,024,415 |

**New York 2.8%**

|  |        |            |
|--|--------|------------|
| City of New York New York, GO:<br>Series J, 5.25%, 5/15/24                                   | 10,000 | 10,457,600 |
| Series M (AGC), 5.00%, 4/01/30   | 5,000  | 4,932,950  |
| New York City Transitional Finance Authority, RB,<br>Fiscal 2009, Series S-4, 5.50%, 1/15/34 | 7,250  | 7,408,992  |
|  |        | 22,799,542 |

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|   |        |            |
|---|--------|------------|
| <b>North Carolina 0.6%</b>  |        |            |
| North Carolina Medical Care Commission, RB,<br>Novant Health Obligation, Series A,<br>4.75%, 11/01/43                     | 6,175  | 5,021,078  |
| <b>Ohio 0.3%</b>  |        |            |
| Ohio Higher Educational Facility Commission,<br>Refunding RB, Summa Health System, 2010<br>Project (AGC), 5.25%, 11/15/40 | 2,775  | 2,531,411  |
| <b>Pennsylvania 3.2%</b>  |        |            |
| Pennsylvania HFA, RB, S/F Mortgage, Series 70A,<br>AMT, 5.80%, 4/01/27  | 4,675  | 4,573,927  |
| Pennsylvania Turnpike Commission, RB:<br>Series A (AMBAC), 5.50%, 12/01/31  | 15,600 | 15,668,172 |
| Sub-Series C (AGC), 6.25%, 6/01/38  | 5,695  | 5,987,267  |
|   |        | 26,229,366 |
| <b>Puerto Rico 2.7%</b>   |        |            |
| Puerto Rico Public Buildings Authority, Refunding RB,<br>Government Facilities, Series M-3 (NPFGC):<br>6.00%, 7/01/26     | 3,325  | 3,330,719  |
| 6.00%, 7/01/27  | 3,720  | 3,750,727  |
| 6.00%, 7/01/28  | 2,750  | 2,761,248  |

See Notes to Financial Statements.

Schedule of Investments (continued)

**BlackRock MuniYield Quality Fund III, Inc. (MYI)**  
(Percentages shown are based on Net Assets)

| Municipal Bonds  | Par<br>(000) | Value             |
|--|--------------|-------------------|
| <b>Puerto Rico (concluded)</b>   |              |                   |
| Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.38%, 8/01/39  | \$ 10,195    | \$ 10,439,884     |
| Puerto Rico Sales Tax Financing Corp., Refunding RB:   |              |                   |
| CAB, Series A (NPFGC), 5.70%, 8/01/41 (c)  | 7,500        | 977,100           |
| First Sub-Series C, 6.00%, 8/01/39   | 1,180        | 1,176,802         |
|  |              | <u>22,436,480</u> |
| <b>South Carolina 1.1%</b>   |              |                   |
| Charleston Educational Excellence Finance Corp., RB, Charleston County School (AGC):   |              |                   |
| 5.25%, 12/01/28  | 3,895        | 3,901,271         |
| 5.25%, 12/01/29  | 3,215        | 3,203,330         |
| 5.25%, 12/01/30  | 1,160        | 1,144,444         |
| South Carolina State Housing Finance & Development Authority, Refunding RB, Series A-2, AMT (AGM), 6.35%, 7/01/19                | 490          | 496,821           |
|  |              | <u>8,745,866</u>  |
| <b>Tennessee 0.2%</b>  |              |                   |
| Tennessee Housing Development Agency, Refunding RB, Homeownership Program, Series A, AMT (AGM), 5.35%, 1/01/26                   | 1,505        | 1,504,970         |
| <b>Texas 15.5%</b>   |              |                   |
| City of Houston Texas, RB, Combined, First Lien, Series A (AGM), 5.00%, 11/15/36   | 10,000       | 9,758,600         |
| City of Houston Texas, Refunding RB, Combined, First Lien, Series A (AGC):   |              |                   |
| 6.00%, 11/15/35  | 5,700        | 6,158,679         |
| 5.38%, 11/15/38  | 3,650        | 3,707,013         |
| Dallas ISD, GO, School Building (PSF-GTD), 6.38%, 2/15/34  | 10,000       | 11,162,900        |
| Dallas-Fort Worth International Airport Facilities Improvement Corp., Refunding RB, Joint Series A, AMT (NPFGC), 5.63%, 11/01/26 | 15,000       | 15,025,200        |
| Grand Prairie ISD Texas, GO, Refunding, CAB, 6.24%, 8/15/28 (c)  | 10,000       | 3,402,700         |
| Harris County Hospital District, RB, Senior Lien, Series A (NPFGC), 5.25%, 2/15/37   | 9,650        | 8,953,366         |
| Harris County-Houston Sports Authority, Refunding RB, Senior Lien, Series G (NPFGC), 5.25%, 11/15/30                             | 5,000        | 4,200,000         |
|  | 10,000       | 9,565,600         |

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|  |        |             |
|--|--------|-------------|
| Judson ISD Texas, GO, School Building (AGC),<br>5.00%, 2/01/37   |        |             |
| Matagorda County Navigation District No. 1 Texas,<br>Refunding RB, Central Power & Light Co. Project,<br>AMT (NPFGC), 5.20%, 5/01/30 (d) | 4,150  | 3,818,000   |
| North Texas Tollway Authority, Refunding, First Tier, RB:<br>Series A, 6.00%, 1/01/28  | 6,275  | 6,481,950   |
| System, Series A (NPFGC), 5.13%, 1/01/28   | 21,750 | 20,904,577  |
| System, Series B (NPFGC), 5.75%, 1/01/40   | 10,000 | 9,397,800   |
| Texas Department of Housing & Community Affairs,<br>MRB, Series A, AMT (NPFGC), 5.45%, 9/01/23   | 3,930  | 3,947,017   |
| Texas State Turnpike Authority, RB, First Tier,<br>Series A (AMBAC):<br>5.50%, 8/15/39   | 5,500  | 5,056,205   |
| 5.00%, 8/15/42   | 6,900  | 5,859,480   |
|  |        | 127,399,087 |

| Municipal Bonds  | Par<br>(000) | Value         |
|--|--------------|---------------|
| <b>Utah 2.4%</b>   |              |               |
| Utah Transit Authority, Refunding RB, CAB,<br>Sub-Series A (c):<br>(AGC), 5.40%, 6/15/20   | \$ 15,930    | \$ 10,340,163 |
| (NPFGC), 4.88%, 6/15/23  | 5,000        | 2,587,150     |
| (NPFGC), 5.22%, 6/15/24  | 13,930       | 6,730,697     |
|  |              | 19,658,010    |
| <b>Vermont 0.3%</b>  |              |               |
| Vermont HFA, HRB, Series 12B, AMT (AGM),<br>6.30%, 11/01/19  | 290          | 295,678       |
| Vermont HFA, Refunding RB, Multiple Purpose,<br>Series C, AMT (AGM), 5.50%, 11/01/38 (d)   | 2,585        | 2,495,663     |
|  |              | 2,791,341     |
| <b>Washington 4.8%</b>   |              |               |
| Chelan County Public Utility District No. 1, RB,<br>Chelan Hydro System, Series A, AMT (AMBAC),<br>5.45%, 7/01/37                      | 3,030        | 2,747,271     |
| Chelan County Public Utility District No. 1,<br>Refunding RB, Chelan Hydro System, Series C,<br>AMT (NPFGC), 5.65%, 7/01/32            | 6,000        | 5,727,480     |
| Radford Court Properties Washington, RB (NPFGC),<br>5.75%, 6/01/32   | 10,000       | 9,998,500     |
| Seattle Housing Authority Washington, RB, Capital<br>Fund Program, High Rise Rehabilitation, Series III,<br>AMT (AGM), 5.15%, 11/01/27 | 6,255        | 6,093,558     |
| Washington Health Care Facilities Authority, RB:<br>Providence Health & Services, Series A,<br>5.00%, 10/01/39                         | 1,125        | 995,591       |
| Providence Health & Services, Series A,<br>5.25%, 10/01/39   | 2,725        | 2,505,883     |
| Providence Health System, Series A (NPFGC),<br>5.25%, 10/01/21   | 5,575        | 5,695,810     |
|  | 5,400        | 5,623,344     |

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Washington Health Care Facilities Authority,  
 Refunding RB, Catholic Health Initiatives,  
 Series D, 6.38%, 10/01/36

39,387,437

**Wisconsin 0.8%**

Wisconsin Health & Educational Facilities  
 Authority, RB:

Ascension Health Senior Credit Group,

5.00%, 11/15/33

3,745

3,355,408

SynergyHealth Inc., 6.00%, 11/15/32

3,395

3,400,432

6,755,840

**Total Municipal Bonds 120.5%**

988,463,479

**Municipal Bonds Transferred to  
 Tender Option Bond Trusts (e)**

**Arizona 1.3%**

Arizona School Facilities Board, COP (AGC),  
 5.13%, 9/01/21

10,000

10,287,400

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)  
(Percentages shown are based on Net Assets)

| Municipal Bonds Transferred to<br>Tender Option Bond Trusts (e)  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>California 12.7%</b>  |              |              |
| Alameda County Joint Powers Authority, Refunding<br>RB, Lease (AGM), 5.00%, 12/01/34                             | \$ 6,990     | \$ 6,475,956 |
| California State University, RB, Systemwide, Series A<br>(AGM), 5.00%, 11/01/33                                  | 7,996        | 7,460,764    |
| California State University, Refunding RB,<br>Systemwide, Series A (AGM), 5.00%, 11/01/37                        | 18,435       | 17,004,418   |
| City of Riverside California, RB, Issue D (AGM),<br>5.00%, 10/01/38  | 20,000       | 18,061,000   |
| Foothill-De Anza Community College District, GO,<br>Election of 1999, Series C (NPFGC),<br>5.00%, 8/01/36        | 7,500        | 7,227,900    |
| Las Virgenes Unified School District California, GO,<br>Series A (AGM), 5.00%, 8/01/31                           | 10,000       | 9,331,263    |
| Los Angeles Community College District California,<br>GO, Election of 2008, Series A, 6.00%, 8/01/33             | 5,248        | 5,551,568    |
| Orange County Sanitation District, COP, Series B<br>(AGM), 5.00%, 2/01/37  | 10,780       | 10,625,738   |
| San Diego Community College District California,<br>GO, Election of 2002, 5.25%, 8/01/33                         | 1,047        | 1,052,619    |
| San Diego County Water Authority, COP, Refunding,<br>Series 2008-A (AGM), 5.00%, 5/01/33                         | 9,370        | 9,051,982    |
| San Francisco Bay Area Rapid Transit District, RB<br>(AGM), 5.00%, 7/01/36                                       | 10,000       | 9,802,099    |
| University of California, RB, Series O,<br>5.75%, 5/15/34  | 2,205        | 2,340,497    |
|  |              | 103,985,804  |
| <b>Colorado 0.3%</b>   |              |              |
| Colorado Health Facilities Authority, Refunding RB,<br>Catholic Healthcare, Series A, 5.50%, 7/01/34             | 2,469        | 2,412,016    |
| <b>Connecticut 0.6%</b>  |              |              |
| Connecticut State Health & Educational Facility<br>Authority, RB, Yale University, Series T-1,<br>4.70%, 7/01/29 | 5,010        | 5,044,569    |
| <b>District of Columbia 0.9%</b>   |              |              |
| District of Columbia, RB, Series A,<br>5.50%, 12/01/30   | 2,595        | 2,718,626    |
| District of Columbia Water & Sewer Authority, RB,<br>Series A, 6.00%, 10/01/35                                   | 4,281        | 4,626,524    |
|  |              | 7,345,150    |

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|  |                      |              |
|--|----------------------|--------------|
| <b>Florida 0.4%</b>  |                      |              |
| Florida State Board of Education, GO, Series D,<br>5.00%, 6/01/37  | 3,299                | 3,241,375    |
| <b>Georgia 1.2%</b>  |                      |              |
| Metropolitan Atlanta Rapid Transit Authority, RB, Third<br>Indenture, Series B (AGM), 5.00%, 7/01/37     | 10,000               | 9,784,190    |
| <b>Hawaii 1.2%</b>   |                      |              |
| Honolulu City & County Board of Water Supply, RB,<br>Series A (NPFGC), 5.00%, 7/01/33                    | 9,830                | 9,744,577    |
| <b>Illinois 2.7%</b>   |                      |              |
| City of Chicago Illinois, GO, Refunding, Series A<br>(AGC), 5.25%, 1/01/24                               | 11,000               | 10,827,410   |
| Illinois Finance Authority, RB, University of Chicago,<br>Series B, 6.25%, 7/01/38                       | 10,000               | 10,960,700   |
|  |                      | 21,788,110   |
| <b>Municipal Bonds Transferred to<br/>Tender Option Bond Trusts (e)</b>                                  |                      |              |
|  | <b>Par<br/>(000)</b> | <b>Value</b> |
| <b>Kentucky 0.7%</b>   |                      |              |
| Kentucky State Property & Building Commission,<br>Refunding RB, Project No. 93 (AGC),<br>5.25%, 2/01/27  | \$ 5,985             | \$ 6,086,916 |
| <b>Louisiana 1.2%</b>  |                      |              |
| State of Louisiana, RB, Series A (AGM),<br>5.00%, 5/01/36  | 10,000               | 9,638,100    |
| <b>Nevada 0.7%</b>   |                      |              |
| Clark County Water Reclamation District,<br>GO, Series B:<br>5.50%, 7/01/29                              | 510                  | 523,986      |
| 5.75%, 7/01/34   | 4,813                | 5,089,208    |
|  |                      | 5,613,194    |
| <b>New Jersey 1.3%</b>   |                      |              |
| Garden State Preservation Trust, RB, Election of<br>2005, Series A (AGM), 5.75%, 11/01/28                | 10,000               | 10,975,700   |
| <b>New York 4.9%</b>   |                      |              |
| New York City Municipal Water Finance Authority, RB,<br>Series DD, 5.00%, 6/15/37                        | 17,567               | 16,942,848   |
| Port Authority of New York & New Jersey, RB,<br>Consolidated, 155th Series, AMT (AGM),<br>5.13%, 7/15/30 | 19,500               | 18,745,155   |
| Triborough Bridge & Tunnel Authority, RB, General,<br>Series A-2, 5.25%, 11/15/34                        | 4,500                | 4,528,215    |
|  |                      | 40,216,218   |
| <b>North Carolina 1.1%</b>   |                      |              |

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|  |        |            |
|--|--------|------------|
| North Carolina HFA, RB, Series 31-A, AMT,<br>5.25%, 7/01/38  | 9,956  | 9,169,933  |
| <b>Ohio 0.7%</b>   |        |            |
| County of Montgomery Ohio, RB, Catholic Health,<br>Series C-1 (AGM), 5.00%, 10/01/41                         | 4,990  | 4,492,796  |
| State of Ohio, RB, Cleveland Clinic Health, Series B,<br>5.50%, 1/01/34                                      | 1,520  | 1,490,816  |
|  |        | 5,983,612  |
| <b>South Carolina 0.6%</b>   |        |            |
| South Carolina State Housing Finance &<br>Development Authority, Refunding RB, Series B-1,<br>5.55%, 7/01/39 | 4,788  | 4,781,153  |
| <b>Texas 4.1%</b>  |        |            |
| Friendswood ISD Texas, GO, Schoolhouse (PSF-GTD),<br>5.00%, 2/15/37  | 12,955 | 12,977,548 |
| Houston ISD, GO, Schoolhouse (PSF-GTD),<br>5.00%, 2/15/33  | 10,000 | 10,041,100 |
| Texas State University Systems, Refunding RB,<br>5.25%, 3/15/26  | 10,000 | 10,316,900 |
|  |        | 33,335,548 |
| <b>Virginia 0.5%</b>   |        |            |
| University of Virginia, Refunding RB, General,<br>5.00%, 6/01/40   | 3,950  | 3,990,803  |
| <b>Washington 6.2%</b>   |        |            |
| Central Puget Sound Regional Transit Authority, RB,<br>Series A (AGM), 5.00%, 11/01/34                       | 16,770 | 16,743,084 |
| County of King Washington, RB (AGM),<br>5.00%, 1/01/37   | 15,785 | 15,514,038 |
| Port of Seattle Washington, Refunding RB, Series B,<br>AMT (NPFGC), 5.20%, 7/01/29                           | 20,565 | 18,981,513 |
|  |        | 51,238,635 |

See Notes to Financial Statements.



Schedule of Investments (concluded)

**BlackRock MuniYield Quality Fund III, Inc. (MYI)**  
(Percentages shown are based on Net Assets)

| Municipal Bonds Transferred to<br>Tender Option Bond Trusts (e)   | Par<br>(000)  | Value          |
|---|---------------|----------------|
| <b>Wisconsin 0.4%</b><br>Wisconsin Health & Educational Facilities Authority,<br>Refunding RB, Froedtert & Community Health Inc.,<br>5.25%, 4/01/39 | \$ 3,959      | \$ 3,642,996   |
| <b>Total Municipal Bonds Transferred to<br/>Tender Option Bond Trusts 43.7%</b>   |               | 358,305,999    |
| <b>Total Long-Term Investments<br/>(Cost \$1,407,170,806) 164.2%</b>  |               | 1,346,769,478  |
| <b>Short-Term Securities</b>  |               |                |
|   | <b>Shares</b> |                |
| FII Institutional Tax-Exempt Fund, 0.15% (f)(g)   | 16,618,977    | 16,618,977     |
| <b>Total Short-Term Securities<br/>(Cost \$16,618,977) 2.0%</b>   |               | 16,618,977     |
| <b>Total Investments (Cost \$1,423,789,783*) 166.2%</b>   |               | 1,363,388,455  |
| <b>Other Assets Less Liabilities 1.2%</b>   |               | 8,795,107      |
| <b>Liability for Trust Certificates, Including Interest<br/>Expense and Fees Payable (23.9)%</b>  |               | (195,707,487)  |
| <b>Preferred Shares, at Redemption Value (43.5)%</b>  |               | (356,492,999)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>  |               | \$ 819,983,076 |

\* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2011, as computed for federal income tax purposes, were as follows:

|                               |                  |
|-------------------------------|------------------|
| Aggregate cost                | \$ 1,233,666,533 |
| Gross unrealized appreciation | \$ 12,814,066    |
| Gross unrealized depreciation | (78,665,488)     |
| Net unrealized depreciation   | \$ (65,851,422)  |

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- (a) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown reflects the current yield as of report date.
- (b) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty            | Value        | Unrealized<br>Appreciation |
|-------------------------|--------------|----------------------------|
| Morgan Stanley Co. Inc. | \$ 3,171,648 | \$ 25,952                  |

- (c) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (d) Variable rate security. Rate shown is as of report date.
- (e) 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.
- (f) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                            | Shares Held<br>at July 31,<br>2010 | Net<br>Activity | Shares Held<br>at January 31,<br>2011 | Income    |
|--------------------------------------|------------------------------------|-----------------|---------------------------------------|-----------|
| FFI Institutional<br>Tax-Exempt Fund | 11,426,470                         | 5,192,507       | 16,618,977                            | \$ 13,192 |

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

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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 inputs or methodologies used for valuing securities are not necessarily an indication of the risk 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.

The following table summarizes the inputs used as of January 31, 2011 in determining the fair valuation of the Fund's investments:

| Valuation Inputs                   | Level 1              | Level 2                 | Level 3 | Total                   |
|------------------------------------|----------------------|-------------------------|---------|-------------------------|
| <b>Assets:</b>                     |                      |                         |         |                         |
| Investments in Securities:         |                      |                         |         |                         |
| Long-Term Investments <sup>1</sup> |                      | \$ 1,346,769,478        |         | \$ 1,346,769,478        |
| Short-Term Securities              | \$ 16,618,977        |                         |         | 16,618,977              |
| <b>Total</b>                       | <b>\$ 16,618,977</b> | <b>\$ 1,346,769,478</b> |         | <b>\$ 1,363,388,455</b> |

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

See Notes to Financial Statements.

Schedule of Investments January 31, 2011 (Unaudited)

BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)  
(Percentages shown are based on Net Assets)

| Municipal Bonds  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Michigan 134.6%</b>   |              |              |
| <b>Corporate 13.7%</b>   |              |              |
| Delta County EDC, Refunding RB, Mead Westvaco-Escanaba, Series A, 6.25%, 4/15/12 (a)                         | \$ 2,420     | \$ 2,585,165 |
| Dickinson County EDC Michigan, Refunding RB, International Paper Co. Project, Series A, 5.75%, 6/01/16       | 2,500        | 2,530,800    |
| Michigan Strategic Fund, Refunding RB, Detroit Edison Co. Project, Series A, AMT (NPFGC), 5.55%, 9/01/29     | 9,500        | 9,179,185    |
| Monroe County EDC Michigan, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22      | 5,700        | 6,588,060    |
|  |              | 20,883,210   |
| <b>County/City/Special District/<br/>School District 34.3%</b>   |              |              |
| Adrian City School District Michigan, GO (AGM), 5.00%, 5/01/14 (a)   | 2,400        | 2,687,352    |
| Allendale Public School District Michigan, GO, School Building and Site, Series A (AGM), 5.50%, 5/01/16      | 1,000        | 1,130,090    |
| Bay City School District Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/36                          | 2,915        | 2,683,549    |
| Charter Township of Canton Michigan, GO, Capital Improvement (AGM):  |              |              |
| 5.00%, 4/01/25   | 1,250        | 1,249,662    |
| 5.00%, 4/01/26   | 1,250        | 1,232,925    |
| 5.00%, 4/01/27   | 500          | 501,280      |
| City of Oak Park Michigan, GO, Street Improvement (NPFGC), 5.00%, 5/01/30                                    | 600          | 586,176      |
| County of Genesee Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/19                                  | 400          | 417,020      |
| County of Genesee Michigan, GO, Water Supply System (NPFGC), 5.13%, 11/01/33                                 | 500          | 469,615      |
| County of Wayne Michigan, GO, Airport Hotel, Detroit Metropolitan Airport, Series A (NPFGC), 5.00%, 12/01/30 | 1,180        | 995,767      |
| Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39  | 2,000        | 1,994,120    |
| Detroit City School District Michigan, GO, School Building & Site Improvement (FGIC):                        |              |              |
| Series A, 5.38%, 5/01/13 (a)   | 1,480        | 1,626,372    |
| Series B, 5.00%, 5/01/28   | 1,900        | 1,739,374    |
| Eaton Rapids Public Schools Michigan, GO, School Building & Site (AGM), 5.25%, 5/01/23                       | 2,000        | 2,095,700    |

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|   |       |           |
|---|-------|-----------|
| Gibraltar School District Michigan, GO, School Building & Site:     |       |           |
| (FGIC), 5.00%, 5/01/14 (a)  | 3,065 | 3,431,972 |
| (NPFGC), 5.00%, 5/01/28   | 585   | 562,074   |
| Grand Blanc Community Schools Michigan, GO (NPFGC):                 |       |           |
| 5.63%, 5/01/17  | 1,000 | 1,029,660 |
| 5.63%, 5/01/18  | 1,000 | 1,028,900 |
| 5.63%, 5/01/19  | 1,100 | 1,131,207 |
| Grand Rapids Building Authority Michigan, RB, Series A (AMBAC) (a): |       |           |
| 5.50%, 10/01/12   | 535   | 578,405   |
| 5.50%, 10/01/12   | 130   | 140,547   |

| Municipal Bonds | Par<br>(000) | Value |
|-----------------|--------------|-------|
|-----------------|--------------|-------|

**Michigan (continued)**

**County/City/Special District/  
School District (concluded)**

|  |        |            |
|--|--------|------------|
| Gull Lake Community School District, GO, Refunding (AGM), 4.00%, 5/01/26   | \$ 615 | \$ 554,152 |
| Harper Creek Community School District Michigan, GO, Refunding (AGM), 5.00%, 5/01/22   | 1,000  | 1,034,750  |
| Harper Woods School District Michigan, GO, Refunding, School Building & Site:  |        |            |
| (FGIC), 5.00%, 5/01/14 (a)   | 215    | 240,376    |
| (NPFGC), 5.00%, 5/01/34  | 10     | 9,224      |
| Haslett Public School District Michigan, GO, Building & Site (NPFGC), 5.63%, 11/01/11 (a)  | 1,275  | 1,324,865  |
| Jonesville Community Schools Michigan, GO, Refunding (NPFGC), 5.00%, 5/01/29   | 1,085  | 1,021,723  |
| L Anse Creuse Public Schools Michigan, GO, School Building & Site (AGM):   |        |            |
| 5.00%, 5/01/12   | 400    | 419,240    |
| 5.00%, 5/01/25   | 1,000  | 1,010,210  |
| 5.00%, 5/01/26   | 1,050  | 1,032,329  |
| 5.00%, 5/01/35   | 2,000  | 1,892,380  |
| Lincoln Consolidated School District Michigan, GO, Refunding (NPFGC), 4.63%, 5/01/28   | 2,325  | 2,112,076  |
| Livonia Public Schools School District Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/24                                       | 500    | 500,260    |
| Ludington Area School District Michigan, GO (NPFGC), 5.25%, 5/01/23  | 1,440  | 1,491,278  |
| Michigan State Building Authority, RB, Facilities Program, Series H (AGM), 5.00%, 10/15/26   | 3,000  | 2,910,840  |
| New Haven Community Schools Michigan, GO, Refunding, School Building & Site (AGM), 5.00%, 5/01/23                                      | 500    | 509,130    |
| New Lothrop Area Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/35   | 1,200  | 1,108,008  |
| Pontiac Tax Increment Finance Authority Michigan, Tax Allocation Bonds, Refunding, Tax Increment Development (ACA), 5.38%, 6/01/12 (a) | 640    | 684,928    |
| Reed City Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/14 (a)  | 1,000  | 1,122,110  |
| Rochester Community School District, GO (NPFGC), 5.00%, 5/01/19  | 265    | 283,643    |
|  | 1,000  | 1,122,110  |

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Southfield Public Schools Michigan, GO, School Building & Site, Series B (AGM), 5.00%, 5/01/14 (a)

|   |       |            |
|---|-------|------------|
| Sparta Area Schools Michigan, GO, School Building & Site (FGIC), 5.00%, 5/01/14 (a)             | 1,000 | 1,118,030  |
| Thornapple Kellogg School District Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/32 | 1,500 | 1,406,565  |
| Van Dyke Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/28              | 750   | 726,353    |
| Zeeland Public Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/29             | 1,230 | 1,199,717  |
|   |       | 52,146,064 |

**Education 8.8%**

|   |       |           |
|---|-------|-----------|
| Ferris State University, Refunding RB, General (AGM):   |       |           |
| 4.50%, 10/01/23   | 1,360 | 1,334,813 |
| 4.50%, 10/01/24   | 1,595 | 1,538,042 |
| 4.50%, 10/01/25   | 1,405 | 1,325,941 |
| Michigan Higher Education Facilities Authority, RB, Limited Obligation, Hillsdale College Project, 5.00%, 3/01/35 | 1,125 | 966,004   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)  
(Percentages shown are based on Net Assets)

| Municipal Bonds  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Michigan (continued)</b>  |              |            |
| <b>Education (concluded)</b>   |              |            |
| Michigan Higher Education Facilities Authority,<br>Refunding RB, Limited Obligation, Creative<br>Studies (a):        |              |            |
| 5.85%, 6/01/12   | \$ 550       | \$ 587,158 |
| 5.90%, 6/01/12   | 1,000        | 1,068,230  |
| Michigan Higher Education Student Loan Authority,<br>RB, Student Loan, Series XVII-Q, AMT (AMBAC),<br>5.00%, 3/01/31 |              |            |
|  | 500          | 426,990    |
| Michigan State University, Refunding RB, General,<br>Series C:   |              |            |
| 5.00%, 2/15/40   | 3,770        | 3,679,633  |
| 5.00%, 2/15/44   | 1,000        | 968,570    |
| Saginaw Valley State University Michigan, Refunding<br>RB, General (NPFGC), 5.00%, 7/01/24                           |              |            |
|  | 1,450        | 1,412,619  |
|  |              | 13,308,000 |
| <b>Health 21.8%</b>  |              |            |
| Dickinson County Healthcare System, Refunding RB,<br>Series A (ACA), 5.80%, 11/01/24                                 |              |            |
|  | 2,170        | 2,188,619  |
| Flint Hospital Building Authority Michigan, Refunding<br>RB, Hurley Medical Center (ACA):                            |              |            |
| 6.00%, 7/01/20   | 695          | 651,243    |
| Series A, 5.38%, 7/01/20   | 385          | 342,943    |
| Kalamazoo Hospital Finance Authority, RB, Bronson<br>Methodist Hospital (AGM), 5.25%, 5/15/36                        |              |            |
|  | 2,750        | 2,523,152  |
| Kent Hospital Finance Authority Michigan, RB,<br>Spectrum Health, Series A (NPFGC), 5.50%,<br>7/15/11 (a)            |              |            |
|  | 3,000        | 3,098,760  |
| Michigan State Hospital Finance Authority, RB:   |              |            |
| Ascension Health Senior Credit Group,<br>5.00%, 11/15/25   |              |            |
|  | 2,300        | 2,276,149  |
| Hospital, MidMichigan Obligation Group,<br>Series A (AMBAC), 5.50%, 4/15/18  |              |            |
|  | 1,000        | 1,012,120  |
| McLaren Health Care, Series C,<br>5.00%, 8/01/35   |              |            |
|  | 1,585        | 1,407,004  |
| Mercy Health Services, Series R (AMBAC),<br>5.38%, 8/15/26 (b)   |              |            |
|  | 2,000        | 2,006,740  |
| Michigan State Hospital Finance Authority,<br>Refunding RB:  |              |            |
| Hospital, Crittenton, Series A, 5.63%, 3/01/27   |              |            |
|  | 1,300        | 1,218,230  |
| Hospital, Oakwood Obligation Group, Series A,<br>5.00%, 7/15/25  |              |            |
|  | 2,470        | 2,275,809  |
| Hospital, Oakwood Obligation Group, Series A,<br>5.00%, 7/15/37  |              |            |
|  | 3,340        | 2,765,654  |

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|  |       |                   |
|--|-------|-------------------|
| Hospital, Sparrow Obligated, 5.00%, 11/15/31   | 1,595 | 1,418,944         |
| McLaren Health Care, 5.75%, 5/15/38  | 1,500 | 1,469,520         |
| Trinity Health Credit, Series A, 6.13%, 12/01/23   | 940   | 1,009,034         |
| Trinity Health Credit, Series A, 6.25%, 12/01/28   | 570   | 594,282           |
| Trinity Health Credit, Series A, 6.50%, 12/01/33   | 1,400 | 1,467,130         |
| Trinity Health Credit, Series C, 5.38%, 12/01/23   | 1,000 | 1,004,680         |
| Trinity Health Credit, Series C, 5.38%, 12/01/30   | 1,950 | 1,831,069         |
| Trinity Health Credit, Series D, 5.00%, 8/15/34  | 1,650 | 1,466,140         |
| Royal Oak Hospital Finance Authority Michigan,<br>Refunding RB, William Beaumont Hospital,<br>8.25%, 9/01/39 | 1,000 | 1,113,510         |
|  |       | <u>33,140,732</u> |

| Municipal Bonds                                      | Par<br>(000) | Value            |
|--|--------------|------------------|
| <b>Michigan (continued)</b>                          |              |                  |
| <b>Housing 5.1%</b>                                  |              |                  |
| Michigan State HDA, RB:                              |              |                  |
| Deaconess Tower, AMT (Ginnie Mae),<br>5.25%, 2/20/48 | \$ 1,000     | \$ 927,390       |
| Series A, 4.75%, 12/01/25                            | 2,675        | 2,472,636        |
| Series A, 6.00%, 10/01/45                            | 4,280        | 4,239,469        |
| Series A, AMT (NPFGC), 5.30%, 10/01/37               | 20           | 18,856           |
|  |              | <u>7,658,351</u> |

|  |       |                   |
|--|-------|-------------------|
| <b>State 13.2%</b>   |       |                   |
| Michigan Municipal Bond Authority, Refunding RB,<br>Local Government, Charter County Wayne,<br>Series B (AGC): |       |                   |
| 5.00%, 11/01/14  | 1,500 | 1,640,640         |
| 5.00%, 11/01/15  | 1,000 | 1,086,500         |
| 5.00%, 11/01/16  | 500   | 550,765           |
| 5.38%, 11/01/24  | 125   | 130,285           |
| Michigan State Building Authority, Refunding RB,<br>Facilities Program:  |       |                   |
| Series I, 6.25%, 10/15/38  | 2,350 | 2,462,260         |
| Series I (AGC), 5.25%, 10/15/24  | 2,000 | 2,027,740         |
| Series I (AGC), 5.25%, 10/15/25  | 1,500 | 1,501,125         |
| Series I (AGC), 5.25%, 10/15/26  | 400   | 395,336           |
| Series II (NPFGC), 5.00%, 10/15/29   | 2,000 | 1,846,540         |
| State of Michigan, COP, Refunding, New Center<br>Development Inc. (NPFGC), 5.75%, 9/01/11 (b)                  | 5,045 | 5,202,454         |
| State of Michigan, RB, GAN (AGM), 5.25%, 9/15/27   | 3,250 | 3,264,235         |
|  |       | <u>20,107,880</u> |

|  |       |           |
|--|-------|-----------|
| <b>Transportation 14.9%</b>  |       |           |
| State of Michigan, Refunding RB (AGM),<br>5.25%, 5/15/19                                       | 1,000 | 1,107,390 |
| Sturgis Building Authority, RB, Sturgis Hospital<br>Project (NPFGC), 4.75%, 10/01/34           | 3,525 | 3,109,262 |
| Wayne County Airport Authority, RB, Detroit<br>Metropolitan Wayne County Airport, AMT (NPFGC): |       |           |



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|   |       |           |
|---|-------|-----------|
| 5.25%, 12/01/25   | 4,475 | 4,131,454 |
| 5.25%, 12/01/26   | 3,700 | 3,365,742 |
| 5.00%, 12/01/34   | 5,200 | 4,228,484 |
| Wayne County Airport Authority, Refunding RB,<br>AMT (AGC): |       |           |
| 5.75%, 12/01/26   | 3,060 | 2,936,957 |
| 5.38%, 12/01/32   | 4,300 | 3,777,206 |

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22,656,495

**Utilities 22.8%**

|  |       |           |
|--|-------|-----------|
| City of Detroit Michigan, RB:  |       |           |
| Second Lien, Series B (AGM), 7.00%, 7/01/36  | 2,000 | 2,205,500 |
| Second Lien, Series B (NPFGC), 5.00%,<br>7/01/13 (a)                                   | 1,780 | 1,949,563 |
| Second Lien, Series B (NPFGC),<br>5.00%, 7/01/34                                       | 2,620 | 2,283,671 |
| Senior Lien, Series A (AGM), 5.00%, 7/01/25  | 3,460 | 3,262,849 |
| Senior Lien, Series A (FGIC), 5.75%,<br>7/01/11 (a)                                    | 1,000 | 1,030,770 |
| Senior Lien, Series A (NPFGC), 5.00%, 7/01/34  | 4,600 | 4,093,908 |
| City of Detroit Michigan, Refunding RB, Second Lien,<br>Series C (AGM), 5.00%, 7/01/29 | 6,475 | 5,745,591 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)  
(Percentages shown are based on Net Assets)

| Municipal Bonds   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Michigan (concluded)</b>   |              |              |
| <b>Utilities (concluded)</b>  |              |              |
| City of Grand Rapids Michigan, RB (NPFGC),<br>5.00%, 1/01/34  | \$ 6,900     | \$ 6,698,175 |
| City of Grand Rapids Michigan, Refunding RB,<br>Series A (NPFGC), 5.50%, 1/01/22                                      | 1,500        | 1,620,135    |
| City of Wyoming Michigan, RB (NPFGC),<br>5.00%, 6/01/30   | 5,300        | 5,041,042    |
| Michigan Municipal Bond Authority, RB, Clean Water<br>Revolving-Pooled, 5.00%, 10/01/27                               | 760          | 776,910      |
|   |              | 34,708,114   |
| <b>Total Municipal Bonds in Michigan</b>  |              | 204,608,846  |
| <b>Guam 1.1%</b>  |              |              |
| <b>County/City/Special District/<br/>School District 0.5%</b>   |              |              |
| Territory of Guam, RB, Section 30, Series A,<br>5.63%, 12/01/29   | 850          | 817,955      |
| <b>Utilities 0.6%</b>   |              |              |
| Guam Power Authority, Refunding RB, Series A<br>(AGM), 5.00%, 10/01/37  | 955          | 857,829      |
| <b>Total Municipal Bonds in Guam</b>  |              | 1,675,784    |
| <b>Puerto Rico 9.3%</b>   |              |              |
| <b>County/City/Special District/<br/>School District 1.9%</b>   |              |              |
| Puerto Rico Sales Tax Financing Corp., Refunding<br>RB, First Sub-Series C (AGM), 5.13%, 8/01/42                      | 3,200        | 2,976,224    |
| <b>State 5.4%</b>   |              |              |
| Puerto Rico Public Buildings Authority, Refunding<br>RB, Government Facilities, Series M-3 (NPFGC),<br>6.00%, 7/01/27 | 4,200        | 4,234,692    |

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Puerto Rico Sales Tax Financing Corp., Refunding

RB, CAB, Series A (NPFGC) (c):

|                |        |           |
|----------------|--------|-----------|
| 5.19%, 8/01/43 | 12,500 | 1,397,375 |
| 5.00%, 8/01/46 | 30,000 | 2,631,600 |

8,263,667

**Transportation 2.0%**

Puerto Rico Highway & Transportation Authority,  
Refunding RB, Series CC (AGC), 5.50%, 7/01/31

3,000 2,988,900

**Total Municipal Bonds in Puerto Rico**

14,228,791

**Total Municipal Bonds 145.0%**

220,513,421

**Municipal Bonds Transferred to  
Tender Option Bond Trusts (d)**

**Michigan 10.9%**

**Corporate 4.9%**

Wayne State University, Refunding RB, General  
(AGM), 5.00%, 11/15/35

7,790 7,427,687

**Municipal Bonds Transferred to  
Tender Option Bond Trusts (d)**

**Par  
(000)**

**Value**

**Michigan (concluded)**

**County/City/Special District/  
School District 2.6%**

Lakewood Public Schools Michigan, GO, School  
Building & Site (AGM), 5.00%, 5/01/37

\$ 3,970 \$ 3,944,671

**Education 3.4%**

Portage Public Schools Michigan, GO, School  
Building & Site (AGM), 5.00%, 5/01/31

2,850 2,744,379

Saginaw Valley State University, Refunding RB,  
General (AGM), 5.00%, 7/01/31

2,500 2,394,975

5,139,354

**Total Municipal Bonds Transferred to  
Tender Option Bond Trusts 10.9%**

16,511,712

**Total Long-Term Investments**

(Cost \$248,212,449) 155.9%

237,025,133

| Short-Term Securities   | Shares         |
|---|----------------|
| BIF Michigan Municipal Money Fund, 0.00% (e)(f)   | 9,328,659      |
| <b>Total Short-Term Securities</b><br>(Cost \$9,328,659) 6.1%                               | 9,328,659      |
| <b>Total Investments (Cost \$257,541,108*) 162.0%</b>                                       | 246,353,792    |
| <b>Other Assets Less Liabilities 1.4%</b>   | 2,080,396      |
| <b>Liability for Trust Certificates, Including Interest Expense and Fees Payable (5.9%)</b> | (9,035,659)    |
| <b>Preferred Shares, at Redemption Value (57.5%)</b>  | (87,357,820)   |
| <b>Net Assets Applicable to Common Shares 100.0%</b>  | \$ 152,040,709 |

\* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2011, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$ 248,553,380  |
| Gross unrealized appreciation | \$ 4,018,438    |
| Gross unrealized depreciation | (15,248,026)    |
| Net unrealized depreciation   | \$ (11,229,588) |

- (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) Security is collateralized by Municipal or US Treasury obligations.
- (c) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (d) 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.

See Notes to Financial Statements.

## Schedule of Investments (concluded)

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

- (e) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                            | Shares Held<br>at July 31,<br>2010 | Net<br>Activity | Shares Held<br>at January 31,<br>2011 | Income |
|--------------------------------------|------------------------------------|-----------------|---------------------------------------|--------|
| BIF Michigan Municipal<br>Money Fund | 605,019                            | 8,723,640       | 9,328,659                             |        |

- (f) 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. This definition may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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 inputs or methodologies used for valuing securities are not necessarily an indication of the risk 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.

The following table summarizes the inputs used as of January 31, 2011 in determining the fair valuation of the Fund's investments:

| Valuation Inputs                      | Level 1      | Level 2        | Level 3 | Total          |
|---------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                        |              |                |         |                |
| Investments in<br>Securities:         |              |                |         |                |
| Long-Term<br>Investments <sup>1</sup> |              | \$ 237,025,133 |         | \$ 237,025,133 |
| Short-Term<br>Securities              | \$ 9,328,659 |                |         | 9,328,659      |
| <b>Total</b>                          | \$ 9,328,659 | \$ 237,025,133 |         | \$ 246,353,792 |

<sup>1</sup> See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

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Schedule of Investments January 31, 2011 (Unaudited)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)  
(Percentages shown are based on Net Assets)

| Municipal Bonds   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>New York 115.6%</b>  |              |              |
| <b>Corporate 6.2%</b>   |              |              |
| New York City Industrial Development Agency,<br>Refunding RB, Terminal One Group Association<br>Project, AMT, 5.50%, 1/01/24 (a)                | \$ 1,500     | \$ 1,475,445 |
| New York Liberty Development Corp., RB, Goldman<br>Sachs Headquarters, 5.25%, 10/01/35  | 900          | 869,751      |
| New York State Energy Research & Development<br>Authority, RB, Lilco Project, Series A (NPFGC),<br>5.15%, 3/01/16                               | 3,000        | 3,061,110    |
| New York State Energy Research & Development<br>Authority, Refunding RB, Brooklyn Union<br>Gas/Keyspan, Series A, AMT (FGIC),<br>4.70%, 2/01/24 | 4,750        | 4,574,535    |
| Suffolk County Industrial Development Agency<br>New York, RB, KeySpan, Port Jefferson, AMT,<br>5.25%, 1/03/11                                   | 4,625        | 4,329,694    |
| Suffolk County Industrial Development Agency<br>New York, Refunding RB, Ogden Martin System<br>Huntington, AMT (AMBAC):<br>6.15%, 10/01/11      | 9,170        | 9,479,671    |
| 6.25%, 10/01/12   | 6,470        | 6,937,781    |
|   |              | 30,727,987   |
| <b>County/City/Special District/<br/>School District 33.9%</b>  |              |              |
| Amherst Development Corp., RB, University at<br>Buffalo Foundation Faculty-Student Housing Corp.,<br>Series A (AGM), 4.63%, 10/01/40            | 2,000        | 1,736,140    |
| City of Buffalo New York, GO, School,<br>Series D (NPFGC):<br>5.50%, 12/15/14   | 1,250        | 1,285,075    |
| 5.50%, 12/15/16   | 1,500        | 1,539,900    |
| City of New York New York, GO, Refunding:<br>Series 02-B (AMBAC), 7.00%, 2/01/18  | 70           | 70,351       |
| Series E, 5.00%, 8/01/27  | 1,070        | 1,077,362    |
| Dutchess County Resource Recovery Agency<br>New York, RB, Solid Waste System, Series A<br>(NPFGC), 5.40%, 1/01/13                               | 1,700        | 1,747,855    |
| Erie County Industrial Development Agency, RB, City<br>of Buffalo Project (AGM), 5.75%, 5/01/20   | 1,900        | 1,980,788    |
| Hudson Yards Infrastructure Corp., RB, Series A:<br>5.00%, 2/15/47  | 750          | 637,605      |
| (FGIC), 5.00%, 2/15/47  | 11,000       | 9,351,540    |
| (NPFGC), 4.50%, 2/15/47   | 17,525       | 13,231,375   |

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New York City Industrial Development Agency,

RB, PILOT:

|  |        |           |
|--|--------|-----------|
| CAB, Yankee Stadium (AGC),<br>6.53%, 3/01/39 (b)   | 5,000  | 861,700   |
| CAB, Yankee Stadium (AGC),<br>6.47%, 3/01/43 (b)   | 4,330  | 563,116   |
| Queens Baseball Stadium (AGC),<br>6.38%, 1/01/39   | 1,000  | 1,044,410 |
| Queens Baseball Stadium (AMBAC),<br>5.00%, 1/01/36 | 11,800 | 9,592,220 |

| Municipal Bonds | Par<br>(000) | Value |
|-----------------|--------------|-------|
|-----------------|--------------|-------|

**New York (continued)**

**County/City/Special District/  
School District (concluded)**

New York City Industrial Development Agency, RB,

PILOT (concluded):

|  |          |              |
|--|----------|--------------|
| Queens Baseball Stadium (AMBAC),<br>5.00%, 1/01/39   | \$ 5,250 | \$ 4,212,862 |
| Queens Baseball Stadium (AMBAC),<br>5.00%, 1/01/46   | 8,050    | 6,318,203    |
| Yankee Stadium (FGIC), 5.00%, 3/01/46  | 9,650    | 8,342,232    |
| Yankee Stadium (NPFGC), 5.00%, 3/01/36   | 3,500    | 3,102,610    |
| New York City Transit Authority/Metropolitan Transit<br>Authority/Triborough Bridge & Tunnel Authority,<br>COP, Series A (AMBAC), 5.63%, 1/01/12 | 1,020    | 1,023,499    |
| New York City Transitional Finance Authority, RB:<br>Fiscal 2008, Series S-1, 4.50%, 1/15/38   | 1,700    | 1,494,946    |
| Fiscal 2009, Series S-1 (AGC),<br>5.50%, 7/15/38   | 6,000    | 6,143,400    |
| Fiscal 2009, Series S-4 (AGC),<br>5.50%, 1/15/39   | 1,500    | 1,537,815    |
| Future Tax Secured, Series C (FGIC),<br>5.00%, 2/01/33   | 12,395   | 12,151,934   |
| Future Tax Secured, Series E (NPFGC),<br>5.25%, 2/01/22  | 2,500    | 2,635,075    |
| Series S-2 (AGM), 5.00%, 1/15/37   | 5,000    | 4,830,650    |
| Series S-2 (NPFGC), 4.25%, 1/15/34   | 5,980    | 5,161,697    |
| New York City Transitional Finance Authority,<br>Refunding RB, Series A (FGIC), 5.00%, 11/15/26  | 1,000    | 1,005,250    |
| New York Convention Center Development Corp., RB,<br>Hotel Unit Fee Secured (AMBAC):<br>5.00%, 11/15/30  | 1,500    | 1,396,425    |
| 5.00%, 11/15/35  | 33,000   | 29,950,800   |
| 5.00%, 11/15/44  | 14,470   | 12,898,558   |
| North Country Development Authority, Refunding RB<br>(AGM), 6.00%, 5/15/15   | 980      | 1,061,859    |
| Sales Tax Asset Receivable Corp., RB, Series A<br>(AMBAC), 5.00%, 10/15/32   | 11,200   | 11,140,416   |
| Syracuse Industrial Development Agency New York,<br>RB, Carousel Center Project, Series A, AMT<br>(Syncora), 5.00%, 1/01/36                      | 6,150    | 4,496,634    |
| Town of Huntington New York, GO,<br>Refunding (AMBAC):<br>5.50%, 4/15/12   | 460      | 487,651      |
| 5.50%, 4/15/13   | 455      | 499,745      |



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Town of North Hempstead New York, GO, Refunding,  
Series B (NPFGC):

|                |       |             |
|----------------|-------|-------------|
| 6.40%, 4/01/13 | 1,745 | 1,938,067   |
| 6.40%, 4/01/17 | 555   | 666,227     |
|                |       | 167,215,992 |

**Education 11.2%**

|  |       |           |
|--|-------|-----------|
| City of Troy New York, Refunding RB, Rensselaer<br>Polytechnic, Series A, 5.13%, 9/01/40                       | 5,725 | 5,279,710 |
| Madison County Industrial Development Agency<br>New York, RB, Colgate University Project,<br>Series A (AMBAC): |       |           |
| 5.00%, 7/01/30   | 5,410 | 5,356,711 |
| 5.00%, 7/01/35   | 2,675 | 2,608,607 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)  
(Percentages shown are based on Net Assets)

| Municipal Bonds   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>New York (continued)</b>   |              |              |
| <b>Education (concluded)</b>  |              |              |
| New York City Industrial Development Agency,<br>Refunding RB:<br>Nightingale-Bamford School (AMBAC),<br>5.25%, 1/15/18      | \$ 1,275     | \$ 1,341,746 |
| Polytechnic University Project (ACA),<br>5.25%, 11/01/37  | 500          | 449,085      |
| New York City Transitional Finance Authority, RB,<br>Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/33                          | 5,500        | 5,678,530    |
| New York City Trust for Cultural Resources, Refunding<br>RB, Museum of Modern Art, Series 1A,<br>5.00%, 4/01/31             | 1,000        | 991,150      |
| New York State Dormitory Authority, RB:<br>Convent of the Sacred Heart (AGM),<br>5.75%, 11/01/40 (c)                        | 2,075        | 2,051,470    |
| Cornell University, Series A, 5.00%, 7/01/40  | 1,000        | 984,810      |
| Mount Sinai School of Medicine,<br>5.13%, 7/01/39   | 665          | 613,216      |
| Mount Sinai School of Medicine at NYU<br>(NPFGC), 5.00%, 7/01/35  | 7,100        | 6,536,473    |
| New York University, Series 1 (AMBAC),<br>5.50%, 7/01/40  | 4,580        | 4,662,165    |
| The New School (AGM), 5.50%, 7/01/43  | 6,550        | 6,452,208    |
| Rensselaer County Industrial Development Agency<br>New York, RB, Polytechnic Institute, Series B<br>(AMBAC), 5.50%, 8/01/22 | 1,255        | 1,264,726    |
| Trust for Cultural Resources, RB, Carnegie Hall,<br>Series A:<br>4.75%, 12/01/39  | 3,550        | 3,190,527    |
| 5.00%, 12/01/39   | 2,150        | 2,009,971    |
| Trust for Cultural Resources, Refunding RB, American<br>Museum of Natural History, Series A (NPFGC):<br>5.00%, 7/01/36      | 5,250        | 5,059,583    |
| 5.00%, 7/01/44  | 500          | 476,605      |
|   |              | 55,007,293   |
| <b>Health 9.8%</b>  |              |              |
| Dutchess County Industrial Development Agency, RB,<br>Vassar Brothers Medical Center (AGC):<br>5.50%, 4/01/30               | 250          | 238,038      |
| 5.50%, 4/01/34  | 490          | 465,966      |
| Monroe County Industrial Development Corp., RB,<br>Unity Hospital of Rochester Project (FHA),<br>5.50%, 8/15/40             | 4,650        | 4,630,284    |

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|  |       |           |
|--|-------|-----------|
| New York City Health & Hospital Corp., Refunding<br>RB, Health System, Series A, 5.00%, 2/15/30                    | 3,200 | 3,016,160 |
| New York City Industrial Development Agency, RB,<br>Royal Charter, New York Presbyterian (AGM),<br>5.75%, 12/15/29 | 7,970 | 8,154,426 |
| New York State Dormitory Authority, MRB, Montefiore<br>Hospital (NPFGC), 5.00%, 8/01/33                            | 1,500 | 1,389,285 |

| Municipal Bonds | Par<br>(000) | Value |
|-----------------|--------------|-------|
|-----------------|--------------|-------|

**New York (continued)**

**Health (concluded)**

|   |          |              |
|---|----------|--------------|
| New York State Dormitory Authority, RB:<br>Healthcare, Series A, 5.00%, 3/15/38   | \$ 2,750 | \$ 2,666,455 |
| Hudson Valley Hospital (BHAC),<br>5.00%, 8/15/36  | 6,500    | 6,263,855    |
| New York & Presbyterian Hospital (AGM),<br>5.25%, 2/15/31   | 3,000    | 3,035,610    |
| New York & Presbyterian Hospital (AGM),<br>5.00%, 8/15/36   | 5,000    | 4,731,100    |
| New York State Rehabilitation Association,<br>Series A (CIFG), 5.25%, 7/01/19   | 1,180    | 1,198,278    |
| New York State Rehabilitation Association,<br>Series A (CIFG), 5.13%, 7/01/23   | 1,000    | 970,910      |
| North Shore-Long Island Jewish Health System,<br>Series A, 5.50%, 5/01/37   | 2,075    | 1,972,640    |
| NYU Hospital Center, Series A, 5.75%, 7/01/31   | 3,450    | 3,321,556    |
| NYU Hospital Center, Series A, 6.00%, 7/01/40   | 1,800    | 1,756,206    |
| Series B (NPFGC), 6.50%, 2/15/11 (d)  | 1,000    | 1,002,400    |
| New York State Dormitory Authority, Refunding RB,<br>St. Luke's Roosevelt Hospital (FHA),<br>4.90%, 8/15/31                   | 2,900    | 2,566,761    |
| Oneida County Industrial Development Agency<br>New York, RB, Civic Facility, Mohawk Valley,<br>Series A (AGM), 5.20%, 2/01/13 | 720      | 731,239      |
|   |          | 48,111,169   |

**Housing 3.8%**

|   |       |           |
|---|-------|-----------|
| Monroe County Industrial Development Agency,<br>IDRB, Southview Towers Project, AMT (SONYMA):<br>6.13%, 2/01/20 | 1,060 | 1,066,318 |
| 6.25%, 2/01/31  | 1,125 | 1,127,801 |
| New York City Housing Development Corp., RB, AMT:<br>Series A-1-A, 5.00%, 11/01/30                              | 750   | 681,570   |
| Series A-1-A, 5.45%, 11/01/46   | 1,335 | 1,175,027 |
| Series C, 5.00%, 11/01/26   | 1,500 | 1,457,205 |
| Series C, 5.05%, 11/01/36   | 2,000 | 1,724,180 |
| Series H-1, 4.70%, 11/01/40   | 1,340 | 1,146,249 |
| Series H-2-A, 5.20%, 11/01/35   | 840   | 755,840   |
| Series H-2-A, 5.35%, 5/01/41  | 600   | 530,652   |
| New York Mortgage Agency, Refunding RB, AMT:<br>Homeowner Mortgage, Series 97,<br>5.50%, 4/01/31                | 980   | 961,204   |
| Series 133, 4.95%, 10/01/21   | 520   | 522,959   |
| Series 143, 4.85%, 10/01/27   | 1,100 | 1,014,189 |
| Series 143, 4.90%, 10/01/37   | 980   | 868,221   |

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|   |       |            |
|---|-------|------------|
| Series 143 (NPFGC), 4.85%, 10/01/27   | 2,485 | 2,347,878  |
| New York State HFA, RB, St. Philip's Housing,<br>Series A, AMT (Fannie Mae), 4.65%, 11/15/38                                  | 1,500 | 1,305,960  |
| Yonkers Industrial Development Agency New York,<br>RB, Monastery Manor Associates LP Project, AMT<br>(SONYMA), 5.25%, 4/01/37 | 2,445 | 2,160,304  |
|   |       | <hr/>      |
|   |       | 18,845,557 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)  
(Percentages shown are based on Net Assets)

| Municipal Bonds  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>New York (continued)</b>  |              |              |
| <b>State 8.4%</b>  |              |              |
| New York State Dormitory Authority, ERB, Series C,<br>5.00%, 12/15/31  | \$ 1,500     | \$ 1,501,425 |
| New York State Dormitory Authority, RB:<br>Master BOCES Program Lease (AGC),<br>5.00%, 8/15/28                             | 1,750        | 1,741,880    |
| Mental Health Facilities, Series B,<br>5.25%, 2/15/14 (e)  | 1,570        | 1,752,936    |
| Mental Health Services Facilities, Series C AMT<br>(AGM), 5.40%, 2/15/33   | 6,460        | 6,064,325    |
| School Districts Financing Program, Series A<br>(AGM), 5.00%, 10/01/35   | 550          | 525,212      |
| School Districts Financing Program, Series C<br>(AGM), 5.00%, 10/01/37   | 4,050        | 3,849,565    |
| School Districts Financing Program, Series E<br>(NPFGC), 5.75%, 10/01/30   | 6,900        | 7,155,783    |
| New York State Dormitory Authority, Refunding RB,<br>School Districts Financing Program, Series B<br>(AGM), 5.00%, 4/01/36 | 5,000        | 4,765,800    |
| New York State Thruway Authority, RB:<br>Second General, Series B, 5.00%, 4/01/27  | 1,500        | 1,518,555    |
| Series A (AMBAC), 5.00%, 4/01/26   | 4,380        | 4,439,393    |
| New York State Urban Development Corp.,<br>RB (NPFGC):<br>Personal Income Tax, Series C-1, 5.00%,<br>3/15/13 (e)           | 3,000        | 3,264,990    |
| State Personal Income Tax, State Facilities,<br>Series A-1, 5.00%, 3/15/29   | 5,000        | 5,022,650    |
|  |              | 41,602,514   |
| <b>Tobacco 1.9%</b>  |              |              |
| Tobacco Settlement Financing Corp. New York, RB,<br>Asset-Backed:<br>Series A-1 (AMBAC), 5.25%, 6/01/20                    | 5,000        | 5,307,600    |
| Series A-1 (AMBAC), 5.25%, 6/01/22   | 2,000        | 2,058,420    |
| Series B-1C, 5.50%, 1/07/11  | 1,900        | 1,998,097    |
|  |              | 9,364,117    |
| <b>Transportation 29.4%</b>  |              |              |
| Hudson Yards Infrastructure Corp., RB:<br>(AGC), 5.00%, 2/15/47  | 4,300        | 3,764,865    |
| Series A (AGC), 5.00%, 2/15/47   | 550          | 481,553      |
| Series A (AGM), 5.00%, 2/15/47   | 3,840        | 3,362,112    |

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|   |        |            |
|---|--------|------------|
| Metropolitan Transportation Authority, RB:<br>Series 2008C, 6.50%, 11/15/28             | 3,200  | 3,499,744  |
| Transportation, Series A (NPFGC),<br>5.00%, 11/15/32                                    | 1,295  | 1,175,834  |
| Metropolitan Transportation Authority, Refunding RB:<br>Series A (AGM), 5.00%, 11/15/32 | 1,015  | 991,229    |
| Series A (AGM), 5.75%, 11/15/32   | 29,300 | 29,380,868 |
| Series A (NPFGC), 5.13%, 11/15/22   | 1,390  | 1,412,671  |
| Series A (NPFGC), 5.00%, 11/15/30   | 6,600  | 6,485,556  |
| Series A (NPFGC), 5.25%, 11/15/31   | 2,500  | 2,372,500  |
| Series B, 5.00%, 11/15/34   | 1,500  | 1,433,580  |
| Series C (AGM), 5.13%, 7/01/12 (e)  | 1,640  | 1,747,420  |
| Transportation, Series F (NPFGC), 5.25%,<br>11/15/12 (e)                                | 6,235  | 6,752,941  |
| Transportation, Series F (NPFGC),<br>5.00%, 11/15/31                                    | 5,000  | 4,593,550  |

| Municipal Bonds | Par<br>(000) | Value |
|-----------------|--------------|-------|
|-----------------|--------------|-------|

**New York (concluded)**

**Transportation (concluded)**

|   |          |              |
|---|----------|--------------|
| New York State Thruway Authority, RB:<br>Series F (AMBAC), 5.00%, 1/01/30   | \$ 6,000 | \$ 5,793,300 |
| Series G (AGM), 4.75%, 1/01/29  | 7,250    | 7,003,572    |
| Series G (AGM), 4.75%, 1/01/30  | 9,000    | 8,588,700    |
| Series G (AGM), 5.00%, 1/01/30  | 2,000    | 1,968,680    |
| Series G (AGM), 5.00%, 1/01/32  | 1,030    | 997,493      |
| Niagara Falls Bridge Commission, Refunding RB,<br>Bridge System, Series A (AGC), 4.00%, 10/01/19                                      | 3,900    | 3,999,489    |
| Niagara Frontier Transportation Authority New York,<br>RB, Buffalo Niagara International Airport, Series B<br>(NPFGC), 5.50%, 4/01/19 | 2,705    | 2,710,735    |
| Port Authority of New York & New Jersey, RB:<br>Consolidated, 116th Series, 4.13%, 9/15/32  | 2,700    | 2,359,665    |
| Consolidated, 161st Series, 4.50%, 10/15/37   | 1,000    | 904,830      |
| Special Project, JFK International Air Terminal,<br>Series 6 AMT (NPFGC), 6.25%, 12/01/11   | 7,175    | 7,337,011    |
| Special Project, JFK International Air Terminal,<br>Series 6 AMT (NPFGC), 6.25%, 12/01/13   | 4,425    | 4,653,772    |
| Special Project, JFK International Air Terminal,<br>Series 6 AMT (NPFGC), 6.25%, 12/01/14   | 7,380    | 7,787,007    |
| Special Project, JFK International Air Terminal,<br>Series 6 AMT (NPFGC), 5.75%, 12/01/22   | 10,160   | 9,889,033    |
| Special Project, JFK International Air Terminal,<br>Series 6 AMT (NPFGC), 5.75%, 12/01/25   | 3,500    | 3,345,055    |
| Triborough Bridge & Tunnel Authority, RB:<br>Sub-Series A (NPFGC), 5.25%, 11/15/30  | 6,000    | 6,011,820    |
| Subordinate Bonds (AMBAC), 5.00%, 11/15/28  | 2,465    | 2,444,738    |
| Triborough Bridge & Tunnel Authority, Refunding RB,<br>Series C, 5.00%, 11/15/38  | 2,000    | 1,927,160    |
|   |          | 145,176,483  |

**Utilities 11.0%**

|   |       |           |
|---|-------|-----------|
| Buffalo Sewer Authority New York, Refunding RB,<br>Series F (NPFGC), 6.00%, 7/01/13 | 3,315 | 3,476,142 |
| Long Island Power Authority, RB, Series A (AMBAC),<br>5.00%, 9/01/29                | 7,000 | 6,658,050 |

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|   |        |             |
|---|--------|-------------|
| Long Island Power Authority, Refunding RB:  |        |             |
| General, Series A (AGC), 6.00%, 5/01/33   | 1,500  | 1,594,005   |
| General, Series B (AGM), 5.00%, 12/01/35  | 4,000  | 3,803,280   |
| Series A (AGC), 5.75%, 4/01/39  | 1,015  | 1,045,552   |
| New York City Municipal Water Finance Authority, RB:  |        |             |
| Series A (NPFGC), 5.75%, 6/15/11 (e)  | 14,650 | 14,942,414  |
| Series DD, 5.00%, 6/15/32   | 5,000  | 4,935,100   |
| Series DD (AGM), 4.50%, 6/15/39   | 1,000  | 889,920     |
| Series G (AGM), 5.00%, 6/15/34  | 4,225  | 4,111,179   |
| New York City Municipal Water Finance Authority,<br>Refunding RB:   |        |             |
| Second General Resolution, Fiscal 2011,   |        |             |
| Series BB, 5.00%, 6/15/31   | 1,000  | 996,140     |
| Series A (AGM), 4.25%, 6/15/39  | 500    | 428,070     |
| Series A (NPFGC), 5.13%, 6/15/34  | 1,250  | 1,237,325   |
| Series D (AGM), 5.00%, 6/15/37  | 9,000  | 8,680,140   |
| Series F (AGM), 5.00%, 6/15/29  | 500    | 500,235     |
| New York State Environmental Facilities Corp.,<br>Refunding RB, Revolving Funds, New York City<br>Municipal Water, Series B, 5.00%, 6/15/33 |        |             |
|   | 1,040  | 1,034,394   |
|   |        | 54,331,946  |
| <b>Total Municipal Bonds in New York</b>  |        | 570,383,058 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)  
(Percentages shown are based on Net Assets)

| Municipal Bonds   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Guam 1.4%</b>  |              |              |
| <b>Transportation 0.9%</b>  |              |              |
| Guam International Airport Authority, Refunding RB,<br>General, Series C, AMT (NPFGC):                              |              |              |
| 5.25%, 10/01/21   | \$ 2,240     | \$ 2,240,381 |
| 5.25%, 10/01/22   | 2,050        | 2,043,645    |
|   |              | 4,284,026    |
| <b>Utilities 0.5%</b>   |              |              |
| Guam Power Authority, Refunding RB, Series A<br>(AGM), 5.00%, 10/01/37  |              |              |
|   | 2,730        | 2,452,222    |
| <b>Total Municipal Bonds in Guam</b>  |              | 6,736,248    |
| <b>Puerto Rico 17.2%</b>  |              |              |
| <b>County/City/Special District/<br/>School District 0.7%</b>   |              |              |
| Puerto Rico Sales Tax Financing Corp., RB,<br>First Sub-Series A (AGM), 5.00%, 8/01/40                              |              |              |
|   | 2,100        | 1,950,501    |
| Puerto Rico Sales Tax Financing Corp., Refunding<br>RB, CAB, Series A (NPFGC), 5.77%, 8/01/41 (b)                   |              |              |
|   | 12,800       | 1,667,584    |
|   |              | 3,618,085    |
| <b>Housing 0.8%</b>   |              |              |
| Puerto Rico Housing Finance Authority, Refunding<br>RB, Subordinate, Capital Fund Modernization,<br>5.13%, 12/01/27 |              |              |
|   | 4,000        | 3,975,200    |
| <b>State 7.7%</b>   |              |              |
| Commonwealth of Puerto Rico, GO, Refunding:   |              |              |
| Public Improvement, Series A (NPFGC),<br>5.50%, 7/01/20   |              |              |
|   | 2,000        | 2,029,260    |
| Public Improvement, Series A (NPFGC),<br>5.50%, 7/01/21   |              |              |
|   | 3,000        | 3,017,580    |
| Public Improvement, Series A-4 (AGM),<br>5.25%, 7/01/30   |              |              |
|   | 2,150        | 2,088,747    |
| Sub-Series C-7 (NPFGC), 6.00%, 7/01/27  |              |              |
|   | 2,000        | 2,016,520    |
| Sub-Series C-7 (NPFGC), 6.00%, 7/01/28  |              |              |
|   | 4,775        | 4,794,530    |



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|   |        |            |
|---|--------|------------|
| Puerto Rico Commonwealth Infrastructure Financing Authority, RB, CAB, Series A (b):                             |        |            |
| (AMBAC), 4.67%, 7/01/35   | 3,900  | 634,686    |
| (AMBAC), 5.02%, 7/01/43   | 8,000  | 700,640    |
| (FGIC), 4.62%, 7/01/31  | 22,030 | 5,013,808  |
| Puerto Rico Convention Center Authority, RB, Series A (AMBAC), 5.00%, 7/01/31                                   |        |            |
|   | 4,000  | 3,490,000  |
| Puerto Rico Highway & Transportation Authority, Refunding RB, Series CC (AGM):                                  |        |            |
| 5.50%, 7/01/31  | 4,500  | 4,483,350  |
| 5.25%, 7/01/32  | 1,000  | 957,800    |
| Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities, Series M-3 (NPFGC), 6.00%, 7/01/28 |        |            |
|   | 2,850  | 2,861,656  |
| Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 5.75%, 8/01/37                                   |        |            |
|   | 5,500  | 5,354,195  |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, CAB, Series A (NPFGC), 5.99%, 8/01/43 (b)                  |        |            |
|   | 5,000  | 558,950    |
|   |        | 38,001,722 |

| Municipal Bonds   | Par<br>(000) | Value       |
|---|--------------|-------------|
| <b>Puerto Rico (concluded)</b>  |              |             |
| <b>Transportation 5.6%</b>  |              |             |
| Puerto Rico Highway & Transportation Authority, RB:                                     |              |             |
| Series G (FGIC), 5.25%, 7/01/13 (e)   | \$ 655       | \$ 722,956  |
| Series G (FGIC), 5.25%, 7/01/19   | 2,265        | 2,269,734   |
| Series G (FGIC), 5.25%, 7/01/21   | 345          | 338,883     |
| Series Y (AGM), 6.25%, 7/01/21  | 6,275        | 6,750,896   |
| Puerto Rico Highway & Transportation Authority, Refunding RB:                           |              |             |
| Series AA-1 (AGM), 4.95%, 7/01/26   | 8,690        | 8,425,303   |
| Series CC (AGM), 5.50%, 7/01/29   | 500          | 503,435     |
| Series CC (AGM), 5.25%, 7/01/33   | 1,000        | 949,460     |
| Series CC (AGM), 5.25%, 7/01/36   | 4,750        | 4,434,505   |
| Series D, 5.75%, 7/01/12 (e)  | 3,000        | 3,212,730   |
|   |              | 27,607,902  |
| <b>Utilities 2.4%</b>   |              |             |
| Puerto Rico Aqueduct & Sewer Authority, RB, Senior Lien, Series A (AGC), 5.13%, 7/01/47 |              |             |
|   | 9,980        | 8,925,613   |
| Puerto Rico Electric Power Authority, Refunding RB, Series VV (NPFGC), 5.25%, 7/01/30   |              |             |
|   | 3,000        | 2,809,110   |
|   |              | 11,734,723  |
| <b>Total Municipal Bonds in Puerto Rico</b>   |              | 84,937,632  |
| <b>Total Municipal Bonds 134.2%</b>   |              | 662,056,938 |

**Municipal Bonds Transferred to  
Tender Option Bond Trusts (f)**


---

**New York 29.4%**


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**County/City/Special District/  
School District 11.8%**

City of New York New York, GO:

|   |        |            |
|---|--------|------------|
| Series J, 5.00%, 5/15/23  | 6,750  | 6,956,010  |
| Sub-Series C-3 (AGC), 5.75%, 8/15/28  | 14,400 | 15,309,072 |
| New York State Dormitory Authority, RB, State<br>University Dormitory Facilities, Series A,<br>5.25%, 7/01/29 | 6,000  | 6,118,260  |
| Sales Tax Asset Receivable Corp., RB, Series A<br>(AMBAC):  |        |            |
| 5.25%, 10/15/27   | 14,500 | 14,868,880 |
| 5.00%, 10/15/32   | 14,500 | 14,868,880 |

---

 58,121,102

**Education 1.3%**

 New York State Dormitory Authority, RB, New York  
University, Series A, 5.00%, 7/01/38

6,498 6,318,292

**State 1.6%**

 New York State Dormitory Authority, ERB, Series B,  
5.75%, 3/15/36

7,850 8,233,237

**Transportation 13.3%**

 Metropolitan Transportation Authority, RB, Series A  
(NPFGC), 5.00%, 11/15/31

3,901 3,792,707

 Metropolitan Transportation Authority, Refunding RB,  
Series A (AGM), 5.00%, 11/15/30

8,460 8,060,857

 New York State Thruway Authority, RB, Series G  
(AGM), 5.00%, 1/01/32

16,000 15,495,040

 New York State Thruway Authority, Refunding RB,  
Series H (AGM), 5.00%, 1/01/37

10,000 9,552,300

See Notes to Financial Statements.

Schedule of Investments (concluded)

**BlackRock MuniYield New York Quality Fund, Inc. (MYN)**  
(Percentages shown are based on Net Assets)

| Municipal Bonds Transferred to<br>Tender Option Bond Trusts (f)  | Par<br>(000)  | Value                 |
|--|---------------|-----------------------|
| <b>New York (concluded)</b>  |               |                       |
| <b>Transportation (concluded)</b>  |               |                       |
| Port Authority of New York & New Jersey, RB,<br>Consolidated, 155th Series, AMT (AGM),<br>5.13%, 7/15/30 | \$ 2,500      | \$ 2,403,225          |
| Triborough Bridge & Tunnel Authority, Refunding<br>RB (NPFGC):   |               |                       |
| 5.25%, 1/07/11   | 7,000         | 7,090,370             |
| 5.00%, 11/15/32  | 19,677        | 19,166,274            |
|  |               | <u>65,560,773</u>     |
| <b>Utilities 1.4%</b>  |               |                       |
| New York City Municipal Water Finance Authority, RB:   |               |                       |
| Fiscal 2009, Series A, 5.75%, 6/15/40  | 4,094         | 4,270,875             |
| Series FF-2, 5.50%, 6/15/40  | 2,759         | 2,820,313             |
|  |               | <u>7,091,188</u>      |
| <b>Total Municipal Bonds Transferred to<br/>Tender Option Bond Trusts 29.4%</b>                          |               | <u>145,324,592</u>    |
| <b>Total Long-Term Investments<br/>(Cost \$843,770,117) 163.6%</b>                                       |               | <u>807,381,530</u>    |
| <b>Short-Term Securities</b>   |               |                       |
|  | <b>Shares</b> |                       |
| BIF New York Municipal Money Fund, 0.00% (g)(h)  | 2,313,263     | 2,313,263             |
| <b>Total Short-Term Securities<br/>(Cost \$2,313,263) 0.5%</b>   |               | <u>2,313,263</u>      |
| <b>Total Investments (Cost \$846,083,380*) 164.1%</b>  |               | <u>809,694,793</u>    |
| <b>Other Assets Less Liabilities 2.1%</b>  |               | <u>10,216,050</u>     |
| <b>Liability for Trust Certificates, Including Interest<br/>Expense and Fees Payable (16.0)%</b>         |               | (78,668,130)          |
| <b>Preferred Shares, at Redemption Value (50.2)%</b>   |               | (247,728,429)         |
| <b>Net Assets Applicable to Common shares 100.0%</b>   |               | <u>\$ 493,514,284</u> |

\* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2011, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$ 768,127,698  |
| Gross unrealized appreciation | \$ 8,989,659    |
| Gross unrealized depreciation | (46,037,368)    |
| Net unrealized depreciation   | \$ (37,047,709) |

- (a) Variable rate security. Rate shown is as of report date.
- (b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (c) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty          | Value        | Unrealized<br>Appreciation |
|-----------------------|--------------|----------------------------|
| Wells Fargo Brokerage | \$ 2,051,470 | \$ 5,769                   |

- (d) Security is collateralized by Municipal or US Treasury obligations.
- (e) 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.
- (f) 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.
- (g) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                         | Shares Held<br>at July 31,<br>2010 | Net<br>Activity | Shares Held<br>at January 31,<br>2011 | Income |
|-----------------------------------|------------------------------------|-----------------|---------------------------------------|--------|
| BIF New York Municipal Money Fund | 8,174,307                          | (5,861,044)     | 2,313,263                             | \$ 12  |

- (h) 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 rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

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Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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 inputs or methodologies used for valuing securities are not necessarily an indication of the risk 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.

The following table summarizes the inputs used as of January 31, 2011 in determining the fair valuation of the Fund's investments:

| Valuation Inputs                   | Level 1             | Level 2               | Level 3 | Total                 |
|------------------------------------|---------------------|-----------------------|---------|-----------------------|
| <b>Assets:</b>                     |                     |                       |         |                       |
| Investments in Securities:         |                     |                       |         |                       |
| Long-Term Investments <sup>1</sup> |                     | \$ 807,381,530        |         | \$ 807,381,530        |
| Short-Term Securities              | \$ 2,313,263        |                       |         | 2,313,263             |
| <b>Total</b>                       | <b>\$ 2,313,263</b> | <b>\$ 807,381,530</b> |         | <b>\$ 809,694,793</b> |

<sup>1</sup> See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

## Statements of Assets and Liabilities

| January 31, 2011 (Unaudited)  | BlackRock<br>MuniHoldings<br>Quality<br>Fund II, Inc.<br>(MUE) | BlackRock<br>MuniYield<br>California<br>Quality<br>Fund, Inc.<br>(MCA) | BlackRock<br>MuniYield<br>Quality<br>Fund III, Inc.<br>(MYI) | BlackRock<br>MuniYield<br>Michigan<br>Quality<br>Fund II, Inc.<br>(MYM) | BlackRock<br>MuniYield<br>New York<br>Quality<br>Fund, Inc.<br>(MYN) |
|---|--|--|--|---|--|
| <b>Assets</b>   |  |  |  |   |  |
| Investments at value unaffiliated   | \$ 460,423,582   | \$ 784,966,858   | \$ 1,346,769,478   | \$ 237,025,133  | \$ 807,381,530   |
| Investments at value affiliated   | 434,253  | 11,363,487   | 16,618,977   | 9,328,659   | 2,313,263  |
| Interest receivable   | 5,278,282  | 12,412,136   | 16,599,816   | 3,040,407   | 9,778,087  |
| Investments sold receivable   | 4,150,968  |  | 695,590  |   | 6,745,238  |
| Income receivable affiliated  |  | 1,237  | 2,404  |   |  |
| Prepaid expenses  | 17,761   | 32,868   | 52,110   | 9,639   | 30,216   |
| Other assets  | 9,727  | 122,196  | 219,599  |   | 90,952   |
| <b>Total assets</b>   | <b>470,314,573</b>   | <b>808,898,782</b>   | <b>1,380,957,974</b>   | <b>249,403,838</b>  | <b>826,339,286</b>   |
| <b>Accrued Liabilities</b>  |  |  |  |   |  |
| Investments purchased payable   | 4,696,158  | 5,986,870  | 3,148,062  |   | 3,080,687  |
| Income dividends payable Common Shares  | 1,647,470  | 2,525,548  | 4,859,139  | 862,985   | 2,801,198  |
| Investment advisory fees payable  | 193,715  | 338,044  | 581,906  | 102,359   | 345,345  |
| Interest expense and fees payable   | 43,340   | 172,783  | 134,143  | 5,659   | 53,326   |
| Other affiliates payable  | 2,445  | 4,170  | 7,236  | 1,293   | 4,295  |
| Officers and Directors fees payable   | 680  | 98,725   | 178,069  | 505   | 106,927  |
| Other accrued expenses payable  |  |  |  | 2,508   | 89,991   |
| <b>Total accrued liabilities</b>  | <b>6,583,808</b>   | <b>9,126,140</b>   | <b>8,908,555</b>   | <b>975,309</b>  | <b>6,481,769</b>   |
| <b>Other Liabilities</b>  |  |  |  |   |  |
| Trust certificates <sup>3</sup>   | 62,382,934   | 183,202,421  | 195,573,344  | 9,030,000   | 78,614,804   |
| <b>Total Liabilities</b>  | <b>68,966,116</b>  | <b>192,328,561</b>   | <b>204,481,899</b>   | <b>10,005,309</b>   | <b>85,096,573</b>  |
| <b>Preferred Shares at Redemption Value</b>                                     |  |  |  |   |  |
| \$25,000 per share liquidation preference, plus unpaid dividends <sup>4,5</sup> | 131,008,297  | 166,541,739  | 356,492,999  | 87,357,820  | 247,728,429  |
|   | <b>\$ 270,339,534</b>  | <b>\$ 450,028,482</b>  | <b>\$ 819,983,076</b>  | <b>\$ 152,040,709</b>   | <b>\$ 493,514,284</b>  |

**Net Assets Applicable to Common Shareholders**
**Net Assets Applicable to Common Shareholders Consist of**

|  |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
| Paid-in capital <sup>6</sup>             | \$ 298,976,954 | \$ 497,660,786 | \$ 952,125,486 | \$ 163,265,826 | \$ 550,722,532 |
| Undistributed net investment income      | 5,637,037      | 7,935,920      | 16,375,411     | 2,827,224      | 9,729,754      |
| Accumulated net realized loss            | (16,561,859)   | (16,140,752)   | (88,116,493)   | (2,865,025)    | (30,549,415)   |
| Net unrealized appreciation/depreciation | (17,712,598)   | (39,427,472)   | (60,401,328)   | (11,187,316)   | (36,388,587)   |

**Net Assets Applicable to Common Shareholders**

\$ 270,339,534 \$ 450,028,482 \$ 819,983,076 \$ 152,040,709 \$ 493,514,284

Net asset value per Common Share \$ 12.06 \$ 13.10 \$ 12.15 \$ 12.60 \$ 12.51

<sup>1</sup> Investments at cost unaffiliated \$ 478,136,180 \$ 824,394,330 \$ 1,407,170,806 \$ 248,212,449 \$ 843,770,117

<sup>2</sup> Investments at cost affiliated \$ 434,253 \$ 11,363,487 \$ 16,618,977 \$ 9,328,659 \$ 2,313,263

<sup>3</sup> Represents short-term floating rate certificates issued by TOBs.

<sup>4</sup> Preferred Shares outstanding:

Par value \$0.05 per share 1,941 9,908

Par value \$0.10 per share 5,240 6,661 14,258 1,553

<sup>5</sup> Preferred Shares authorized 8,180 11,000 22,800 3,960 12,160

<sup>6</sup> Common Shares outstanding, 200 million shares authorized, \$0.10 par value

22,414,561 34,361,200 67,488,045 12,069,721 39,453,493

See Notes to Financial Statements.

## Statements of Operations

| Six Months Ended January 31, 2011 (Unaudited)      | BlackRock<br>MuniHoldings<br>Quality<br>Fund II, Inc.<br>(MUE) | BlackRock<br>MuniYield<br>California<br>Quality<br>Fund, Inc.<br>(MCA) | BlackRock<br>MuniYield<br>Quality<br>Fund III, Inc.<br>(MYI) | BlackRock<br>MuniYield<br>Michigan<br>Quality<br>Fund II, Inc.<br>(MYM) | BlackRock<br>MuniYield<br>New York<br>Quality<br>Fund, Inc.<br>(MYN) |
|--|--|--|--|---|--|
| <b>Investment Income</b>                           |  |  |  |   |  |
| Interest   | \$ 11,800,119  | \$ 19,183,327  | \$ 35,839,053  | \$ 6,222,680  | \$ 20,509,483  |
| Income affiliated                                  | 9,995  | 6,307  | 19,962   |   | 4,052  |
| Total income                                       | 11,810,114   | 19,189,634   | 35,859,015   | 6,222,680   | 20,513,535   |
| <b>Expenses</b>                                    |  |  |  |   |  |
| Investment advisory                                | 1,352,392  | 2,116,164  | 3,644,906  | 652,947   | 2,168,430  |
| Commissions for Preferred Shares                   | 90,011   | 110,168  | 228,607  | 60,595  | 181,533  |
| Professional                                       | 76,376   | 112,320  | 181,400  | 39,060  | 87,706   |
| Accounting services                                | 28,756   | 39,308   | 61,969   | 20,300  | 42,426   |
| Transfer agent                                     | 22,488   | 34,273   | 55,835   | 22,371  | 42,737   |
| Officer and Directors                              | 15,210   | 27,491   | 54,747   | 9,817   | 32,603   |
| Custodian  | 11,645   | 15,837   | 26,082   | 7,792   | 19,567   |
| Printing   | 10,189   | 12,832   | 28,247   | 5,296   | 16,265   |
| Registration                                       | 4,337  | 5,401  | 10,145   | 4,592   | 6,798  |
| Miscellaneous                                      | 38,053   | 48,347   | 66,077   | 31,682  | 56,512   |
| Total expenses excluding interest expense and fees | 1,649,457  | 2,522,141  | 4,358,015  | 854,452   | 2,654,577  |
| Interest expense and fees <sup>1</sup>             | 238,138  | 726,890  | 739,813  | 31,737  | 305,185  |
| Total expenses                                     | 1,887,595  | 3,249,031  | 5,097,828  | 886,189   | 2,959,762  |
| Less fees waived by advisor                        | (95,345)   | (17,503)   | (3,297)  | (8,695)   | (15,881)   |
| Total expenses after fees waived                   | 1,792,250  | 3,231,528  | 5,094,531  | 877,494   | 2,943,881  |
| Net investment income                              | 10,017,864   | 15,958,106   | 30,764,484   | 5,345,186   | 17,569,654   |
| <b>Realized and Unrealized Gain (Loss)</b>         |  |  |  |   |  |
| Net realized gain (loss) from:                     |  |  |  |   |  |
| Investments  | (1,029,213)  | 1,799,526  | 502,677  | 458,505   | (1,294,633)  |
| Financial futures contracts                        |  | (117,641)  | (521,071)  |   | (213,576)  |
|  | (1,029,213)  | 1,681,885  | (18,394)   | 458,505   | (1,508,209)  |



|  |              |              |               |              |              |
|--|--------------|--------------|---------------|--------------|--------------|
| Net change in unrealized appreciation/depreciation on: |              |              |               |              |              |
| Investments  | (32,647,512) | (56,416,204) | (103,166,137) | (15,126,120) | (53,125,910) |
| Financial futures contracts                            |              | 89,999       | 399,313       |              | 141,179      |
|  | (32,647,512) | (56,326,205) | (102,766,824) | (15,126,120) | (52,984,731) |
| Total realized and unrealized loss                     | (33,676,725) | (54,644,320) | (102,785,218) | (14,667,615) | (54,492,940) |

**Dividends to Preferred Shareholders From**

|                       |           |           |             |           |           |
|-----------------------|-----------|-----------|-------------|-----------|-----------|
| Net investment income | (276,682) | (498,787) | (1,191,444) | (231,827) | (714,945) |
|-----------------------|-----------|-----------|-------------|-----------|-----------|

**Net Decrease in Net Assets Applicable to Common Shareholders Resulting from Operations**

|    |              |    |              |    |              |    |             |    |              |
|----|--------------|----|--------------|----|--------------|----|-------------|----|--------------|
| \$ | (23,935,543) | \$ | (39,185,001) | \$ | (73,212,178) | \$ | (9,554,256) | \$ | (37,638,231) |
|----|--------------|----|--------------|----|--------------|----|-------------|----|--------------|

<sup>1</sup> Related to TOBs.

See Notes to Financial Statements.

Statements of Changes in Net Assets

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

| Increase (Decrease) in Net Assets Applicable to Common Shareholders:                              | Six Months<br>Ended<br>January 31,<br>2011<br>(Unaudited) | Year Ended<br>July 31,<br>2010 |
|---|---|--------------------------------|
| <b>Operations</b>   |   |                                |
| Net investment income   | \$ 10,017,864   | \$ 20,469,395                  |
| Net realized gain (loss)  | (1,029,213)   | 849,064                        |
| Net change in unrealized appreciation/depreciation  | (32,647,512)  | 27,313,334                     |
| Dividends to Preferred Shareholders from net investment income                                    | (276,682)   | (546,058)                      |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (23,935,543)  | 48,085,735                     |
| <b>Dividends to Common Shareholders From</b>  |   |                                |
| Net investment income   | (9,879,592)   | (19,116,579)                   |
| <b>Capital Share Transactions</b>   |   |                                |
| Net increase in net assets derived from capital share transactions                                | 487,377   | 355,807                        |
| <b>Net Assets Applicable to Common Shareholders</b>   |   |                                |
| Total increase (decrease) in net assets applicable to Common Shareholders                         | (33,327,758)  | 29,324,963                     |
| Beginning of period   | 303,667,292   | 274,342,329                    |
| End of period   | \$ 270,339,534  | \$ 303,667,292                 |
| Undistributed net investment income   | \$ 5,637,037  | \$ 5,775,447                   |

BlackRock MuniYield California Quality Fund, Inc. (MCA)

| Increase (Decrease) in Net Assets Applicable to Common Shareholders: | Six Months<br>Ended<br>January 31,<br>2011<br>(Unaudited) | Year Ended<br>July 31,<br>2010 |
|--|---|--------------------------------|
|  |   |                                |

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**Operations**

---

|   |               |               |
|---|---------------|---------------|
| Net investment income   | \$ 15,958,106 | \$ 29,953,463 |
| Net realized gain   | 1,681,885     | 145,823       |
| Net change in unrealized appreciation/depreciation  | (56,326,205)  | 39,396,178    |
| Dividends to Preferred Shareholders from net investment income                                    | (498,787)     | (982,980)     |
|   | <hr/>         | <hr/>         |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (39,185,001)  | 68,512,484    |

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**Dividends to Common Shareholders From**

---

|                       |              |              |
|-----------------------|--------------|--------------|
| Net investment income | (14,655,052) | (26,148,873) |
|-----------------------|--------------|--------------|

---

**Net Assets Applicable to Common Shareholders**

---

|   |                |                |
|---|----------------|----------------|
| Total increase (decrease) in net assets applicable to Common Shareholders | (53,840,053)   | 42,363,611     |
| Beginning of period   | 503,868,535    | 461,504,924    |
|   | <hr/>          | <hr/>          |
| End of period   | \$ 450,028,482 | \$ 503,868,535 |
|   | <hr/>          | <hr/>          |
| Undistributed net investment income                                       | \$ 7,935,920   | \$ 7,131,653   |

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See Notes to Financial Statements.

## Statements of Changes in Net Assets

## BlackRock MuniYield Quality Fund III, Inc. (MYI)

| Increase (Decrease) in Net Assets Applicable to Common Shareholders:                              | Six Months<br>Ended<br>January 31,<br>2011<br>(Unaudited) | Year Ended<br>July 31,<br>2010 |
|---|---|--------------------------------|
| <b>Operations</b>   |   |                                |
| Net investment income   | \$ 30,764,484   | \$ 60,126,026                  |
| Net realized loss   | (18,394)  | (16,592)                       |
| Net change in unrealized appreciation/depreciation  | (102,766,824)   | 87,963,066                     |
| Dividends to Preferred Shareholders from net investment income                                    | (1,191,444)   | (2,350,328)                    |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (73,212,178)  | 145,722,172                    |
| <b>Dividends to Common Shareholders From</b>  |   |                                |
| Net investment income   | (29,090,792)  | (51,624,188)                   |
| <b>Capital Share Transactions</b>   |   |                                |
| Net increase in net assets derived from capital share transactions                                | 2,052,218   | 514,005                        |
| <b>Net Assets Applicable to Common Shareholders</b>   |   |                                |
| Total increase (decrease) in net assets applicable to Common Shareholders                         | (100,250,752)   | 94,611,989                     |
| Beginning of period   | 920,233,828   | 825,621,839                    |
| End of period   | \$ 819,983,076  | \$ 920,233,828                 |
| Undistributed net investment income   | \$ 16,375,411   | \$ 15,893,163                  |

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

| Increase (Decrease) in Net Assets Applicable to Common Shareholders: | Six Months<br>Ended<br>January 31,<br>2011<br>(Unaudited) | Year Ended<br>July 31,<br>2010 |
|--|---|--------------------------------|
| <b>Operations</b>  |   |                                |

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|   |              |               |
|---|--------------|---------------|
| Net investment income   | \$ 5,345,186 | \$ 11,008,565 |
| Net realized gain   | 458,505      | 953,727       |
| Net change in unrealized appreciation/depreciation  | (15,126,120) | 9,751,120     |
| Dividends to Preferred Shareholders from net investment income                                    | (231,827)    | (458,167)     |
|   |              |               |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (9,554,256)  | 21,255,245    |

---

**Dividends to Common Shareholders From**

---

|                       |             |             |
|-----------------------|-------------|-------------|
| Net investment income | (5,177,910) | (9,842,858) |
|-----------------------|-------------|-------------|

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**Net Assets Applicable to Common Shareholders**

---

|   |                |                |
|---|----------------|----------------|
| Total increase (decrease) in net assets applicable to Common Shareholders | (14,732,166)   | 11,412,387     |
| Beginning of period   | 166,772,875    | 155,360,488    |
|   |                |                |
| End of period   | \$ 152,040,709 | \$ 166,772,875 |
|   |                |                |
| Undistributed net investment income                                       | \$ 2,827,224   | \$ 2,891,775   |

See Notes to Financial Statements.

## Statements of Changes in Net Assets

## BlackRock MuniYield New York Quality Fund, Inc. (MYN)

|   | Six Months<br>Ended<br>January 31,<br>2011<br>(Unaudited) | Year Ended<br>July 31,<br>2010 |
|---|---|--------------------------------|
| <b>Increase (Decrease) in Net Assets Applicable to Common Shareholders:</b>                       |   |                                |
| <b>Operations</b>   |   |                                |
| Net investment income   | \$ 17,569,654   | \$ 35,629,645                  |
| Net realized gain (loss)  | (1,508,209)   | 100,524                        |
| Net change in unrealized appreciation/depreciation  | (52,984,731)  | 42,118,603                     |
| Dividends to Preferred Shareholders from net investment income                                    | (714,945)   | (1,419,084)                    |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (37,638,231)  | 76,429,688                     |
| <b>Dividends to Common Shareholders From</b>  |   |                                |
| Net investment income   | (16,767,207)  | (27,710,788)                   |
| <b>Capital Share Transactions</b>   |   |                                |
| Net increase in net assets derived from capital share transactions                                | 107,768   |                                |
| <b>Net Assets Applicable to Common Shareholders</b>   |   |                                |
| Total increase (decrease) in net assets applicable to Common Shareholders                         | (54,297,670)  | 48,718,900                     |
| Beginning of period   | 547,811,954   | 499,093,054                    |
| End of period   | \$ 493,514,284  | \$ 547,811,954                 |
| Undistributed net investment income   | \$ 9,729,754  | \$ 9,642,252                   |

See Notes to Financial Statements.

## Statements of Cash Flows

| Six Months Ended January 31, 2011 (Unaudited)   | BlackRock<br>MuniHoldings<br>Quality<br>Fund II, Inc.<br>(MUE) | BlackRock<br>MuniYield<br>California<br>Quality<br>Fund, Inc.<br>(MCA) | BlackRock<br>MuniYield<br>Quality<br>Fund III, Inc.<br>(MYI) |
|---|--|--|--|
| <b>Cash Provided by Operating Activities</b>  |  |  |  |
| Net decrease in net assets resulting from operations, excluding dividends to Preferred Shareholders                         | \$ (23,658,861)  | \$ (38,686,214)  | \$ (72,020,734)  |
| Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities: |  |  |  |
| (Increase) decrease in interest receivable  | (100,119)  | (2,211,424)  | 327,057  |
| Increase in other assets  | (9,101)  | (40,747)   | (72,400)   |
| Increase in income receivable affiliated  |  | (939)  | (1,866)  |
| Decrease in cash held as collateral for financial futures contracts   |  | 72,000   | 288,600  |
| Decrease in investment advisory fees payable  | (13,608)   | (11,640)   | (58,952)   |
| Increase (decrease) in interest expense and fees payable  | (2,001)  | 81,990   | 17,544   |
| Decrease in other affiliates payable  | (591)  | (718)  | (1,954)  |
| Decrease in other accrued expenses payable  | (80,421)   | (103,524)  | (163,081)  |
| Decrease in margin variation payable  |  | (30,188)   | (132,970)  |
| Increase in Officers and Directors fees payable   | 163  | 15,492   | 28,528   |
| Net realized and unrealized gain on investments   | 33,676,725   | 54,619,304   | 102,668,782  |
| Amortization of premium and discount on investments   | 534,670  | 1,367,660  | (545,070)  |
| Proceeds from sales of long-term investments  | 28,996,169   | 83,124,194   | 47,913,749   |
| Purchases of long-term investments  | (46,299,632)   | (122,975,054)  | (44,801,831)   |
| Net proceeds from sales (purchases) of short-term securities  | 16,932,597   | 27,686,452   | (5,192,507)  |
| Cash provided by operating activities   | 9,975,990  | 2,906,644  | 28,252,895   |
| <b>Cash Used for Financing Activities</b>   |  |  |  |
| Cash receipts from trust certificates   |  | 12,065,000   |  |
| Cash payments on trust certificates   | (310,000)  |  | (89,931)   |
| Cash dividends paid to Common Shareholders  | (9,389,600)  | (14,466,066)   | (26,960,648)   |
| Cash dividends paid to Preferred Shareholders   | (274,810)  | (505,578)  | (1,202,316)  |
| Increase in custodian bank payable  | (1,580)  |  |  |
| Cash used for financing activities  | (9,975,990)  | (2,906,644)  | (28,252,895)   |
| <b>Cash</b>   |  |  |  |
| Net change in cash  |  |  |  |
| Cash at beginning of period   |  |  |  |
| Cash at end of period   |  |  |  |

**Cash Flow Information**

---

|   |    |         |    |         |    |         |
|---|----|---------|----|---------|----|---------|
| Cash paid during the period for interest and fees | \$ | 240,139 | \$ | 644,900 | \$ | 722,269 |
|---|----|---------|----|---------|----|---------|

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**Noncash Activities**

---

|  |    |         |    |           |
|--|----|---------|----|-----------|
| Capital shares issued in reinvestment of dividends paid to Common Shareholders | \$ | 487,377 | \$ | 2,052,218 |
|--|----|---------|----|-----------|

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A Statement of Cash Flows is presented when a Fund had a significant amount of borrowing during the period, based on the average borrowing outstanding in relation to average total assets.

See Notes to Financial Statements.



## Financial Highlights

## BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

|   | Six Months<br>Ended<br>January 31,<br>2011<br>(Unaudited) | Year Ended<br>July 31, |          | Period<br>October 1,<br>2007<br>to July 31,<br>2008 | Year Ended September 30, |          |          |
|---|---|------------------------|----------|---|--------------------------|----------|----------|
|   |   | 2010                   | 2009     |   | 2007                     | 2006     | 2005     |
| <b>Per Share Operating Performance</b>                                    |   |                        |          |   |                          |          |          |
| Net asset value, beginning of period                                      | \$ 13.57  | \$ 12.27               | \$ 12.84 | \$ 13.72  | \$ 14.15                 | \$ 14.23 | \$ 14.41 |
| Net investment income <sup>1</sup>  | 0.45  | 0.92                   | 0.90     | 0.78  | 0.97                     | 0.93     | 0.97     |
| Net realized and unrealized gain (loss)                                   | (1.51)  | 1.26                   | (0.71)   | (0.91)  | (0.45)                   | 0.03     | (0.09)   |
| Dividends to Preferred Shareholders from net investment income            | (0.01)  | (0.02)                 | (0.12)   | (0.25)  | (0.33)                   | (0.29)   | (0.18)   |
| Net increase (decrease) from investment operations                        | (1.07)  | 2.16                   | 0.07     | (0.38)  | 0.19                     | 0.67     | 0.70     |
| Dividends to Common Shareholders from net investment income               | (0.44)  | (0.86)                 | (0.64)   | (0.50)  | (0.62)                   | (0.75)   | (0.88)   |
| Net asset value, end of period  | \$ 12.06  | \$ 13.57               | \$ 12.27 | \$ 12.84  | \$ 13.72                 | \$ 14.15 | \$ 14.23 |
| Market price, end of period   | \$ 11.65  | \$ 14.26               | \$ 11.40 | \$ 11.30  | \$ 12.39                 | \$ 12.96 | \$ 13.90 |
| <b>Total Investment Return<sup>2</sup></b>                                |   |                        |          |   |                          |          |          |
| Based on net asset value  | (8.08)% <sup>3</sup>                                      | 18.04%                 | 1.58%    | (2.41)% <sup>3</sup>                                | 1.73%                    | 5.19%    | 5.35%    |
| Based on market price   | (15.50)% <sup>3</sup>                                     | 33.51%                 | 7.24%    | (4.89)% <sup>3</sup>                                | 0.31%                    | (1.37)%  | 11.92%   |
| <b>Ratios to Average Net Assets<br/>Applicable to Common Shareholders</b> |   |                        |          |   |                          |          |          |
| Total expenses <sup>4</sup>   | 1.27% <sup>5</sup>  | 1.28%                  | 1.66%    | 1.55% <sup>5</sup>                                  | 1.61%                    | 1.64%    | 1.38%    |
|   | 1.20% <sup>5</sup>  | 1.15%                  | 1.45%    | 1.45% <sup>5</sup>                                  | 1.54%                    | 1.57%    | 1.32%    |

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|   |                    |       |       |                    |       |       |       |
|---|--------------------|-------|-------|--------------------|-------|-------|-------|
| Total expenses after fees waived and paid indirectly <sup>4</sup>   |                    |       |       |                    |       |       |       |
| Total expenses after fees waived and paid indirectly and excluding interest expense and fees <sup>4,6</sup> | 1.04% <sup>5</sup> | 0.99% | 1.04% | 1.15% <sup>5</sup> | 1.17% | 1.16% | 1.15% |
| Net investment income <sup>4</sup>  | 6.73% <sup>5</sup> | 6.92% | 7.61% | 6.74% <sup>5</sup> | 6.94% | 6.70% | 6.72% |
| Dividends to Preferred Shareholders   | 0.19% <sup>5</sup> | 0.18% | 1.03% | 2.19% <sup>5</sup> | 2.37% | 2.10% | 1.27% |
| Net investment income to Common Shareholders  | 6.54% <sup>5</sup> | 6.74% | 6.58% | 4.55% <sup>5</sup> | 4.57% | 4.60% | 5.45% |

**Supplemental Data**

|  |                       |                        |                       |                       |                       |                       |            |
|--|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| Net assets applicable to Common Shareholders, end of period (000)                    | \$ 270,340            | \$ 303,667             | \$ 274,342            | \$ 286,933            | \$ 306,769            | \$ 316,216            | \$ 318,044 |
| Preferred Shares outstanding at \$25,000 liquidation preference, end of period (000) | \$ 131,000            | \$ 131,000             | \$ 131,000            | \$ 145,300            | \$ 204,500            | \$ 204,500            | \$ 204,500 |
| Portfolio turnover   | 7%                    | 20%                    | 37%                   | 43%                   | 43%                   | 35%                   | 46%        |
| Asset coverage, end of period per \$1,000  | \$ 3,064 <sub>7</sub> | \$ 3,3188 <sub>7</sub> | \$ 3,094 <sub>7</sub> | \$ 2,975 <sub>7</sub> | \$ 2,500 <sub>7</sub> | \$ 2,546 <sub>7</sub> | \$ 2,555   |

<sup>1</sup> Based on average Common Shares outstanding.

<sup>2</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>3</sup> Aggregate total investment return.

<sup>4</sup> Do not reflect the effect of dividends to Preferred Shareholders.

<sup>5</sup> Annualized.

<sup>6</sup> Interest expense and fees relate to TOBs. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

<sup>7</sup> Asset coverage per preferred share at \$25,000 liquidation preference for the periods ended 2011, 2010, 2009, 2008, 2007 and 2006 were \$76,593, \$82,953, \$77,357, \$74,376, \$62,514 and \$63,667, respectively.

See Notes to Financial Statements.

## Financial Highlights

## BlackRock MuniYield California Quality Fund, Inc. (MCA)

|   | Six Months<br>Ended<br>January 31,<br>2011<br>(Unaudited) | Year Ended<br>July 31, |          | Period<br>November 1,<br>2007<br>to July 31,<br>2008 | Year Ended October 31, |                     |          |
|---|---|------------------------|----------|--|------------------------|---------------------|----------|
|   |   | 2010                   | 2009     |  | 2007                   | 2006                | 2005     |
| <b>Per Share Operating Performance</b>                                |   |                        |          |  |                        |                     |          |
| Net asset value, beginning of period                                  | \$ 14.66  | \$ 13.43               | \$ 13.86 | \$ 14.63   | \$ 15.09               | \$ 14.82            | \$ 15.23 |
| Net investment income <sup>1</sup>                                    | 0.46  | 0.87                   | 0.86     | 0.68   | 0.92                   | 0.96                | 0.95     |
| Net realized and unrealized gain (loss)                               | (1.58)  | 1.15                   | (0.51)   | (0.75)   | (0.42)                 | 0.35                | (0.33)   |
| Dividends to Preferred Shareholders from net investment income        | (0.01)  | (0.03)                 | (0.12)   | (0.20)   | (0.28)                 | (0.24)              | (0.13)   |
| Net increase (decrease) from investment operations                    | (1.13)  | 1.99                   | 0.23     | (0.27)   | 0.22                   | 1.07                | 0.49     |
| Dividends to Common Shareholders from net investment income           | (0.43)  | (0.76)                 | (0.66)   | (0.50)   | (0.68)                 | (0.80)              | (0.88)   |
| Capital charges with respect to issuance of Preferred Shares          |   |                        |          |  |                        | (0.00) <sup>2</sup> | (0.02)   |
| Net asset value, end of period  | \$ 13.10  | \$ 14.66               | \$ 13.43 | \$ 13.86   | \$ 14.63               | \$ 15.09            | \$ 14.82 |
| Market price, end of period   | \$ 12.34  | \$ 14.02               | \$ 12.08 | \$ 12.33   | \$ 13.16               | \$ 14.64            | \$ 14.16 |
| <b>Total Investment Return<sup>3</sup></b>                            |   |                        |          |  |                        |                     |          |
| Based on net asset value  | (7.78)% <sup>4</sup>                                      | 15.69%                 | 3.03%    | (1.54)% <sup>4</sup>                                 | 1.76%                  | 7.57%               | 3.55%    |
| Based on market price   | (9.16)% <sup>4</sup>                                      | 23.00%                 | 4.17%    | (2.63)% <sup>4</sup>                                 | (5.65)%                | 9.22%               | 9.75%    |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b> |   |                        |          |  |                        |                     |          |
| Total expenses <sup>5</sup>   | 1.31% <sup>6</sup>  | 1.11%                  | 1.40%    | 1.38% <sup>6</sup>                                   | 1.53%                  | 1.60%               | 1.27%    |

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|   |                    |       |       |                    |       |       |       |
|---|--------------------|-------|-------|--------------------|-------|-------|-------|
| Total expenses after fees waived and paid indirectly <sup>5</sup>   | 1.30% <sup>6</sup> | 1.10% | 1.38% | 1.36% <sup>6</sup> | 1.53% | 1.59% | 1.27% |
| Total expenses after fees waived and paid indirectly and excluding interest expense and fees <sup>5,7</sup> | 1.01% <sup>6</sup> | 0.95% | 1.02% | 1.04% <sup>6</sup> | 1.03% | 1.03% | 0.96% |
| Net investment income <sup>5</sup>  | 6.42% <sup>6</sup> | 6.10% | 6.60% | 6.15% <sup>6</sup> | 6.22% | 6.46% | 6.29% |
| Dividends to Preferred Shareholders   | 0.20% <sup>6</sup> | 0.20% | 0.91% | 1.78% <sup>6</sup> | 1.87% | 1.62% | 0.84% |
| Net investment income to Common Shareholders  | 6.22% <sup>6</sup> | 5.90% | 5.69% | 4.37% <sup>6</sup> | 4.35% | 4.84% | 5.45% |

**Supplemental Data**

|  |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|
| Net assets applicable to Common Shareholders, end of period (000)                    | \$ 450,028 | \$ 503,869 | \$ 461,505 | \$ 476,235 | \$ 502,855 | \$ 518,667 | \$ 509,066 |
| Preferred Shares outstanding at \$25,000 liquidation preference, end of period (000) | \$ 166,525 | \$ 166,525 | \$ 166,525 | \$ 192,300 | \$ 275,000 | \$ 275,000 | \$ 275,000 |
| Portfolio turnover   | 10%        | 30%        | 25%        | 25%        | 25%        | 27%        | 39%        |
| Asset coverage, end of period per \$1,000  | \$ 92,564  | \$ 100,648 | \$ 94,289  | \$ 86,933  | \$ 70,733  | \$ 72,170  | \$ 71,280  |

<sup>1</sup> Based on average Common Shares outstanding.

<sup>2</sup> Amount is less than \$(0.01) per share.

<sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Do not reflect the effect of dividends to Preferred Shareholders.

<sup>6</sup> Annualized.

<sup>7</sup> Interest expense and fees relate to TOBs. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

See Notes to Financial Statements.



## Financial Highlights

## BlackRock MuniYield Quality Fund III, Inc. (MYI)

|  | Six Months<br>Ended<br>January 31,<br>2011<br>(Unaudited) | Year Ended<br>July 31, |          | Period<br>November 1,<br>2007<br>to July 31,<br>2008 | Year Ended October 31, |          |                     |
|--|---|------------------------|----------|--|------------------------|----------|---------------------|
|  |   | 2010                   | 2009     |  | 2007                   | 2006     | 2005                |
| <b>Per Share Operating Performance</b>                       |   |                        |          |  |                        |          |                     |
| Net asset value, beginning of period                         | \$ 13.67  | \$ 12.27               | \$ 12.86 | \$ 14.57   | \$ 15.30               | \$ 15.27 | \$ 15.59            |
| Net investment income <sup>1</sup>                           | 0.46  | 0.89                   | 0.87     | 0.70   | 1.04                   | 0.98     | 1.04                |
| Net realized and unrealized gain (loss)                      | (1.53)  | 1.31                   | (0.66)   | (1.69)   | (0.79)                 | 0.46     | (0.22)              |
| Dividends and distributions to Preferred Shareholders from:  |   |                        |          |  |                        |          |                     |
| Net investment income  | (0.02)  | (0.03)                 | (0.12)   | (0.22)   | (0.31)                 | (0.25)   | (0.16)              |
| Net realized gain  |   |                        |          |  |                        | (0.04)   | (0.02)              |
| Net increase (decrease) from investment operations           | (1.09)  | 2.17                   | 0.09     | (1.21)   | (0.06)                 | 1.15     | 0.64                |
| Dividends and distributions to Common Shareholders from:     |   |                        |          |  |                        |          |                     |
| Net investment income  | (0.43)  | (0.77)                 | (0.68)   | (0.50)   | (0.67)                 | (0.78)   | (0.95)              |
| Net realized gain  |   |                        |          |  |                        | (0.34)   | (0.01)              |
| Total dividends and distributions to Common Shareholders     | (0.43)  | (0.77)                 | (0.68)   | (0.50)   | (0.67)                 | (1.12)   | (0.96)              |
| Capital charges with respect to issuance of Preferred Shares |   |                        |          |  |                        |          | (0.00) <sup>2</sup> |
| Net asset value, end of period                               | \$ 12.15  | \$ 13.67               | \$ 12.27 | \$ 12.86   | \$ 14.57               | \$ 15.30 | \$ 15.27            |
| Market price, end of period                                  | \$ 12.17  | \$ 14.17               | \$ 12.12 | \$ 12.22   | \$ 13.04               | \$ 14.36 | \$ 14.70            |
| <b>Total Investment Return<sup>3</sup></b>                   |   |                        |          |  |                        |          |                     |
| Based on net asset value                                     | (8.17)% <sup>4</sup>                                      | 18.19%                 | 1.70%    | (8.22)% <sup>4</sup>                                 | (0.06)%                | 8.09%    | 4.54%               |
| Based on market price  | (11.26)% <sup>4</sup>                                     | 24.03%                 | 5.72%    | (2.55)% <sup>4</sup>                                 | (4.70)%                | 5.38%    | 7.69%               |

**Ratios to Average Net Assets  
Applicable to Common  
Shareholders**

|   |                    |       |       |                    |       |       |       |
|---|--------------------|-------|-------|--------------------|-------|-------|-------|
| Total expenses <sup>5</sup>   | 1.13% <sup>6</sup> | 1.11% | 1.46% | 1.64% <sup>6</sup> | 1.71% | 1.67% | 1.60% |
| Total expenses after fees waived and paid indirectly <sup>5</sup>   | 1.13% <sup>6</sup> | 1.11% | 1.45% | 1.63% <sup>6</sup> | 1.71% | 1.67% | 1.60% |
| Total expenses after fees waived and paid indirectly and excluding interest expense and fees <sup>5,7</sup> | 0.96% <sup>6</sup> | 0.97% | 1.06% | 1.06% <sup>6</sup> | 1.03% | 1.02% | 1.01% |
| Net investment income <sup>5</sup>  | 6.80% <sup>6</sup> | 6.73% | 7.52% | 6.51% <sup>6</sup> | 6.94% | 6.52% | 6.62% |
| Dividends to Preferred Shareholders   | 0.26% <sup>6</sup> | 0.26% | 1.04% | 2.03% <sup>6</sup> | 2.06% | 1.67% | 1.05% |
| Net investment income to Common Shareholders  | 6.54% <sup>6</sup> | 6.47% | 6.48% | 4.48% <sup>6</sup> | 4.88% | 4.85% | 5.57% |

**Supplemental Data**

|  |                       |                       |                       |                       |                       |                       |              |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|
| Net assets applicable to Common Shareholders, end of period (000)                    | \$ 819,838            | \$ 920,234            | \$ 825,622            | \$ 865,447            | \$ 980,741            | \$ 1,030,048          | \$ 1,028,022 |
| Preferred Shares outstanding at \$25,000 liquidation preference, end of period (000) | \$ 356,450            | \$ 356,450            | \$ 358,625            | \$ 377,175            | \$ 570,000            | \$ 570,000            | \$ 570,000   |
| Portfolio turnover   | 3%                    | 13%                   | 30%                   | 70%                   | 117%                  | 95%                   | 105%         |
| Asset coverage, end of period per \$1,000  | \$ 5,193 <sub>8</sub> | \$ 3,581 <sub>8</sub> | \$ 3,302 <sub>8</sub> | \$ 3,295 <sub>8</sub> | \$ 2,721 <sub>8</sub> | \$ 2,807 <sub>8</sub> | \$ 2,804     |

<sup>1</sup> Based on average Common Shares outstanding.

<sup>2</sup> Amount is less than \$(0.01) per share.

<sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Do not reflect the effect of dividends to Preferred Shareholders.

<sup>6</sup> Annualized.

<sup>7</sup> Interest expense and fees relate to TOB. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

<sup>8</sup>

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Asset coverage per Preferred Share at \$25,000 liquidation preference for the periods ended 2011, 2010, 2009, 2008, 2007 and 2006 were \$82,513, \$89,545, \$82,559, \$82,381, \$68,039 and \$70,198, respectively.

See Notes to Financial Statements.

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## Financial Highlights

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

|   | Six Months<br>Ended<br>January 31,<br>2011<br>(Unaudited) | Year Ended<br>July 31, |          | Period<br>November<br>1,<br>2007<br>to July 31,<br>2008 | Year Ended October 31, |                   |          |
|---|---|------------------------|----------|---|------------------------|-------------------|----------|
|   |   | 2010                   | 2009     |   | 2007                   | 2006              | 2005     |
| <b>Per Share Operating Performance</b>                                    |   |                        |          |   |                        |                   |          |
| Net asset value, beginning of period                                      | \$ 13.82  | \$ 12.87               | \$ 13.24 | \$ 14.13  | \$ 14.60               | \$ 14.54          | \$ 15.21 |
| Net investment income <sup>1</sup>  | 0.44  | 0.91                   | 0.93     | 0.70  | 0.97                   | 0.97              | 0.99     |
| Net realized and unrealized gain (loss)                                   | (1.21)  | 0.90                   | (0.49)   | (0.88)  | (0.47)                 | 0.13              | (0.58)   |
| Dividends to Preferred Shareholders<br>from net investment income         | (0.02)  | (0.04)                 | (0.14)   | (0.21)  | (0.29)                 | (0.26)            | (0.15)   |
| Net increase (decrease) from investment<br>operations                     | (0.79)  | 1.77                   | 0.30     | (0.39)  | 0.21                   | 0.84              | 0.26     |
| Dividends to Common Shareholders<br>from net investment income            | (0.43)  | (0.82)                 | (0.67)   | (0.50)  | (0.68)                 | (0.78)            | (0.91)   |
| Capital charges with respect to issuance<br>of Preferred Shares           |   |                        |          |   |                        | 0.00 <sub>2</sub> | (0.02)   |
| Net asset value, end of period  | \$ 12.60  | \$ 13.82               | \$ 12.87 | \$ 13.24  | \$ 14.13               | \$ 14.60          | \$ 14.54 |
| Market price, end of period   | \$ 11.80  | \$ 13.67               | \$ 11.58 | \$ 11.63  | \$ 12.61               | \$ 13.97          | \$ 14.41 |
| <b>Total Investment Return<sup>3</sup></b>                                |   |                        |          |   |                        |                   |          |
| Based on net asset value  | (5.74)% <sup>4</sup>                                      | 14.62%                 | 3.81%    | (2.48)% <sup>4</sup>                                    | 1.78%                  | 6.09%             | 1.73%    |
| Based on market price   | (10.75)% <sup>4</sup>                                     | 26.01%                 | 6.34%    | (4.01)% <sup>4</sup>                                    | (5.07)%                | 2.42%             | 5.47%    |
| <b>Ratios to Average Net Assets<br/>Applicable to Common Shareholders</b> |   |                        |          |   |                        |                   |          |
| Total expenses <sup>5</sup>   | 1.08% <sup>6</sup>  | 1.08%                  | 1.28%    | 1.48% <sup>6</sup>                                      | 1.69%                  | 1.65%             | 1.47%    |
| Total expenses after fees waived <sup>5</sup>                             | 1.07% <sup>6</sup>  | 1.07%                  | 1.26%    | 1.45% <sup>6</sup>                                      | 1.68%                  | 1.64%             | 1.46%    |
|   | 1.03% <sup>6</sup>  | 1.03%                  | 1.12%    | 1.14% <sup>6</sup>                                      | 1.14%                  | 1.13%             | 1.07%    |

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| Total expenses after fees waived and excluding interest expense and fees <sup>5,7</sup> |                    |       |       |                    |       |       |       |
|---|--------------------|-------|-------|--------------------|-------|-------|-------|
| Net investment income <sup>5</sup>  | 6.50% <sup>6</sup> | 6.74% | 7.43% | 6.61% <sup>6</sup> | 6.77% | 6.72% | 6.57% |
| Dividends to Preferred Shareholders   | 0.28% <sup>6</sup> | 0.28% | 1.15% | 1.98% <sup>6</sup> | 2.05% | 1.78% | 0.97% |
| Net investment income to Common Shareholders  | 6.22% <sup>6</sup> | 6.46% | 6.28% | 4.63% <sup>6</sup> | 4.72% | 4.94% | 5.60% |

**Supplemental Data**

|   |            |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|------------|
| Net assets applicable to Common Shareholders, end of period (000)                     | \$ 152,041 | \$ 166,773 | \$ 155,360 | \$ 159,759 | \$ 170,559 | \$ 176,216 | \$ 175,264 |
| Preferred Shares outstanding at \$25,000 liquidation preference, end of period (000)  | \$ 87,350  | \$ 87,350  | \$ 87,350  | \$ 87,350  | \$ 99,000  | \$ 99,000  | \$ 99,000  |
| Portfolio turnover  | 9%         | 18%        | 9%         | 20%        | 10%        | 14%        | 19%        |
| Asset coverage, per Preferred Share at \$25,000 liquidation preference, end of period | \$ 68,517  | \$ 72,733  | \$ 69,467  | \$ 70,730  | \$ 68,076  | \$ 69,507  | \$ 69,269  |

<sup>1</sup> Based on average Common Shares outstanding.

<sup>2</sup> Amount is less than \$0.01 per share.

<sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Do not reflect the effect of dividends to Preferred Shareholders.

<sup>6</sup> Annualized.

<sup>7</sup> Interest expense and fees relate to TOBs. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

See Notes to Financial Statements.

## Financial Highlights

## BlackRock MuniYield New York Quality Fund, Inc. (MYN)

|   | Six Months<br>Ended<br>January 31,<br>2011<br>(Unaudited) | Year Ended<br>July 31, |          | Period<br>November<br>1,<br>2007<br>to July 31,<br>2008 | Year Ended October 31, |                     |          |
|---|---|------------------------|----------|---|------------------------|---------------------|----------|
|   |   | 2010                   | 2009     |   | 2007                   | 2006                | 2005     |
| <b>Per Share Operating Performance</b>  |   |                        |          |   |                        |                     |          |
| Net asset value, beginning of period  | \$ 13.89  | \$ 12.65               | \$ 13.16 | \$ 13.94  | \$ 14.40               | \$ 14.26            | \$ 14.81 |
| Net investment income <sup>1</sup>  | 0.45  | 0.90                   | 0.87     | 0.66  | 0.84                   | 0.92                | 0.94     |
| Net realized and unrealized gain (loss)                                       | (1.38)  | 1.08                   | (0.61)   | (0.77)  | (0.38)                 | 0.23                | (0.50)   |
| Dividends to Preferred Shareholders<br>from net investment income             | (0.02)  | (0.04)                 | (0.13)   | (0.19)  | (0.27)                 | (0.24)              | (0.13)   |
| Net increase (decrease) from<br>investment operations                         | (0.95)  | 1.94                   | 0.13     | (0.30)  | 0.19                   | 0.91                | 0.31     |
| Dividends to Common Shareholders<br>from net investment income                | (0.43)  | (0.70)                 | (0.64)   | (0.48)  | (0.65)                 | (0.77)              | (0.84)   |
| Capital charges with respect to<br>issuance of Preferred Shares               |   |                        |          |   |                        | (0.00) <sup>2</sup> | (0.02)   |
| Net asset value, end of period  | \$ 12.51  | \$ 13.89               | \$ 12.65 | \$ 13.16  | \$ 13.94               | \$ 14.40            | \$ 14.26 |
| Market price, end of period   | \$ 11.96  | \$ 13.57               | \$ 11.36 | \$ 11.80  | \$ 12.80               | \$ 14.10            | \$ 13.17 |
| <b>Total Investment Return<sup>3</sup></b>                                    |   |                        |          |   |                        |                     |          |
| Based on net asset value  | (6.99)% <sup>4</sup>                                      | 16.15%                 | 2.29%    | (1.86)% <sup>4</sup>                                    | 1.66%                  | 6.71%               | 2.53%    |
| Based on market price   | (8.99)% <sup>4</sup>                                      | 26.36%                 | 2.44%    | (4.16)% <sup>4</sup>                                    | (4.67)%                | 13.13%              | 6.24%    |
| <b>Ratios to Average Net Assets<br/>Applicable to Common<br/>Shareholders</b> |   |                        |          |   |                        |                     |          |
| Total expenses <sup>5</sup>   | 1.10% <sup>6</sup>  | 1.11%                  | 1.34%    | 1.48% <sup>6</sup>                                      | 1.64%                  | 1.56%               | 1.31%    |
| Total expenses after fees waived <sup>5</sup>                                 | 1.09% <sup>6</sup>  | 1.10%                  | 1.32%    | 1.46% <sup>6</sup>                                      | 1.63%                  | 1.56%               | 1.31%    |

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|   |                    |       |       |                    |       |                    |       |
|---|--------------------|-------|-------|--------------------|-------|--------------------|-------|
| Total expenses after fees waived and excluding interest expense and fees <sup>5,7</sup> | 0.98% <sup>6</sup> | 1.00% | 1.06% | 1.04% <sup>6</sup> | 1.04% | 1.03%              | 0.96% |
| Net investment income <sup>5</sup>  | 6.50% <sup>6</sup> | 6.69% | 7.11% | 6.36% <sup>6</sup> | 5.96% | 6.50%              | 6.37% |
| Dividends to Preferred Shareholders   | 0.26% <sup>6</sup> | 0.27% | 1.09% | 1.82% <sup>6</sup> | 1.88% | 1.68% <sup>6</sup> | 0.87% |
| Net investment income to Common Shareholders  | 6.24% <sup>6</sup> | 6.42% | 6.02% | 4.54% <sup>6</sup> | 4.08% | 4.82%              | 5.50% |

**Supplemental Data**

|   |            |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|------------|
| Net assets applicable to Common Shareholders, end of period (000)                     | \$ 493,514 | \$ 547,812 | \$ 499,093 | \$ 518,912 | \$ 549,910 | \$ 567,954 | \$ 562,474 |
| Preferred Shares outstanding at \$25,000 liquidation preference, end of period (000)  | \$ 247,700 | \$ 247,700 | \$ 247,700 | \$ 259,475 | \$ 304,000 | \$ 304,000 | \$ 304,000 |
| Portfolio turnover  | 8%         | 7%         | 22%        | 17%        | 25%        | 43%        | 35%        |
| Asset coverage, per Preferred Share at \$25,000 liquidation preference, end of period | \$ 74,813  | \$ 80,293  | \$ 75,376  | \$ 75,011  | \$ 70,242  | \$ 71,725  | \$ 71,259  |

<sup>1</sup> Based on average Common Shares outstanding.

<sup>2</sup> Amount is less than \$(0.01) per share.

<sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Do not reflect the effect of dividends to Preferred Shareholders.

<sup>6</sup> Annualized.

<sup>7</sup> Interest expense and fees relate to TOBs. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

See Notes to Financial Statements.

## Notes to Financial Statements (Unaudited)

**1. Organization and Significant Accounting Policies:**

BlackRock MuniHoldings Quality Fund II, Inc. ( MUE ), formerly BlackRock MuniHoldings Insured Fund II, Inc., BlackRock MuniYield California Quality Fund, Inc. ( MCA ), formerly BlackRock MuniYield California Insured Fund, Inc., BlackRock MuniYield Quality Fund III, Inc. ( MYI ), formerly BlackRock MuniYield Insured Fund, Inc., BlackRock MuniYield Michigan Quality Fund II, Inc. ( MYM ), formerly BlackRock MuniYield Michigan Insured Fund II, Inc. and BlackRock MuniYield New York Quality Fund, Inc. ( MYN ), formerly BlackRock MuniYield New York Insured Fund, Inc. (collectively the Funds or individually as a Fund ), are registered under the Investment Company Act of 1940, as amended (the 1940 Act ), as non-diversified, closed-end management investment companies. The Funds are organized as Maryland corporations. The Funds' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ( US GAAP ), which may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The Funds determine and make available for publication the net asset value of their Common Shares on a daily basis.

The following is a summary of significant accounting policies followed by the Funds:

**Valuation:** The Funds fair value their financial instruments at market value using independent dealers or pricing services under policies approved by each Fund's Board of Directors (the Board ). Municipal investments (including commitments to purchase such investments on a when-issued basis) are valued on the basis of prices provided by dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments and information with respect to various relationships between investments. Financial futures contracts traded on exchanges are valued at their last sale price. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value. Investments in open-end registered investment companies are valued at net asset value each business day.

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment or is not available, the investment will be valued in accordance with a policy approved by the Board as reflecting fair value ( Fair Value Assets ). When determining the price for Fair Value Assets, the investment advisor and/or the sub-advisor seeks to determine the price that each Fund might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

**Forward Commitments and When-Issued Delayed Delivery Securities:** The Funds may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. The Funds may purchase securities under such conditions with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Funds may be required to pay more at settlement than the security is worth. In addition, the Funds are not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, the Funds assume the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, the Funds' maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions, which is shown on the Schedules of Investments, if any.

**Zero-Coupon Bonds:** The Funds may invest in zero-coupon bonds, which are normally issued at a significant discount from face value and do not provide for periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide for regular interest payments.

**Municipal Bonds Transferred to Tender Option Bond Trusts:** The Funds leverage their assets through the use of TOBs. A TOB is established by a third party sponsor forming a special purpose entity, into which one or more funds, or an agent on behalf of the funds, transfers municipal bonds. Other funds managed by the investment advisor may also contribute municipal bonds to a TOB into which a Fund has contributed bonds. A TOB typically issues two classes of beneficial interests: short-term floating rate certificates, which are sold to third party investors, and residual certificates ( TOB Residuals ), which are generally issued to the participating funds that made the transfer. The TOB Residuals held by a Fund include the right of a Fund (1) to cause the holders of a proportional share of the short-term floating rate certificates to tender their certificates at par, including during instances of a rise in short-term interest rates, and (2) to transfer, within seven days, a corresponding share of the municipal bonds from the TOB to a Fund. The TOB may also be terminated without the consent of a Fund upon the occurrence of certain events as defined in the TOB agreements. Such termination events may include the bankruptcy or default of the municipal

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bond, a substantial downgrade in credit quality of the municipal bond, the inability of the TOB to obtain quarterly or annual renewal of the liquidity support agreement, a substantial decline in market value of the municipal bond or the inability to remarket the short-term floating rate certificates to third party investors. During the six months ended January 31, 2011, no TOBs that the Funds participated in were terminated without the consent of the Funds.

## Notes to Financial Statements (continued)

The cash received by the TOB from the sale of the short-term floating rate certificates, less transaction expenses, is paid to a Fund, which typically invests the cash in additional municipal bonds. Each Fund's transfer of the municipal bonds to a TOB is accounted for as a secured borrowing, therefore the municipal bonds deposited into a TOB are presented in the Funds' Schedules of Investments and the proceeds from the issuance of the short-term floating rate certificates are shown as trust certificates in the Statements of Assets and Liabilities.

Interest income, including amortization and accretion of premiums and discounts, from the underlying municipal bonds is recorded by the Funds on an accrual basis. Interest expense incurred on the secured borrowing and other expenses related to remarketing, administration and trustee services to a TOB are shown as interest expense and fees in the Statements of Operations. The short-term floating rate certificates have interest rates that generally reset weekly and their holders have the option to tender certificates to the TOB for redemption at par at each reset date. At January 31, 2011, the aggregate value of the underlying municipal bonds transferred to TOBs, the related liability for trust certificates and the range of interest rates on the liability for trust certificates were as follows:

|     | Underlying<br>Municipal<br>Bonds<br>Transferred to<br>TOBs | Liability<br>for Trust<br>Certificates | Range of<br>Interest Rates |       |
|-----|--|--|----------------------------|-------|
| MUE | \$ 114,714,316   | \$ 62,382,934                          | 0.29%                      | 0.44% |
| MCA | \$ 339,580,206   | \$ 183,202,421                         | 0.29%                      | 0.44% |
| MYI | \$ 358,305,999   | \$ 195,573,344                         | 0.27%                      | 0.44% |
| MYM | \$ 16,511,712  | \$ 9,030,000                           | 0.27%                      | 0.46% |
| MYN | \$ 145,324,592   | \$ 78,614,804                          | 0.29%                      | 0.39% |

For the six months ended January 31, 2011, the Funds' average trust certificates outstanding and the daily weighted average interest rates, including fees, were as follows:

|     | Average<br>Trust Certificates<br>Outstanding | Daily Weighted<br>Average<br>Interest Rate |
|-----|--|--|
| MUE | \$ 62,443,918                                | 0.76%                                      |
| MCA | \$ 182,279,416                               | 0.80%                                      |
| MYI | \$ 195,648,740                               | 0.75%                                      |
| MYM | \$ 9,030,000                                 | 0.70%                                      |
| MYN | \$ 78,614,804                                | 0.77%                                      |

Should short-term interest rates rise, the Funds' investments in TOBs may adversely affect the Funds' net investment income and dividends to Common Shareholders. Also, fluctuations in the market values of municipal bonds deposited into the TOB may adversely affect the Funds' net asset values per share.

**Segregation and Collateralization:** In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Funds either deliver collateral or segregate assets in connection with certain investments (e.g., financial futures contracts), the Funds will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or designate on their books and records cash or other liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit securities as collateral for certain investments.

**Investment Transactions and Investment Income:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis.

**Dividends and Distributions:** Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend date. The amount and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP. Dividends and distributions to Preferred Shareholders are accrued and determined as described in Note 7.

**Income Taxes:** It is each Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

Each Fund files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Funds' US federal tax returns remains open for each of the four periods ended July 31, 2010, 2009, 2008 and October 31, 2007 (September 30, 2007 for MUE). The statutes of limitations on the Funds' state and local tax returns may remain open for an additional year depending upon the jurisdiction. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

**Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan:** Under the deferred compensation plan approved by each Fund's Board, non-interested Directors ( Independent Directors ) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors. This has approximately the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in certain other BlackRock Closed-End Funds.



Notes to Financial Statements (continued)

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Fund. Each Fund may, however, elect to invest in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors in order to match its deferred compensation obligations. Investments to cover each Fund's deferred compensation liability, if any, are included in other assets in the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in income affiliated in the Statements of Operations.

**Other:** Expenses directly related to a Fund are charged to that Fund. Other operating expenses shared by several funds are pro rated among those funds on the basis of relative net assets or other appropriate methods. The Funds have an arrangement with the custodian whereby fees may be reduced by credits earned on uninvested cash balances, which if applicable are shown as fees paid indirectly in the Statements of Operations. The custodian imposes fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

**2. Derivative Financial Instruments:**

The Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and to economically hedge, or protect, their exposure to certain risks such as interest rate risk. These contracts may be transacted on an exchange.

Losses may arise if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument or if the counterparty does not perform under the contract. Counterparty risk related to exchange-traded financial futures contracts is deemed to be minimal due to the protection against defaults provided by the exchange on which these contracts trade.

**Financial Futures Contracts:** The Funds purchase or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in interest rates (interest rate risk). Financial futures contracts are agreements between the Funds and the counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and at a specified date. Depending on the terms of the particular contract, futures contracts are settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on settlement date. Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as margin variation and are recorded by the Funds as unrealized gains or losses. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of financial futures transactions involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest rates and the underlying assets.

**The Effect of Derivative Instruments in the Statement of Operations  
Six Months Ended January 31, 2011**

|                             | Net Realized Loss From |              |              |
|-----------------------------|------------------------|--------------|--------------|
|                             | MCA                    | MYI          | MYN          |
| Interest rate contracts:    |                        |              |              |
| Financial futures contracts | \$ (117,641)           | \$ (521,071) | \$ (213,576) |

|  | Net Change in Unrealized<br>Appreciation/Depreciation on |     |     |
|--|--|-----|-----|
|  | MCA  | MYI | MYN |
|  |  |     |     |

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Interest rate contracts:

|                             |    |        |    |         |    |         |
|-----------------------------|----|--------|----|---------|----|---------|
| Financial futures contracts | \$ | 89,999 | \$ | 399,313 | \$ | 141,179 |
|-----------------------------|----|--------|----|---------|----|---------|

For the six months ended January 31, 2011, the average quarterly balances of outstanding derivative financial instruments were as follows:

|  | MCA          | MYI           | MYM | MYN       |
|--|--------------|---------------|-----|-----------|
| <b>Financial futures contracts:</b>      |              |               |     |           |
| Average number of contracts sold         | 21           | 93            |     | 55        |
| Average notional value of contracts sold | \$ 2,613,804 | \$ 11,513,184 | \$  | 6,845,677 |

### 3. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. ( PNC ), Bank of America Corporation ( BAC ) and Barclays Bank PLC ( Barclays ) are the largest stockholders of BlackRock, Inc. ( BlackRock ). Due to the ownership structure, PNC is an affiliate of the Funds for 1940 Act purposes, but BAC and Barclays are not.

Each Fund entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager ), the Funds investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services. The Manager is responsible for the management of each Fund s portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Fund. For such services, each Fund pays the Manager a monthly fee at the following annual rates of each Fund s average daily net assets as follows:

|     |       |
|-----|-------|
| MUE | 0.55% |
| MCA | 0.50% |
| MYI | 0.50% |
| MYM | 0.50% |
| MYN | 0.50% |

Average daily net assets are the average daily value of each Fund s total assets minus the sum of its accrued liabilities.

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds, however

**Notes to Financial Statements (continued)**

the Manager does not waive its investment advisory fees by the amount of investment advisory fees paid through each Fund's investment in other affiliated investment companies, if any. These amounts are included in fees waived by advisor in the Statements of Operations. For the six months ended ended January 31, 2011, the amounts waived were as follows:

|     |    |        |
|-----|----|--------|
| MUE | \$ | 7,257  |
| MCA | \$ | 17,503 |
| MYI | \$ | 3,297  |
| MYM | \$ | 8,695  |
| MYN | \$ | 15,881 |

The Manager, for MUE, voluntarily agreed to waive its investment advisory fee on the proceeds of the Preferred Shares and TOBs that exceed 35% of net assets applicable to Common Shareholders. This amount is included in fees waived by advisor in the Statements of Operations. For the six months ended January 31, 2011 the waiver was \$88,088.

The Manager entered into a sub-advisory agreement with BlackRock Investment Management, LLC ( BIM ), an affiliate of the Manager. The Manager pays BIM for services it provides, a monthly fee that is a percentage of the investment advisory fees paid by each Fund to the Manager.

For the period August 1, 2010 through December 31, 2010, the Funds reimbursed the Manager for certain accounting services, which are included in accounting services in the Statements of Operations. The reimbursements were as follows:

|     |    |        |
|-----|----|--------|
| MUE | \$ | 1,901  |
| MCA | \$ | 3,167  |
| MYI | \$ | 12,542 |
| MYM | \$ | 1,052  |
| MYN | \$ | 3,545  |

Effective January 1, 2011, the Funds no longer reimburse the Manager for accounting services.

Certain officers and/or directors of the Funds are officers and/or directors of BlackRock or its affiliates. The Funds reimburse the Manager for compensation paid to the Funds' Chief Compliance Officer.

**4. Investments:**

Purchases and sales of investments, excluding short-term securities, for the six months ended ended January 31, 2011, were as follows:

|     | Purchases      | Sales         |
|-----|----------------|---------------|
| MUE | \$ 50,995,790  | \$ 32,418,495 |
| MCA | \$ 128,961,924 | \$ 83,124,194 |
| MYI | \$ 46,914,736  | \$ 45,340,245 |
| MYM | \$ 22,650,567  | \$ 26,415,904 |
| MYN | \$ 73,299,523  | \$ 69,705,630 |

**5. Capital Loss Carryforwards:**

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As of July 31, 2010, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

| Expires July 31, | MUE                  | MCA                  | MYI                  | MYM                 | MYN                  |
|------------------|----------------------|----------------------|----------------------|---------------------|----------------------|
| 2011             |                      | \$ 4,417,434         |                      |                     |                      |
| 2012             | \$ 306,103           | 2,675,948            |                      | \$ 1,288,851        | \$ 16,583,200        |
| 2014             |                      |                      | \$ 1,489,118         |                     | 3,107,506            |
| 2015             |                      | 1,362,395            | 5,979,955            |                     |                      |
| 2016             |                      |                      | 25,066,903           | 823,067             | 2,330,288            |
| 2017             | 8,936,425            | 2,753,866            | 21,251,301           | 253,932             | 2,295,738            |
| 2018             | 6,013,130            | 5,944,218            | 26,460,028           |                     | 3,370,191            |
| <b>Total</b>     | <b>\$ 15,255,658</b> | <b>\$ 17,153,861</b> | <b>\$ 80,247,305</b> | <b>\$ 2,365,850</b> | <b>\$ 27,686,923</b> |

Under the recently enacted Regulated Investment Company Modernization Act of 2010, capital losses incurred by the Funds after July 31, 2011 will not be subject to expiration. In addition, these losses must be utilized prior to the losses incurred in pre-enactment taxable years.

## Notes to Financial Statements (continued)

**6. Concentration, Market and Credit Risk:**

MCA, MYM and MYN invest a substantial amount of their assets in issuers located in a single state or limited number of states. Please see the Schedules of Investments for concentrations in specific states.

Many municipalities insure repayment of their bonds, which may reduce the potential for loss due to credit risk. The market value of these bonds may fluctuate for other reasons, including market perception of the value of such insurance, and there is no guarantee that the insurer will meet its obligation.

In the normal course of business, the Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Funds may be exposed to counterparty credit risk, or the risk that an entity with which the Funds have unsettled or open transactions may fail to or be unable to perform on its commitments. The Funds manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Funds' Statements of Assets and Liabilities, less any collateral held by the Funds.

As of January 31, 2011, MUE invested a significant portion of its assets in the County/City/Special District/School District, Transportation and Utilities sectors. MCA invested a significant portion of its assets in securities in the County/City/Special District/School District and Utilities sectors. MYI and MYN invested a significant portion of their assets in the Transportation and County/City/Special District/School District sectors. MYM invested a significant portion of its assets in the County/City/Special District/ School District sector. Changes in economic conditions affecting the County/City/Special District/School District, Transportation and Utilities sectors would have a greater impact on the Funds and could affect the value, income and/or liquidity of positions in such securities.

**7. Capital Share Transactions:**

Each Fund is authorized to issue 200 million shares, including Preferred Shares, par value \$0.10 for MUE, MCA, MYI and MYM and par value \$0.05 for MYM and MYN, all of which were initially classified as Common Shares. The par value for each Fund's Common Shares is \$0.10. Each Fund's Board is authorized, however, to reclassify any unissued shares of Common Shares without approval of Common Shareholders.

**Common Shares**

For the six months ended January 31, 2011 and the year ended July 31, 2010, shares issued and outstanding increased by the following amounts as a result of dividend reinvestment:

|     | Six Months<br>Ended<br>January 31,<br>2011 | Year Ended<br>July 31, 2010 |
|-----|--|-----------------------------|
| MUE | 35,579                                     | 26,556                      |
| MYI | 147,014                                    | 37,906                      |
| MYN | 7,531                                      |                             |

Shares issued and outstanding remained constant for MCA and MYM for the six months ended January 31, 2011 and the year ended July 31, 2010.

**Preferred Shares**

The Preferred Shares are redeemable at the option of each Fund, in whole or in part, on any dividend payment date at their liquidation preference per share plus any accumulated and unpaid dividends whether or not declared. The Preferred Shares are also subject to mandatory redemption at their liquidation preference plus any accumulated and unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of a Fund, as set forth in each Fund's Articles of Supplementary (the "Governing Instrument") are not satisfied.

From time to time in the future, each Fund may effect repurchases of its Preferred Shares at prices below their liquidation preference as agreed upon by the Fund and seller. Each Fund also may redeem its Preferred Shares from time to time as provided in the applicable Governing Instrument. Each Fund intends to effect such redemptions and/or repurchases to the extent necessary to maintain applicable asset coverage requirements or for such other reasons as the Board may determine.

## Notes to Financial Statements (continued)

The holders of Preferred Shares have voting rights equal to the holders of Common Shares (one vote per share) and will vote together with holders of Common Shares (one vote per share) as a single class. However, the holders of Preferred Shares, voting as a separate class, are also entitled to elect two Directors for each Fund. In addition, the 1940 Act requires that along with approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding Preferred Shares, voting separately as a class would be required to (a) adopt any plan of reorganization that would adversely affect the Preferred Shares, (b) change a Fund's sub-classification as a closed-end investment company or change its fundamental investment restrictions or (c) change its business so as to cease to be an investment company.

The Funds had the following series of Preferred Shares outstanding, effective yields and reset frequency as of January 31, 2011:

|     | Series | Preferred Shares   | Effective Yield | Reset Frequency Days |
|-----|--------|--------------------|-----------------|----------------------|
| MUE | A      | 1,345 <sub>1</sub> | 0.44%           | 7                    |
|     | B      | 1,345 <sub>1</sub> | 0.44%           | 7                    |
|     | C      | 2,550 <sub>1</sub> | 0.44%           | 7                    |
| MCA | A      | 1,090 <sub>1</sub> | 0.37%           | 28                   |
|     | B      | 1,090 <sub>1</sub> | 0.44%           | 7                    |
|     | C      | 969 <sub>1</sub>   | 0.44%           | 7                    |
|     | D      | 1,211 <sub>1</sub> | 0.41%           | 28                   |
|     | E      | 1,211 <sub>1</sub> | 0.44%           | 7                    |
|     | F      | 1,090 <sub>2</sub> | 1.50%           | 7                    |
| MYI | A      | 1,376 <sub>1</sub> | 0.38%           | 28                   |
|     | B      | 1,376 <sub>1</sub> | 0.37%           | 28                   |
|     | C      | 1,376 <sub>1</sub> | 0.41%           | 28                   |
|     | D      | 1,376 <sub>1</sub> | 0.44%           | 28                   |
|     | E      | 2,502 <sub>1</sub> | 0.44%           | 7                    |
|     | F      | 1,501 <sub>1</sub> | 0.37%           | 28                   |
|     | G      | 1,501 <sub>1</sub> | 0.41%           | 7                    |
|     | H      | 1,625 <sub>2</sub> | 1.50%           | 7                    |
|     | I      | 1,625 <sub>2</sub> | 1.50%           | 7                    |
| MYM | A      | 1,941 <sub>1</sub> | 0.41%           | 7                    |
|     | B      | 1,200 <sub>1</sub> | 0.44%           | 7                    |
|     | C      | 353 <sub>2</sub>   | 1.50%           | 7                    |
| MYN | A      | 1,385 <sub>1</sub> | 0.50%           | 28                   |
|     | B      | 1,385 <sub>1</sub> | 0.41%           | 7                    |
|     | C      | 2,282 <sub>1</sub> | 0.44%           | 7                    |
|     | D      | 1,597 <sub>1</sub> | 0.44%           | 7                    |
|     | E      | 1,793 <sub>1</sub> | 0.44%           | 28                   |
|     | F      | 1,466 <sub>2</sub> | 1.50%           | 7                    |

<sup>1</sup> The maximum applicable rate on this series of Preferred Shares is the higher of 110% of the AA commercial paper rate or 110% of 90% of the Kenny S&P 30-day High Grade Index rate divided by 1.00 minus the marginal tax rate.

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<sup>2</sup> The maximum applicable rate on this series of Preferred Shares is the higher of 110% plus or times (i) the Telerate/BAA LIBOR or (ii) 90% of Kenny S&P 30-day High Grade Index rate divided by 1.00 minus the marginal tax rate.

Dividends on seven-day and 28-day Preferred Shares are cumulative at a rate which is reset every seven or 28 days, respectively, based on the results of an auction. If the Preferred Shares fail to clear the auction on an

auction date, each Fund is required to pay the maximum applicable rate on the Preferred Shares to holders of such shares for successive dividend periods until such time as the shares are successfully auctioned. The maximum applicable rate on all series of Preferred Shares is footnoted as applicable on the above chart. The low, high and average dividend rates on the Preferred Shares for each Fund for the six months ended ended January 31, 2011 were as follows:

|     | Series | Low   | High  | Average |
|-----|--------|-------|-------|---------|
| MUE | A      | 0.37% | 0.50% | 0.42%   |
|     | B      | 0.37% | 0.50% | 0.42%   |
|     | C      | 0.37% | 0.50% | 0.42%   |
| MCA | A      | 0.37% | 0.46% | 0.43%   |
|     | B      | 0.37% | 0.50% | 0.42%   |
|     | C      | 0.37% | 0.50% | 0.42%   |
|     | D      | 0.37% | 0.50% | 0.43%   |
|     | E      | 0.37% | 0.50% | 0.42%   |
|     | F      | 1.43% | 1.56% | 1.49%   |
| MYI | A      | 0.38% | 0.46% | 0.42%   |
|     | B      | 0.37% | 0.46% | 0.43%   |
|     | C      | 0.38% | 0.50% | 0.42%   |
|     | D      | 0.38% | 0.50% | 0.41%   |
|     | E      | 0.37% | 0.50% | 0.42%   |
|     | F      | 0.35% | 0.47% | 0.43%   |
|     | G      | 0.37% | 0.50% | 0.42%   |
|     | H      | 1.43% | 1.56% | 1.48%   |
|     | I      | 1.43% | 1.56% | 1.48%   |
| MYM | A      | 0.37% | 0.50% | 0.43%   |
|     | B      | 0.37% | 0.50% | 0.43%   |
|     | C      | 1.43% | 1.56% | 1.49%   |
| MYN | A      | 0.38% | 0.50% | 0.42%   |
|     | B      | 0.37% | 0.50% | 0.42%   |
|     | C      | 0.37% | 0.50% | 0.42%   |
|     | D      | 0.37% | 0.50% | 0.42%   |
|     | E      | 0.38% | 0.50% | 0.41%   |
|     | F      | 1.43% | 1.56% | 1.48%   |

Since February 13, 2008, the Preferred Shares of the Funds failed to clear any of their auctions. As a result, the Preferred Shares dividend rates were reset to the maximum applicable rate, which ranged from 0.35% to 1.56% for the six months ended ended January 31, 2011. A failed auction is not an event of default for the Funds but it has a negative impact on the liquidity of Preferred Shares. A failed auction occurs when there are more sellers of a Fund's auction rate Preferred Shares than buyers. A successful auction for the Funds' Preferred Shares may not occur for some time, if ever, and even if liquidity does resume, Preferred Shareholders may not have the ability to sell the Preferred Shares at their liquidation preference.

The Funds may not declare dividends or make other distributions on Common Shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Preferred Shares is less than 200%.

The Funds pay commissions of 0.25% on the aggregate principal amount of all shares that successfully clear their auctions and 0.15% on the





Notes to Financial Statements (concluded)

aggregate principal amount of all shares that fail to clear their auctions. Certain broker dealers have individually agreed to reduce commissions for failed auctions.

Preferred Shares issued and outstanding remained constant for the six months ended ended January 31, 2011 for MUE, MCA, MYI, MYM, and MYN.

Preferred Shares issued and outstanding remained constant for the year ended July 31, 2010 for MUE, MCA, MYM and MYN. Preferred Shares issued and outstanding decreased by 87 shares for MYI for the year ended July 31, 2010.

During the period, MYI, MYM and MYN entered into a Fee Agreement (the Agreement ) with a financial institution in relation to the potential refinancing of Preferred Shares. Pursuant to the terms of the Agreement, effective February 1, 2011 MYI, MYM and MYN will pay a liquidity fee, through the earlier of the date of the potential refinancing or July 1, 2011, at an annual rate of 0.50% of the potential refinancing amounts.

**8. Restatement Information:**

During the year ended September 30, 2006 for MUE and October 31, 2006 for MYI, the Funds determined that the criteria for sale accounting in ASC 860 (formerly FAS 140) had not been met for certain transfers of municipal bonds related to investments in TOB Residuals, and that these transfers should have been accounted for as secured borrowings rather than as sales. As a result, certain financial highlights for the period ended September 30, 2005 with respect to MUE, and for the period ended October 31, 2005 with respect to MYI, have been restated to give effect to recording the transfers of the municipal bonds as secured borrowings, including recording interest on the bonds as interest income and interest on the secured borrowings as interest expense.

**Financial Highlights for MUE  
For the Year Ended September 30, 2005**

|  | 2005                |          |
|--|---------------------|----------|
|  | Previously Reported | Restated |
| Total expenses, net of waiver <sup>1</sup> | 1.15%               | 1.32%    |
| Total expenses <sup>1</sup>                | 1.21%               | 1.38%    |
| Portfolio turnover                         | 58.19%              | 46%      |

**Financial Highlights for MYI  
For the Year Ended October 31, 2005 and 2004**

|  | 2005                |          |
|--|---------------------|----------|
|  | Previously Reported | Restated |
| Total expenses, net of waiver <sup>1</sup> | 1.01%               | 1.60%    |
| Total expenses <sup>1</sup>                | 1.01%               | 1.60%    |
| Portfolio turnover                         | 123.85%             | 105%     |

<sup>1</sup> Do not reflect the effect of dividends to Preferred Shareholders.

**9. Subsequent Events:**

Management's evaluation of the impact of all subsequent events on the Funds' financial statements was completed through the date the financial statements were issued and the following items were noted:

The Funds paid a net investment income dividend in the following amounts per share on March 1, 2011 to Common Shareholders of record on February 15, 2011:

|     | <b>Common<br/>Dividend Per<br/>Share</b> |
|-----|--|
| MUE | \$ 0.0735                                |
| MCA | \$ 0.0735                                |
| MYI | \$ 0.0720                                |
| MYM | \$ 0.0715                                |
| MYN | \$ 0.0710                                |

The dividends declared on Preferred Shares for the period February 1, 2011 to February 28, 2011 were as follows:

|     | <b>Series</b> | <b>Dividends<br/>Declared</b> |
|-----|---------------|-------------------------------|
| MUE | A             | \$ 10,631                     |
|     | B             | \$ 10,658                     |
|     | C             | \$ 20,309                     |
| MCA | A             | \$ 8,156                      |
|     | B             | \$ 8,707                      |
|     | C             | \$ 7,717                      |
|     | D             | \$ 9,680                      |
|     | E             | \$ 9,572                      |
|     | F             | \$ 30,851                     |
| MYI | A             | \$ 10,426                     |
|     | B             | \$ 10,465                     |
|     | C             | \$ 11,013                     |
|     | D             | \$ 11,522                     |
|     | E             | \$ 19,825                     |
|     | F             | \$ 11,185                     |
|     | G             | \$ 12,056                     |
|     | H             | \$ 45,963                     |
|     | I             | \$ 46,103                     |
| MYM | A             | \$ 15,590                     |
|     | B             | \$ 9,557                      |
|     | C             | \$ 9,991                      |
| MYN | A             | \$ 11,745                     |

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|  |   |    |        |
|--|---|----|--------|
|  | B | \$ | 11,124 |
|  | C | \$ | 18,230 |
|  | D | \$ | 12,719 |
|  | E | \$ | 15,014 |
|  | F | \$ | 41,466 |

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## Officers and Directors

Richard E. Cavanagh, Chairman of the Board and Director  
Karen P. Robards, Vice Chair of the Board,  
Chair of the Audit Committee and Director  
Richard S. Davis, Director  
Frank J. Fabozzi, Director and Member of the Audit Committee  
Kathleen F. Feldstein, Director  
James T. Flynn, Director and Member of the Audit Committee  
Henry Gabbay, Director  
Jerrold B. Harris, Director  
R. Glenn Hubbard, Director  
W. Carl Kester, Director and Member of the Audit Committee  
Anne Ackerley, Fund President and Chief Executive Officer  
Brendan Kyne, Vice President  
Brian Schmidt, Vice President  
Neal Andrews, Chief Financial Officer  
Jay Fife, Treasurer  
Brian Kindelan, Chief Compliance Officer of the Funds  
Ira Shapiro, Secretary

### **Investment Advisor**

BlackRock Advisors, LLC  
Wilmington, DE 19809

### **Sub-Advisor**

BlackRock Investment Management, LLC  
Plainsboro, NJ 08536

### **Custodians**

State Street Bank and Trust Company<sup>1</sup>  
Boston, MA 02101

The Bank of New York Mellon<sup>2</sup>  
New York, NY 10286

### **Transfer Agents**

#### **Common Shares**

Computershare Trust Company, N.A.<sup>1</sup>  
Providence, RI 02940

BNY Mellon Shareowner Services<sup>2</sup>  
Jersey City, NJ 07310

### **Auction Agent**

#### **Preferred Shares**

BNY Mellon Shareowner Services  
Jersey City, NJ 07310

### **Accounting Agent**

State Street Bank and Trust Company  
Princeton, NJ 08540

**Independent Registered Public Accounting Firm**

Deloitte & Touche LLP  
Princeton, NJ 08540

**Legal Counsel**

Skadden, Arps, Slate, Meagher & Flom LLP  
New York, NY 10036

**Address of the Funds**

100 Bellevue Parkway  
Wilmington, DE 19809

<sup>1</sup> For MUE, MCA and MYI.

<sup>2</sup> For MYM and MYN.

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Effective February 11, 2011, John M. Perlowski became President and Chief Executive Officer of the Funds.

Effective November 10, 2010, Ira Shapiro became Secretary of the Funds.

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Additional Information

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Proxy Results

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The Annual Meeting of Shareholders was held on September 2, 2010 for shareholders of record on July 6, 2010, to elect director nominees for each Fund. Due to a lack of quorum of Preferred Shares, action on the proposal regarding the preferred shares nominees election for MUE, MYM and MYN was subsequently adjourned to October 5, 2010. There were no broker non-votes with regard to any of the Funds.

|     | Richard E. Cavanagh |                |         | Richard S. Davis |                |         | Frank J. Fabozzi |                |         |
|-----|---------------------|----------------|---------|------------------|----------------|---------|------------------|----------------|---------|
|     | Votes For           | Votes Withheld | Abstain | Votes For        | Votes Withheld | Abstain | Votes For        | Votes Withheld | Abstain |
| MUE | 17,876,661          | 631,091        | 0       | 17,872,752       | 635,000        | 0       | 1,462            | 9              | 710     |
| MCA | 27,268,079          | 1,821,271      | 0       | 27,268,079       | 1,821,271      | 0       | 3,974            | 101            | 0       |
| MYI | 59,381,855          | 2,672,685      | 0       | 59,247,026       | 2,807,514      | 0       | 4,306            | 786            | 0       |
| MYM | 10,800,657          | 253,086        | 0       | 10,806,691       | 247,052        | 0       | 961              | 15             | 288     |
| MYN | 32,073,635          | 2,297,091      | 0       | 32,074,007       | 2,296,719      | 0       | 2,532            | 301            | 509     |

|     | Kathleen F. Feldstein |                |         | James T. Flynn |                |         | Henry Gabbay |                |         |
|-----|-----------------------|----------------|---------|----------------|----------------|---------|--------------|----------------|---------|
|     | Votes For             | Votes Withheld | Abstain | Votes For      | Votes Withheld | Abstain | Votes For    | Votes Withheld | Abstain |
| MUE | 17,844,101            | 663,651        | 0       | 17,861,412     | 646,340        | 0       | 17,867,995   | 639,757        | 0       |
| MCA | 27,045,998            | 2,043,352      | 0       | 27,265,643     | 1,823,707      | 0       | 27,349,165   | 1,740,185      | 0       |
| MYI | 59,103,351            | 2,951,189      | 0       | 59,204,556     | 2,849,984      | 0       | 59,374,064   | 2,680,476      | 0       |
| MYM | 10,736,572            | 317,171        | 0       | 10,724,167     | 329,576        | 0       | 10,747,864   | 305,879        | 0       |
| MYN | 31,714,380            | 2,656,346      | 0       | 32,002,653     | 2,368,073      | 0       | 32,105,635   | 2,265,091      | 0       |

|     | Jerrold B. Harris |                |         | R. Glenn Hubbard |                |         | W. Carl Kester |                |         |
|-----|-------------------|----------------|---------|------------------|----------------|---------|----------------|----------------|---------|
|     | Votes For         | Votes Withheld | Abstain | Votes For        | Votes Withheld | Abstain | Votes For      | Votes Withheld | Abstain |
| MUE | 17,863,852        | 643,900        | 0       | 17,855,484       | 652,268        | 0       | 1,462          | 9              | 710     |
| MCA | 27,280,584        | 1,808,766      | 0       | 27,342,659       | 1,746,691      | 0       | 3,974          | 101            | 0       |
| MYI | 59,207,436        | 2,847,104      | 0       | 59,150,617       | 2,903,923      | 0       | 4,306          | 786            | 0       |
| MYM | 10,737,301        | 316,442        | 0       | 10,798,370       | 255,373        | 0       | 961            | 15             | 288     |
| MYN | 31,776,792        | 2,593,934      | 0       | 31,707,681       | 2,663,045      | 0       | 2,532          | 301            | 509     |

|     | Karen P. Robards |                |         |
|-----|------------------|----------------|---------|
|     | Votes For        | Votes Withheld | Abstain |
| MUE | 17,855,861       | 651,891        | 0       |
| MCA | 27,199,531       | 1,889,819      | 0       |
| MYI | 59,088,296       | 2,966,244      | 0       |
| MYM | 10,806,656       | 247,087        | 0       |

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|     |            |           |   |
|-----|------------|-----------|---|
| MYN | 32,093,758 | 2,276,968 | 0 |
|-----|------------|-----------|---|

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Additional Information (continued)

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**Dividend Policy**

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

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## Additional Information (continued)

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### General Information

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On June 10, 2010, the Manager announced that MUE, MCA, and MYI received demand letters from a law firm on behalf of MUE's, MCA's, and MYI's common shareholders. The demand letter alleges that the Manager and MUE's, MCA's, and MYI's officers and Board of Directors (the Board) breached their fiduciary duties by redeeming at par certain of MUE's, MCA's, and MYI's Preferred Shares, and demanded that the Board take action to remedy those alleged breaches. In response to the demand letter, the Board established a Demand Review Committee (the Committee) of the Independent Directors to investigate the claims made in the demand letter with the assistance of independent counsel. Based upon its investigation, the Committee recommended that the Board reject the demand specified in the demand letter. After reviewing the findings of the Committee, the Board unanimously adopted the Committee's recommendation and unanimously voted to reject the demand.

On August 11, 2010, the Manager announced that a shareholder derivative complaint was filed on August 3, 2010 in the Supreme Court of the State of New York, New York County with respect to MCA and MYI, which had previously received a demand letter from a law firm on behalf of each fund's common shareholders. The complaint was filed against the Manager, BlackRock, Inc., MCA, MYI and certain of the directors, officers and portfolio managers (collectively, the BlackRock Parties) in connection with the redemption of auction-market preferred shares, auction rate preferred securities, auction preferred shares and auction rate securities (collectively, AMPS). The complaint alleges, among other things, that the BlackRock Parties breached their fiduciary duties to the common shareholders of MCA and MYI (the Shareholders) by redeeming AMPS at their liquidation preference and alleges that such redemptions caused losses to the Shareholders. The plaintiffs are seeking monetary damages for the alleged losses suffered and to enjoin MCA and MYI from future redemptions of AMPS at their liquidation preference. The BlackRock Parties believe that the claims asserted in the complaint are without merit and intend to vigorously defend themselves in the litigation.

### Electronic Delivery

Electronic copies of most financial reports are available on the Funds' website or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Funds' electronic delivery program.

### Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:

Please contact your financial advisor to enroll. Please note that not all investment advisors, banks or brokerages may offer this service.

### Householding

The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call (800) 441-7762.

### Availability of Quarterly Portfolio Schedule of Investments

Each Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (the SEC) for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. Each Fund's Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

### Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (800) 441-7762; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

**Availability of Proxy Voting Record**

Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 441-7762 and (2) on the SEC's website at <http://www.sec.gov>.

**Availability of Fund Updates**

BlackRock will update performance and certain other data for the Funds on a monthly basis on its website in the Closed-end Funds' section of <http://www.blackrock.com>. Investors and others are advised to periodically check the website for updated performance information and the release of other material information about the Funds.

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Additional Information (continued)

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**Board Approvals**

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On September 1, 2010, the Board of each Fund approved changes to certain investment policies of the Funds.

Historically, under normal market conditions, each Fund has been required to invest at least 80% of its assets in municipal bonds either (i) insured under an insurance policy purchased by the Fund or (ii) insured under an insurance policy obtained by the issuer of the municipal bond or any other party. In September 2008, the Funds adopted an amended investment policy of purchasing only municipal bonds insured by insurance providers with claims-paying abilities rated investment grade at the time of investment (the Insurance Investment Policy).

Following the onset of the credit and liquidity crises, the claims-paying ability rating of most of the municipal bond insurance providers was lowered by the rating agencies. These downgrades called into question the long-term viability of the municipal bond insurance market, which had the potential to severely limit the ability of the Manager to manage the Funds under the Insurance Investment Policy.

As a result, on September 1, 2010, the Manager recommended, and the Boards approved, the removal of the Insurance Investment Policy. As a result of this investment policy change, the Funds are not required to dispose of assets currently held within the Funds. The Funds will maintain, and have no current intention to amend, their investment policy of, under normal market conditions, generally investing in municipal obligations rated investment grade at the time of investment.

As each Fund increases the amount of its assets that are invested in municipal obligations that are not insured, the Fund's shareholders will be exposed to the risk of the failure of such securities' issuers to pay interest and repay principal and will not have the benefit of protection provided under municipal bond insurance policies. As a result, shareholders will be more dependent on the analytical ability of the Manager to evaluate the credit quality of issuers of municipal obligations in which the Fund invests. The Boards believe that the amended investment policy is in the best interests of each Fund and its shareholders because it believes that the potential benefits from increased flexibility outweigh the potential increase in risk from the lack of insurance policies provided by weakened insurance providers. Of course, the new investment policy cannot assure that each Fund will achieve its investment objective.

As disclosed in each Fund's prospectus, each Fund is required to provide shareholders 60 days notice of a change to the Insurance Investment Policy. Accordingly, a notice describing the changes discussed above was mailed to shareholders of record as of September 1, 2010. The new investment policy took effect on November 9, 2010. The Manager has been gradually repositioning each Fund's portfolios over time, and during such period, each Fund may continue to hold a substantial portion of its assets in insured municipal bonds. At this time, the repositioning of each Fund's portfolio is still taking place, and the Funds will continue to be subject to risks associated with investing a substantial portion of their assets in insured municipal bonds until the repositioning is complete. No action is required by shareholders of the Funds in connection with this change.

In connection with this change in non-fundamental policy, each of the Funds underwent a name change to reflect its new portfolio characteristics. Each Fund continues to trade on the New York Stock Exchange under its current ticker symbol.

The approved changes did not alter any Fund's investment objective.

Additional Information (concluded)

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**BlackRock Privacy Principles**

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BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, *Clients*) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

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This report is transmitted to shareholders only. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Funds have leveraged their Common Shares, which creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares and the risk that fluctuations in the short-term dividend rates of the Preferred Shares, currently set at the maximum reset rate as a result of failed auctions, may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

#MHMYINS5-1/11

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- Item 2 Code of Ethics Not Applicable to this semi-annual report
- Item 3 Audit Committee Financial Expert Not Applicable to this semi-annual report
- Item 4 Principal Accountant Fees and Services Not Applicable to this semi-annual report
- Item 5 Audit Committee of Listed Registrants Not Applicable to this semi-annual report
- Item 6 Investments  
(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.  
(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.
- Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies Not Applicable to this semi-annual report
- Item 8 Portfolio Managers of Closed-End Management Investment Companies  
(a) Not Applicable to this semi-annual report  
(b) As of the date of this filing, there have been no changes to any of the portfolio managers identified in the most recent annual report on Form N-CSR
- Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers Not Applicable
- Item 10 Submission of Matters to a Vote of Security Holders There have been no material changes to these procedures.
- Item 11 Controls and Procedures  
(a) The registrant's principal executive and principal financial officers or persons performing similar functions have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.  
(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.
- Item 12 Exhibits attached hereto  
(a)(1) Code of Ethics Not Applicable to this semi-annual report  
(a)(2) Certifications Attached hereto  
(a)(3) Not Applicable  
(b) Certifications Attached hereto
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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock MuniYield California Quality Fund, Inc.

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock MuniYield California Quality Fund, Inc.

Date: April 4, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock MuniYield California Quality Fund, Inc.

Date: April 4, 2011

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock MuniYield California Quality Fund, Inc.

Date: April 4, 2011

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