

BLACKROCK MUNIYIELD CALIFORNIA QUALITY FUND, INC  
Form N-CSR  
October 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 MuniYield California Quality 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: 07/31/2011

Item 1 – Report to Stockholders

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July 31, 2011

## Annual Report

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

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

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

BlackRock MuniYield Quality Fund III, Inc. (MYI)

**Not FDIC Insured § No Bank Guarantee § May Lose Value**

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## Dear Shareholder

Financial markets have been extremely volatile in the wake of the Standard & Poor's downgrade of US Treasury debt. While the August 5 announcement was the catalyst for the market turmoil, weaker-than-expected economic data and Europe's deepening financial crisis further compounded investor uncertainty as the future direction of the global economy became increasingly questionable. Although markets remain highly volatile and conditions are highly uncertain, BlackRock remains focused on finding opportunities in this environment.

The pages that follow reflect your mutual fund's reporting period ended July 31, 2011. Accordingly, the below discussion is intended to provide you with additional perspective on the performance of your investments during that period.

During the summer of 2010, investors were in "risk-off" mode as the global economy was sputtering and the sovereign debt crisis was spreading across Europe. But markets were revived toward the end of the summer on positive economic news and robust corporate earnings. The global economy had finally gained traction and fear turned to optimism with the anticipation of a second round of quantitative easing (QE2) from the US Federal Reserve (the Fed). Stock markets rallied even though the European debt crisis continued and inflationary pressures loomed over emerging markets. Fixed income markets, however, saw yields move sharply upward (pushing prices down) especially on the long end of the historically steep yield curve. While high yield bonds benefited from the risk rally, most fixed income sectors declined in the fourth quarter. The tax-exempt municipal market faced additional headwinds as it became evident that the Build America Bond program would not be extended and municipal finance troubles abounded.

The new year brought spikes of volatility as political turmoil swept across the Middle East/North Africa region and as prices of oil and other commodities soared. Natural disasters in Japan disrupted industrial supply chains and concerns mounted over US debt and deficit issues. Equities quickly rebounded as investors chose to focus on the continuing stream of strong corporate earnings and positive economic data. Credit markets were surprisingly resilient in this environment and yields regained relative stability in 2011. The tax-exempt market saw relief from its headwinds and steadily recovered from its fourth-quarter lows. Equities, commodities and high yield bonds outpaced higher-quality assets as investors increased their risk tolerance.

However, longer-term headwinds had been brewing. Inflationary pressures intensified in emerging economies, many of which were overheating, and the European debt crisis continued to escalate. Markets were met with a sharp reversal in May when political unrest in Greece pushed the nation closer to defaulting on its debt. This development rekindled fears about the broader debt crisis and its further contagion among peripheral European countries. Concurrently, it became evident that the pace of global economic growth had slowed. Higher oil prices and supply chain disruptions finally showed up in economic data. In the final month of the reporting period, the prolonged debt ceiling debate in Washington, DC led to a loss of confidence in policymakers. Stocks generally declined from May through the end of the period, but 6- and 12-month returns through the end of July remained in positive territory. In bond markets, yields were volatile but generally moved lower for the period as a whole (pushing prices up). Continued low short-term interest rates kept yields on money market securities near their all-time lows.

Sincerely,

**Rob Kapito**  
President, BlackRock Advisors, LLC

*Although markets remain highly volatile and conditions are highly uncertain, BlackRock remains focused on finding opportunities in this environment.*

**Rob Kapito**  
President, BlackRock Advisors, LLC

### Total Returns as of July 31, 2011

	6-month	12-month
US large cap equities (S&P 500® Index)	1.46%	19.65%
US small cap equities	2.63	23.92

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(Russell 2000® Index)		
International equities (MSCI Europe, Australasia, Far East Index)	0.93	17.17
Emerging market equities (MSCI Emerging Markets Index)	3.23	17.45
3-month Treasury bill (BofA Merrill Lynch 3-Month Treasury Bill Index)	0.07	0.14
US Treasury securities (BofA Merrill Lynch 10- Year US Treasury Index)	6.93	4.53
US investment grade bonds (Barclays Capital US Aggregate Bond Index)	4.23	4.44
Tax-exempt municipal bonds (Barclays Capital Municipal Bond Index)	6.27	3.24
US high yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index)	3.90	12.89

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

THIS PAGE NOT PART OF YOUR FUND REPORT

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## Municipal Market Overview

### For the 12-Month Period Ended July 31, 2011

At the outset of the 12-month period, investor concerns were focused on the possibility of deflation and a double-dip in the US economy thus leading to a flatter municipal yield curve at that time as compared to July 31, 2011. From July through September 2010, rates moved lower (and prices higher) across the curve, reaching historic lows in August when the yield on 5-year issues touched 1.06%, the 10-year reached 2.18%, and the 30-year closed at 3.67%. However, the market took a turn in October amid a "perfect storm" of events that ultimately resulted in the worst quarterly performance for municipals since the Fed tightening cycle of 1994. Treasury yields lost support due to concerns over the US deficit and municipal valuations suffered a quick and severe setback as it became evident that the Build America Bond (BAB) program would expire at the end of 2010. The BAB program 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.

Towards the end of the fourth quarter 2010, news about municipal finance troubles mounted and damaged confidence among retail investors. From mid-November through year end, weekly outflows from municipal mutual funds averaged over \$2.5 billion. Political uncertainty surrounding the midterm elections and tax policies along with the expiration of the BAB program exacerbated the situation. These conditions combined with seasonal illiquidity sapped willful market participation from the trading community. December brought declining demand with no comparable reduction in supply as issuers rushed their deals to market before the BAB program was retired. This supply-demand imbalance led to wider quality spreads and higher yields.

Demand is usually strong at the beginning of a new year, but retail investors continued to move away from municipal mutual funds in 2011. From mid-November, outflows persisted for 29 consecutive weeks, totaling \$35.1 billion before the trend finally broke in June. Weak demand has been counterbalanced by lower supply in 2011. According to Thomson Reuters, year-to-date through July, new issuance was down 40% compared to the same period last year. Issuers have been reluctant to bring new deals to the market due to higher interest rates, fiscal policy changes and a reduced need for municipal borrowing. In this positive technical environment, the S&P/InvestorTools Main Municipal Bond Index gained 4.22% for the second quarter of 2011, its best second-quarter performance since 1992, and municipals outperformed most other fixed income asset classes for the quarter.

Municipals displayed an impressive degree of resiliency throughout the month of July as Moody's Investors Service signaled that its potential downgrade of US government debt could also result in downgrades of a number of triple A-rated states and nearly 200 local general obligation issues. July also brought weaker US economic data. The housing market remained sluggish, fewer jobs were created and consumer confidence declined. US Treasury yields moved lower, dragging municipal yields down, which pushed bond prices up.

Overall, the municipal yield curve steepened during the period from July 31, 2010 to July 31, 2011. As measured by Thomson Municipal Market Data, yields on AAA quality-rated 30-year municipals rose 38 basis points (bps) to 4.35%, while yields for 5-year maturities rallied by 13 bps to 1.16%, and 10-year maturities increased by 10 bps to 2.67%. With the exception of the 2- to 5-year range, the yield spread between maturities increased over the past year, with the greatest increase seen in the 5- to 30-year range, where the spread widened by 51 bps, while overall the slope between 2- and 30-year maturities increased by 35 bps to 3.95%.

The fundamental picture for municipalities is improving as most states began their new fiscal year with a balanced budget. Austerity is the general theme across the country, while a small number of states continue to rely on the "kick the can" approach, using aggressive revenue projections and accounting gimmicks to close their shortfalls. As long as economic growth stays positive, tax receipts for states should continue to rise and lead to better credit fundamentals. BlackRock maintains a constructive view of the municipal market, recognizing that careful credit research and security selection remain imperative amid uncertainty in the economic environment.

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

## Fund Summary as of July 31, 2011

BlackRock MuniHoldings Quality Fund II, Inc.

**Fund Overview**

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.

**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 Insured Municipal Debt Funds (Leveraged) category into the Lipper General Municipal Debt Funds (Leveraged) category. During the period, Lipper combined these categories into one Lipper General & Insured Municipal Debt Funds (Leveraged) category. For the 12 months ended July 31, 2011, the Fund returned (6.38)% based on market price and 3.19% based on net asset value ( NAV ). For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (2.24)% based on market price and 4.19% 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 holdings in spread sectors, including housing and health care bonds, enhanced performance as these sectors provided a relatively high degree of incremental income in the low interest rate environment. In addition, the Fund s holdings of premium coupon bonds (6% or higher) and shorter-duration bonds (bonds with lower sensitivity to interest rate movements) performed well as long-term interest rates climbed toward the end of 2010 and into the early part of 2011. Conversely, the Fund s exposure to bonds with longer duration (greater sensitivity to interest rate movements) and bonds with longer-dated maturities detracted from performance as the municipal yield curve steepened over the 12-month period. The surprise non-extension of the BAB program at the end of 2010 put additional upward pressure on the long end of the yield curve, where most of the BAB supply was issued.

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

**Fund Information**

Symbol on New York Stock Exchange ( NYSE )	MUE
Initial Offering Date	February 26, 1999
Yield on Closing Market Price as of July 31, 2011 (\$12.46) <sup>1</sup>	7.08%
Tax Equivalent Yield <sup>2</sup>	10.89%
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 July 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>

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Represents Auction Market Preferred Shares ( AMPS ) 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 AMPS 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:

	7/31/11	7/31/10	Change	High	Low
Market Price	\$ 12.46	\$ 14.26	(12.62)%	\$ 14.63	\$ 10.87
Net Asset Value	\$ 13.07	\$ 13.57	(3.68)%	\$ 14.04	\$ 11.62

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

### Sector Allocations

	7/31/11	7/31/10
County/City/Special District/School District	26%	28%
Utilities	23	23
Transportation	19	23
Health	9	9
Corporate	9	1
State	9	11
Housing	2	5
Education	2	
Tobacco	1	

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

	7/31/11	7/31/10
AAA/Aaa	16%	54%
AA/Aa	62	24
A	18	20
BBB/Baa	3	1
BB/Ba	1	
Not Rated		16

<sup>5</sup> Using the higher of Standard & Poor's ( S&P's ) or Moody's Investors Service ( 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 July 31, 2010, the market value of these securities was \$3,925,265, representing 1% of the Fund's long-term investments.



**Fund Summary** as of July 31, 2011**BlackRock MuniYield California Quality Fund, Inc.****Fund Overview**

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.

**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 California Municipal Debt Funds category. For the 12 months ended July 31, 2011, the Fund returned (1.01)% based on market price and 4.21% based on NAV. For the same period, the closed-end Lipper California Municipal Debt Funds category posted an average return of (1.84)% based on market price and 3.16% based on NAV, while the closed-end Lipper Single-State Insured Municipal Debt Funds category posted an average return of (1.22)% based on market price and 3.22% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund s slightly long duration posture benefited performance as bonds with longer maturities experienced the greatest price appreciation as the yield curve flattened amid the investor flight-to-quality in the latter half of the period. Increased exposure to inverse floating rate instruments (tender option bonds) while the municipal yield curve was historically steep boosted the Fund s income accrual. Holdings of higher quality essential service revenue bonds had a positive impact on performance as investors favored these securities versus general obligation bonds and school district credits, which lagged due to budget concerns in California. Additionally, the Fund benefited from holding insured credits with relatively strong underlying issuers when monoline insurance company policies were losing their value to the retail marketplace. Conversely, some widening of credit spreads, especially among California school district and health care issues, had a negative impact on returns. In addition, the Fund s cash reserves detracted as cash underperformed longer maturity coupon bonds as yields fell and spreads tightened. The Fund held short-call, high-coupon bonds, which have good defensive characteristics, but proved a drag on returns when rates fell.

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

**Fund Information**

Symbol on NYSE	MCA
Initial Offering Date	October 30, 1992
Yield on Closing Market Price as of July 31, 2011 (\$13.00) <sup>1</sup>	6.78%
Tax Equivalent Yield <sup>2</sup>	10.43%
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 July 31, 2011 <sup>4</sup>	41%

<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%.

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<sup>3</sup> The distribution rate is not constant and is subject to change.

<sup>4</sup> Represents Variable Rate Demand Preferred Shares ( VRDP Shares ) and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

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

	7/31/11	7/31/10	Change	High	Low
Market Price	\$ 13.00	\$ 14.02	(7.28)%	\$ 14.70	\$ 11.83
Net Asset Value	\$ 14.31	\$ 14.66	(2.39)%	\$ 15.22	\$ 12.62

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

**Sector Allocations**

	7/31/11	7/31/10
County/City/Special District/School District	45%	55%
Utilities	28	22
Education	10	7
Transportation	8	11
Health	4	2
Corporate	4	1
State	1	2

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

	7/31/11	7/31/10
AAA/Aaa	11%	57%
AA/Aa	79	29
A	10	14

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

## Fund Summary as of July 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 12 months ended July 31, 2011, the Fund returned (3.89)% based on market price and 4.74% based on NAV. For the same period, the closed-end Lipper Michigan Municipal Debt Funds category posted an average return of 0.18% based on market price and 4.12% based on NAV, while the closed-end Lipper Single-State Insured Municipal Debt Funds category posted an average return of (1.22)% based on market price and 3.22% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund s slightly long duration posture benefited performance as bonds with longer maturities experienced the greatest price appreciation as the yield curve flattened amid the investor flight-to-quality in the latter half of the period. Exposure to inverse floating rate instruments (tender option bonds) while the municipal yield curve was historically steep boosted the Fund s income accrual. The Fund s holdings of higher quality essential service revenue bonds also had a positive impact on performance. Conversely, some widening of credit spreads, especially among Michigan and health care issues, had a negative impact on returns. In addition, the Fund s cash reserves detracted as cash underperformed longer maturity coupon bonds as yields fell and spreads tightened.

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 July 31, 2011 (\$12.28) <sup>1</sup>	6.99%
Tax Equivalent Yield <sup>2</sup>	10.75%
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 July 31, 2011 <sup>4</sup>	37%

<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 is not constant and is subject to change.

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- <sup>4</sup> Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

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

	7/31/11	7/31/10	Change	High	Low
Market Price	\$ 12.28	\$ 13.67	(10.17)%	\$ 13.95	\$ 11.01
Net Asset Value	\$ 13.53	\$ 13.82	(2.10)%	\$ 14.25	\$ 12.23

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

### Sector Allocations

	7/31/11	7/31/10
County/City/Special District/School District	23%	26%
Utilities	17	12
Health	14	15
State	11	13
Corporate	11	12
Transportation	11	12
Education	9	8
Housing	4	2

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

	7/31/11	7/31/10
AAA/Aaa	2%	40%
AA/Aa	69	27
A	24	28
BBB/Baa	3	2
Not Rated <sup>6</sup>	2	3

- <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 July 31, 2011 and July 31, 2010, the market value of these securities was \$5,295,911 and \$4,382,645, each representing 2%, respectively, of the Fund's long-term investments.

## Fund Summary as of July 31, 2011

BlackRock MuniYield New York Quality Fund, Inc.

**Fund Overview**

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.

**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 New York Municipal Debt Funds category. For the 12 months ended July 31, 2011, the Fund returned (0.81)% based on market price and 3.36% based on NAV. For the same period, the closed-end Lipper New York Municipal Debt Funds category posted an average return of (0.55)% based on market price and 3.05% based on NAV, while the closed-end Lipper Single-State Insured Municipal Debt Funds category posted an average return of (1.22)% based on market price and 3.22% 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. Yields on the long end of the municipal yield curve were ultimately higher at the close of the period than where they started. Therefore, positive performance came mostly from the Fund s exposure to higher-yielding sectors including housing, health care and corporate/industrial development bonds, which provided incremental income. The Fund also benefited from its exposure to lower-quality bonds, which, in addition to offering higher embedded yields, experienced some price appreciation due to spread compression during the period. The Fund was most heavily invested in tax-backed credits, where performance was moderately positive during the period. Low exposure to the short end of the yield curve and high-quality pre-refunded bonds proved beneficial as performance was weak in those issues. Detracting from performance was the Fund s allocation to Puerto Rico credits, which underperformed New York issues during the period. Low exposure to tobacco, the strongest performing sector, was a disadvantage. The Fund s holdings of higher education bonds hindered returns; however, we increased exposure to the sector despite its recent underperformance as these holdings help diversify the portfolio and we believe they will benefit the Fund during periods of scarce new-issue supply. For most of the period, the Fund maintained a slightly long duration bias and exposure to the long end of the yield curve, which also detracted from 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	MYN
Initial Offering Date	February 28, 1992
Yield on Closing Market Price as of July 31, 2011 (\$12.60) <sup>1</sup>	6.76%
Tax Equivalent Yield <sup>2</sup>	10.40%
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 July 31, 2011 <sup>4</sup>	38%

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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 VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

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

	7/31/11	7/31/10	Change	High	Low
Market Price	\$ 12.60	\$ 13.57	(7.15)%	\$ 14.40	\$ 11.60
Net Asset Value	\$ 13.44	\$ 13.89	(3.24)%	\$ 14.37	\$ 12.11

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

### Sector Allocations

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

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

	7/31/11	7/31/10
AAA/Aaa	12%	44%
AA/Aa	54	17
A	21	34
BBB/Baa	10	2
BB/Ba	2	3
Not Rated	1 <sup>6</sup>	

<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 July 31, 2011, the market value of these securities was \$3,909,236, representing 1% of the Fund's long-term investments.

## Fund Summary as of July 31, 2011

BlackRock MuniYield Quality Fund III, Inc.

**Fund Overview**

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.

**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 Insured Municipal Debt Funds (Leveraged) category into the Lipper General Municipal Debt Funds (Leveraged) category. During the period, Lipper combined these categories into one Lipper General & Insured Municipal Debt Funds (Leveraged) category. For the 12 months ended July 31, 2011, the Fund returned (8.12)% based on market price and 3.22% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (2.24)% based on market price and 4.19% 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 bonds with shorter maturities and shorter durations (lower sensitivity to interest rate movements) contributed positively to performance as yields on the short and intermediate parts of the municipal curve increased to a smaller degree than on the long end. Holdings of premium coupon bonds, which tend to be less sensitive to changes in interest rates, also had a positive impact. Conversely, the Fund s overall long duration stance detracted from performance as interest rates increased for the period as a whole. Further, the Fund s exposure to longer maturity bonds had a negative impact as the long end of the yield curve steepened during the period (i.e., long-term interest rates increased more than short and intermediate rates).

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

**Fund Information**

Symbol on NYSE	MYI
Initial Offering Date	March 27, 1992
Yield on Closing Market Price as of July 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 July 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%.

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<sup>3</sup> The distribution rate is not constant and is subject to change.

<sup>4</sup> Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

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

	7/31/11	7/31/10	Change	High	Low
Market Price	\$ 12.17	\$ 14.17	(14.11%)	\$ 14.56	\$ 11.21
Net Asset Value	\$ 13.19	\$ 13.67	(3.51%)	\$ 14.17	\$ 11.71

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

**Sector Allocations**

	7/31/11	7/31/10
Transportation	27%	27%
County/City/Special District/School District	24	21
Utilities	17	17
State	10	8
Education	9	8
Health	7	7
Housing	5	6
Corporate	1	6

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

	7/31/11	7/31/10
AAA/Aaa	7%	46%
AA/Aa	65	29
A	21	20
BBB/Baa	3	5
Not Rated	4 <sup>6</sup>	

<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 July 31, 2011, the market value of these securities was \$20,992,023, representing 1% of the Fund's long-term investments.



## The Benefits and Risks of Leveraging

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

To leverage, the Funds issue AMPS or VRDP Shares (collectively, 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, the yield curve has a negative slope. In this case, the Fund pays dividends to Preferred Shareholders 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 trust may adversely affect each Fund's NAV per share.

The use of leverage may enhance opportunities for increased income to the Funds and Common Shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Funds' NAVs, market prices and dividend rates than comparable portfolios without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, 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, each Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to Common Shareholders will be reduced. Each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause a Fund to incur losses. The use of leverage may limit each Fund's ability to invest in certain types of securities or use certain types of hedging strategies, such as in the case of certain restrictions imposed by 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 July 31, 2011, the Funds had economic leverage from Preferred Shares and/or TOBs as a percentage of their total managed assets as follows:

	<b>Percent of Leverage</b>
MUE	40%

MCA	41%
MYM	37%
MYN	38%
MYI	39%

## Derivative Financial Instruments

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

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Schedule of Investments July 31, 2011

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Alabama 3.0%</b>		
Birmingham Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39	\$ 5,225	\$ 5,590,071
County of Jefferson Alabama, RB, Series A, 5.50%, 1/01/22	3,580	3,242,513
		8,832,584
<b>Arizona 0.4%</b>		
State of Arizona, COP, Department of Administration, Series A (AGM), 5.25%, 10/01/28	1,175	1,229,720
<b>Arkansas 3.8%</b>		
Arkansas Development Finance Authority, Refunding RB, Series C (NPFGC):		
5.35%, 12/01/35	9,555	9,602,011
5.35%, 12/01/11 (a)	1,560	1,602,276
		11,204,287
<b>California 17.5%</b>		
California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38	5,050	5,304,924
California Health Facilities Financing Authority, Refunding RB, Sutter Health, Series B, 6.00%, 8/15/42	2,865	3,052,027
City of San Jose CA, AMT, 5.50%, 3/01/30	4,045	4,035,454
City of Sunnyvale California, Refunding RB, 5.25%, 4/01/40	2,800	2,912,504
City of Vista California, COP, Refunding, Community Projects (NPFGC), 5.00%, 5/01/37	2,995	2,789,783
County of Sacramento California, RB, Senior Series A (AGC), 5.50%, 7/01/41	3,500	3,558,205
Emery Unified School District, GO, Election of 2010, Series A (AGM), 5.50%, 8/01/35	1,875	1,943,606
Los Angeles Community College District California, GO: Election of 2001, Series A (NPFGC), 5.00%, 8/01/32	5,000	5,119,700
Election of 2008, Series C, 5.25%, 8/01/39	2,500	2,628,125
Oceanside Unified School District California, GO, Series A (AGC), 5.25%, 8/01/33	3,175	3,253,454
Port of Oakland, Refunding RB, Series M, AMT (NPFGC), 5.38%, 11/01/27	2,220	2,223,929
<b>Municipal Bonds</b>		
<b>California (concluded)</b>		
Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/34	\$ 2,670	\$ 2,823,632
Roseville Joint Union High School District California, GO, Election of 2004, Series A (NPFGC), 5.00%, 8/01/29	2,985	3,025,686
San Bernardino Community College District, GO, Election of 2002, Series A, 6.25%, 8/01/33	2,165	2,416,660
	1,250	1,252,475

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San Francisco City & County Airports Commission, RB, Specialty Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20		
State of California, GO, Refunding, Veterans, Series BZ, AMT (NPFGC), 5.35%, 12/01/21	10	10,008
Stockton Public Financing Authority California, RB, Redevelopment Projects, Series A (Radian), 5.25%, 9/01/34	2,430	1,705,714
Ventura County Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/33	3,175	3,371,786
		51,427,672
<b>Colorado 1.6%</b>		
Colorado Health Facilities Authority, RB, Hospital, NCMC, Inc. Project, Series B (AGM), 6.00%, 5/15/26	3,300	3,660,129
Colorado Housing & Finance Authority, Refunding RB, S/F Program, Senior Series A-2, AMT, 7.50%, 4/01/31	125	128,991
Regional Transportation District, COP, Series A, 5.00%, 6/01/25	765	793,726
		4,582,846
<b>District of Columbia 0.9%</b>		
District of Columbia, RB, Deed Tax, Housing Production Trust Fund, Series A (NPFGC), 5.00%, 6/01/32	2,500	2,502,350
<b>Florida 13.1%</b>		
City of Jacksonville, RB, Series A, 5.25%, 10/01/26	2,000	2,170,540
County of Miami-Dade Florida, RB: CAB, Sub-Series A (NPFGC), 5.00%, 10/01/37 (b)	275	44,831
Miami International Airport, Series A, AMT (AGM), 5.25%, 10/01/41	7,880	7,360,629
Miami International Airport, Series A, AMT (AGM), 5.50%, 10/01/41	6,195	6,008,283
Series A, AMT (AGM), 5.00%, 10/01/33	4,220	3,992,584

**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>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>GAB</b>	Grant Anticipation Bonds
<b>GO</b>	General Obligation Bonds
<b>HDA</b>	Housing Development Authority
<b>HFA</b>	Housing Finance Agency
<b>HRB</b>	Housing Revenue Bonds
<b>IDRB</b>	Industrial Development Revenue Bonds
<b>ISD</b>	Independent School District

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<b>LOC</b>	Letter of Credit
<b>LRB</b>	Lease Revenue Bonds
<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>	Public School Fund-Guaranteed
<b>Q-SBLF</b>	Qualified School Bond Loan Fund
<b>RB</b>	Revenue Bonds
<b>SONYMA</b>	State of New York Mortgage Agency
<b>S/F</b>	Single-Family
<b>Syncora</b>	Syncora Guarantee
<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)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Florida (concluded)</b>		
Jacksonville Port Authority, RB (AGC), 6.00%, 11/01/38	\$ 3,625	\$ 3,661,214
Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34	7,600	7,853,232
Tohopekaliga Water Authority, Refunding RB, Series A, 5.25%, 10/01/36	6,965	7,203,133
		38,294,446
<b>Georgia 2.4%</b>		
Augusta-Richmond County Georgia, RB (AGM), 5.25%, 10/01/39	2,500	2,563,600
City of Atlanta Georgia, Refunding RB, Series B, AMT, 5.00%, 1/01/29 (c)	910	916,770
Gwinnett County Hospital Authority, Refunding RB, Gwinnett Hospital System, Series D (AGM), 5.50%, 7/01/41	3,425	3,462,058
		6,942,428
<b>Idaho 0.1%</b>		
Idaho Housing & Finance Association, RB, S/F Mortgage, Series E, AMT, 6.00%, 1/01/32	235	239,881
<b>Illinois 10.2%</b>		
Chicago Board of Education Illinois, GO, Refunding, Chicago School Reform Board, Series A (NPFGC), 5.50%, 12/01/26	2,080	2,164,344
Chicago Transit Authority, RB, Federal Transit Administration Section 5309, Series A (AGC), 6.00%, 6/01/26	3,400	3,791,952
City of Chicago Illinois, RB, General, Third Lien: Series A, 5.75%, 1/01/39	2,000	2,087,080
Series C (AGM), 5.25%, 1/01/35	2,035	2,069,534
City of Chicago Illinois, Refunding RB: General, Third Lien, Series C, 6.50%, 1/01/41	9,085	9,998,133
Second Lien (NPFGC), 5.50%, 1/01/30	2,270	2,408,765
Railsplitter Tobacco Settlement Authority, RB: 5.50%, 6/01/23	2,350	2,434,717
6.00%, 6/01/28	670	690,000
State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/28	4,000	4,226,800
		29,871,325
<b>Indiana 3.5%</b>		
Indiana Municipal Power Agency, RB, Series A (NPFGC), 5.00%, 1/01/42	8,000	7,925,520
Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38	2,370	2,478,499
		10,404,019
<b>Iowa 0.6%</b>		
Iowa Finance Authority, Refunding RB, Iowa Health System (AGC), 5.25%, 2/15/29	1,710	1,774,621
<b>Kansas 0.5%</b>		

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Sedgwick & Shawnee Counties Kansas, MRB, Series A-2, AMT (Ginnie Mae), 6.20%, 12/01/33	1,415	1,437,612
<b>Kentucky 0.9%</b>		
Kentucky Economic Development Finance Authority, RB, Louisville Arena, Sub-Series A-1 (AGC), 6.00%, 12/01/38	1,000	1,030,960
Kentucky State Property & Buildings Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/29	1,525	1,614,090
		2,645,050

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Louisiana 1.3%</b>		
Louisiana State Citizens Property Insurance Corp., RB, Series C-3 (AGC), 6.13%, 6/01/25	\$ 3,550	\$ 3,881,286
<b>Michigan 11.4%</b>		
City of Detroit Michigan, RB:		
Second Lien, Series B (NPFGC), 5.50%, 7/01/29	4,170	4,226,378
Senior Lien, Series B (AGM), 7.50%, 7/01/33	3,500	4,126,605
City of Detroit Michigan, Refunding RB:		
Second Lien, Series C (BHAC), 5.75%, 7/01/27	2,600	2,748,616
Second Lien, Series E (BHAC), 5.75%, 7/01/31	5,060	5,318,769
Senior Lien, Series C-1 (AGM), 7.00%, 7/01/27	4,180	4,909,285
Senior Lien, Series C-2 (BHAC), 5.25%, 7/01/29	1,860	1,913,140
Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41	3,420	3,469,282
Michigan State Building Authority, Refunding RB, Facilities Program, Series I (AGC):		
5.25%, 10/15/24	1,440	1,562,530
5.25%, 10/15/25	750	808,050
Michigan Strategic Fund, Refunding RB, Detroit Edison Co. Project, Series A (Syncora), 5.50%, 6/01/30	750	737,850
Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39	3,115	3,596,236
		33,416,741
<b>Minnesota 0.7%</b>		
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38	1,975	2,151,525
<b>Nevada 4.9%</b>		
Clark County Water Reclamation District, GO, Series A, 5.25%, 7/01/34	3,210	3,347,099
County of Clark Nevada, RB:		
Las Vegas-McCarran International Airport, Series A (AGM), 5.25%, 7/01/39	4,565	4,589,468
Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/36	6,595	6,456,703
Nevada Housing Division, Refunding RB, S/F Mortgage, Mezzanine, Series A-2, AMT (NPFGC), 6.30%, 4/01/22	95	96,554
		14,489,824
<b>New Jersey 6.1%</b>		
New Jersey EDA, RB, Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/33	11,000	11,184,030
New Jersey Health Care Facilities Financing Authority, RB, Virtua Health (AGC), 5.50%, 7/01/38	3,400	3,503,224
New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series A (AGC), 5.63%, 12/15/28	2,930	3,110,283
		17,797,537
<b>New York 4.6%</b>		
New York City Municipal Water Finance Authority, RB:		

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Fiscal 2009, Series EE, 5.25%, 6/15/40	6,930	7,247,810
Second Generation Resolution, Series EE, 5.38%, 6/15/43	3,720	3,946,139
New York City Transitional Finance Authority, RB, Fiscal 2009, Series S-3, 5.25%, 1/15/39	2,300	2,389,056
		13,583,005
<b>North Carolina 0.3%</b>		
North Carolina HFA, RB, Home Ownership, Series 14A, AMT (AMBAC), 5.35%, 1/01/22	970	970,737

See Notes to Financial Statements.



Schedule of Investments  
(continued)

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Pennsylvania 1.0%</b>		
Delaware River Port Authority, RB, Series D (AGM), 5.00%, 1/01/40	\$ 3,000	\$ 3,012,150
<b>Puerto Rico 1.3%</b>		
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.38%, 8/01/39	3,500	3,754,660
<b>South Carolina 6.3%</b>		
South Carolina State Housing Finance & Development Authority, Refunding RB, Series A-2, AMT (AGM), 6.35%, 7/01/19	640	649,299
South Carolina State Public Service Authority, RB: Santee Cooper, Series A, 5.50%, 1/01/38	2,500	2,662,675
Series A (AMBAC), 5.00%, 1/01/42	15,000	15,226,950
		18,538,924
<b>Texas 20.9%</b>		
City of Austin Texas, Refunding RB, Series A (AGM): 5.00%, 11/15/28	1,795	1,903,023
5.00%, 11/15/29	2,270	2,386,996
City of Houston Texas, Refunding RB, Combined, First Lien, Series A (AGC), 6.00%, 11/15/35	6,700	7,456,430
Clifton Higher Education Finance Corp., Refunding RB, Baylor University, 5.25%, 3/01/32	3,120	3,305,484
Dallas Area Rapid Transit, Refunding RB, Senior Lien, 5.25%, 12/01/38	5,965	6,200,021
Harris County Health Facilities Development Corp., Refunding RB, Memorial Hermann Healthcare System, Series B, 7.25%, 12/01/35	1,000	1,107,580
Lubbock Cooper ISD Texas, GO, School Building (AGC), 5.75%, 2/15/42	1,250	1,314,700
North Texas Tollway Authority, RB: Special Projects System, Series A, 5.50%, 9/01/41 (c)	5,480	5,815,211
System, First Tier, Series K-2 (AGC), 6.00%, 1/01/38	1,000	1,052,460
North Texas Tollway Authority, Refunding RB, (NPFGC), System, First Tier: 5.75%, 1/01/40	11,575	11,660,771
Series A, 5.13%, 1/01/28	3,425	3,497,130
Series A, 5.63%, 1/01/33	10,975	11,280,654
Series B, 5.75%, 1/01/40	1,000	1,007,410
Tarrant County Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC), 6.50%, 7/01/37	3,000	3,186,270
		61,174,140
<b>Utah 1.2%</b>		
City of Riverton Utah, RB, IHC Health Services, Inc., 5.00%, 8/15/41	3,500	3,502,205
<b>Virginia 0.8%</b>		

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Virginia Public School Authority, RB, School Financing, 6.50%, 12/01/35	2,195	2,462,263
<b>Washington 1.8%</b>		
City of Seattle Washington, Refunding RB, Series A, 5.25%, 2/01/36	2,400	2,537,952
State of Washington, GO, Various Purpose, Series B, 5.25%, 2/01/36	1,865	1,987,064
Washington Health Care Facilities Authority, Refunding RB, Providence Health, Series C (AGM), 5.25%, 10/01/33	670	686,047
		5,211,063
<b>Total Municipal Bonds 121.1%</b>		355,334,901

<b>Municipal Bonds Transferred to Tender Option Bond Trusts (d)</b>	<b>Par (000)</b>	<b>Value</b>
<b>Alabama 1.3%</b>		
Mobile Board of Water & Sewer Commissioners, RB (NPFGC), 5.00%, 1/01/31	\$ 3,750	\$ 3,821,287
<b>California 3.7%</b>		
City of San Jose California, GO, Libraries, Parks, and Public Safety Project (NPFGC), 5.00%, 9/01/30	3,805	3,868,585
San Diego Community College District California, GO, Election of 2002 (AGM), 5.00%, 5/01/30	1,486	1,523,733
Sequoia Union High School District California, GO, Refunding, Election of 2004, Series B (AGM), 5.50%, 7/01/35	5,189	5,364,749
		10,757,067
<b>Colorado 3.2%</b>		
Colorado Health Facilities Authority, RB, Catholic Health, Series C-3 (AGM), 5.10%, 10/01/41	9,410	9,351,940
<b>District of Columbia 0.6%</b>		
District of Columbia Water & Sewer Authority, RB, Series A, 6.00%, 10/01/35	1,700	1,950,161
<b>Florida 7.7%</b>		
City of St. Petersburg Florida, Refunding RB (NPFGC), 5.00%, 10/01/35	6,493	6,536,228
County of Miami-Dade Florida, GO, Building Better Communities Program, Series B-1, 6.00%, 7/01/38	12,500	13,511,500
Lee County Housing Finance Authority, RB, Multi- County Program, Series A-2, AMT (Ginnie Mae), 6.00%, 9/01/40	2,235	2,463,775
		22,511,503
<b>Georgia 2.2%</b>		
Augusta-Richmond County Georgia, RB (AGM) 5.25%, 10/01/34	6,290	6,481,971
<b>Illinois 6.4%</b>		
Chicago Illinois O Hare International Airport, RB, Series A, 5.00%, 1/01/38	15,000	14,803,350
City of Chicago Illinois, Refunding RB, Second Lien (AGM), 5.25%, 11/01/33	3,969	4,069,447
		18,872,797
<b>Kentucky 0.8%</b>		
Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27	2,304	2,472,823

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<b>Massachusetts 1.8%</b>		
Massachusetts School Building Authority, RB, Series A (AGM), 5.00%, 8/15/30	4,994	5,190,046
<b>Nevada 6.8%</b>		
Clark County Water Reclamation District, GO: Limited Tax, 6.00%, 7/01/38	10,000	10,964,200
Series B, 5.50%, 7/01/29	8,247	8,963,496
		19,927,696
<b>New Jersey 1.4%</b>		
New Jersey State Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29	3,941	4,048,433
<b>New York 2.5%</b>		
Sales Tax Asset Receivable Corp., RB, Series A (AMBAC), 5.25%, 10/15/27	6,751	7,257,202

See Notes to Financial Statements.

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Schedule of Investments  
(concluded)

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

	Par (000)	Value
<b>Municipal Bonds Transferred to Tender Option Bond Trusts (d)</b>		
<b>Washington 2.6%</b>		
City of Bellevue Washington, GO, Refunding (NPFGC), 5.50%, 12/01/39	\$ 6,883	\$ 7,488,945
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 41.0%</b>		120,131,871
<b>Total Long-Term Investments (Cost \$465,672,710) 162.1%</b>		475,466,772
<b>Short-Term Securities</b>		
<b>Florida 0.3%</b>		
Jacksonville Health Facilities Authority, Refunding RB, VRDN, Baptist Series C, (Bank of America NA LOC) 0.23%, 8/01/11 (e)	1,015	1,015,000
	<b>Shares</b>	
<b>Money Market 4.5%</b>		
FPI Institutional Tax-Exempt Fund, 0.01% (f)(g)	13,223,965	13,223,965
<b>Total Short-Term Securities (Cost \$14,238,965) 4.8%</b>		14,238,965
<b>Total Investments (Cost \$479,911,675*) 166.9%</b>		489,705,737
<b>Liabilities in Excess of Other Assets (1.1)%</b>		(3,126,475)
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (21.2)%</b>		(62,221,114)
<b>AMPS, at Redemption Value (44.6)%</b>		(131,001,852)
<b>Net Assets Applicable to Common Shares 100.0%</b>		\$ 293,356,296

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

Aggregate cost	\$ 417,757,047
Gross unrealized appreciation	\$ 13,726,346
Gross unrealized depreciation	(3,960,590)
Net unrealized appreciation	\$ 9,765,756

- (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) 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:

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Counterparty	Value	Unrealized Appreciation
National Financial Services	\$ 916,770	\$ 18,273
Stifel Nicolaus & Co.	\$ 5,815,211	\$ 9,306

- (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 year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliate	Shares Held at July 31, 2010	Net Activity	Shares Held at July 31, 2011	Income
FFI Institutional Tax-Exempt Fund	17,366,850	(4,142,885)	13,223,965	\$ 18,387

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

Financial futures contracts sold as of July 31, 2011 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
89	10-Year US Treasury Note	Chicago Board of Trade	September 2011	\$ 10,912,065	\$ (274,122)

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes 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 and derivative financial instruments)

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of July 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

Valuation Inputs	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				

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Investments:

Long-Term Investments <sup>1</sup>		\$ 475,466,772	\$ 475,466,772
Short-Term Securities	\$ 13,223,965	1,015,000	14,238,965
<b>Total</b>	\$ 13,223,965	\$ 476,481,772	\$ 489,705,737

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

<b>Valuation Inputs</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative Financial Instruments <sup>2</sup>				
<b>Liabilities:</b>				
Interest rate contracts	\$ (274,122)			\$ (274,122)

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

See Notes to Financial Statements.

## Schedule of Investments July 31, 2011

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California 95.7%</b>		
<b>Corporate 0.5%</b>		
City of Chula Vista California, Refunding RB, San Diego Gas & Electric, Series A, 5.88%, 2/15/34	\$ 2,435	\$ 2,623,932
<b>County/City/Special District/ School District 42.5%</b>		
Arcadia Unified School District California, GO, Election of 2006, Series A (AGM), 5.00%, 8/01/37	7,925	7,981,822
Bay Area Governments Association, Refunding RB, California Redevelopment Agency Pool, Series A (AGM), 6.00%, 12/15/24	255	259,149
City & County of San Francisco California, COP, Refunding, Series A, 5.00%, 10/01/28	3,895	3,972,277
County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 8/01/35	2,000	2,164,160
Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/28	2,500	2,615,700
Fremont Unified School District Alameda County California, GO, Series A (NPFGC), 5.50%, 8/01/26	10,755	11,194,449
Fresno Joint Powers Financing Authority California, RB, Series A (AGM), 5.75%, 6/01/26	3,295	3,309,828
Grossmont Healthcare District, GO, Election of 2006, Series B, 6.13%, 7/15/40	2,000	2,173,980
Grossmont Union High School District, GO, Election of 2008, Series C, 5.50%, 8/01/33	1,855	1,995,386
Lodi Unified School District, GO, Election of 2002 (AGM), 5.00%, 8/01/29	10,260	10,359,214
Los Angeles Community Redevelopment Agency California, RB, Bunker Hill Project, Series A (AGM), 5.00%, 12/01/27	10,000	10,268,200
Los Angeles County Metropolitan Transportation Authority, Refunding RB, Proposition A, First Tier, Senior Series A (AMBAC): 5.00%, 7/01/27	5,240	5,480,568
5.00%, 7/01/35	6,825	6,941,298
Los Angeles Municipal Improvement Corp., Refunding RB, Real Property, Series B (AGC), 5.50%, 4/01/39	1,515	1,523,348
Los Gatos Union School District California, GO, Election of 2001, Series C (NPFGC), 5.13%, 8/01/32	1,075	1,113,797
Murrieta Valley Unified School District Public Financing Authority, Special Tax Bonds, Refunding, Series A (AGC), 5.13%, 9/01/26	8,000	8,239,520
Orange County Sanitation District, COP, Series A, 5.00%, 2/01/35	2,500	2,569,250
Orange County Water District, COP, Refunding, 5.25%, 8/15/34	9,045	9,523,661
Orchard School District California, GO, Election of 2001, Series A (AGC), 5.00%, 8/01/34	7,490	7,739,417
Oxnard Union High School District California, GO, Refunding, Series A (NPFGC), 6.20%, 8/01/30	9,645	10,280,220

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Pittsburg Unified School District, GO, Election of 2006, Series B (AGM):		
5.50%, 8/01/34	2,000	2,105,540
5.63%, 8/01/39	4,500	4,746,015
Port of Oakland, Refunding RB, Series M (FGIC), 5.38%, 11/01/27	10,000	10,017,700
Redlands Unified School District California, GO, Election of 2008 (AGM), 5.25%, 7/01/33	5,000	5,136,900
Riverside Unified School District California, GO, Series C (AGC), 5.00%, 8/01/32	2,000	2,023,560
Sacramento Area Flood Control Agency, Special Assessment Bonds, Refunding, Consolidated, Capital Assessment District, Series A (NPFGC), 5.00%, 10/01/32	4,350	4,461,099

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California (continued)</b>		
<b>County/City/Special District/ School District (concluded)</b>		
San Diego Community College District California, GO, Election of 2006 (AGM), 5.00%, 8/01/32	\$ 7,115	\$ 7,334,356
San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/38	4,895	4,944,929
San Jose Financing Authority, RB, Convention Center Expansion & Renovation Project: 5.75%, 5/01/36	2,570	2,626,463
5.75%, 5/01/42	4,500	4,662,720
San Jose Redevelopment Agency California, Tax Allocation Bonds, Housing Set Aside Merged Area, Series E, AMT (NPFGC), 5.85%, 8/01/27	7,300	7,304,599
San Juan Unified School District, GO, Election of 2002 (AGM), 5.00%, 8/01/34	6,475	6,540,462
San Leandro Unified School District California, GO, Election of 2010, Series A, 5.75%, 8/01/41	3,000	3,173,010
San Marcos Unified School District, GO, Election of 2010, Series A: 5.00%, 8/01/34	3,740	3,763,412
5.00%, 8/01/38	5,020	4,990,533
Snowline Joint Unified School District, COP, Refunding, Refining Project (AGC), 5.75%, 9/01/38	5,600	6,042,400
Walnut Valley Unified School District, GO, Election of 2007, Series B, 5.75%, 8/01/41	7,680	8,122,906
West Contra Costa Unified School District California, GO, Election of 2002, Series B (AGM), 5.00%, 8/01/32	6,690	6,713,348
Westminster Redevelopment Agency California, Tax Allocation Bonds, Subordinate, Commercial Redevelopment Project No. 1 (AGC), 6.25%, 11/01/39	4,300	4,781,471
		209,196,667
<b>Education 10.6%</b>		
Anaheim City School District California, GO, Election of 2010 (AGM), 6.25%, 8/01/40	3,750	4,171,725
California State University, Refunding RB, Systemwide, Series C (NPFGC), 5.00%, 11/01/35	20,000	19,612,800
Gavilan Joint Community College District, GO, Election of 2004, Series D: 5.50%, 8/01/31	2,165	2,352,424
5.75%, 8/01/35	8,400	9,076,704
	8,750	8,890,525



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Riverside Community College District, GO, Election of  
2004, Series C (AGM), 5.00%, 8/01/32

University of California, RB, Limited Project, Series D:

(AGM), 5.00%, 5/15/37	2,775	2,758,877
(NPFGC), 5.00%, 5/15/37	5,500	5,468,045
		52,331,100

**Health 7.4%**

ABAG Finance Authority for Nonprofit Corps, Sharp  
Healthcare, Refunding RB, Series A, 6.00%,  
8/01/30

2,250 2,376,450

California Health Facilities Financing Authority, RB,  
Providence Health Services, Series B,  
5.50%, 10/01/39

3,965 4,058,970

California Health Facilities Financing Authority,  
Refunding RB:

Catholic Healthcare West, Series A,  
6.00%, 7/01/34

2,130 2,240,803

Catholic Healthcare West, Series A,  
6.00%, 7/01/39

5,500 5,764,275

Sutter Health, Series B, 6.00%, 8/15/42

7,715 8,218,635

See Notes to Financial Statements.

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## Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California (continued)</b>		
<b>Health (concluded)</b>		
California Statewide Communities Development Authority, RB, Series A: Health Facility, Memorial Health Services, 6.00%, 10/01/23	\$ 3,685	\$ 3,820,977
Sutter Health, 6.00%, 8/15/42	3,750	4,022,887
California Statewide Communities Development Authority, Refunding RB (BHAC): Catholic Healthcare West, Series D, 5.50%, 7/01/31	865	892,706
Kaiser Permanente, Series A, 5.00%, 4/01/31	2,900	2,942,688
City of Newport Beach California, RB, Hoag Memorial Hospital Presbyterian, 6.00%, 12/01/40	1,820	1,973,044
		36,311,435
<b>Housing 0.1%</b>		
California Rural Home Mortgage Finance Authority, RB, Mortgage-Backed Securities Program, AMT (Ginnie Mae): Series A, 6.35%, 12/01/29	80	82,609
Series B, 6.25%, 12/01/31	55	55,622
County of San Bernardino California, Refunding RB, Home Mortgage-Backed Securities, Series A-1, AMT (Ginnie Mae), 6.25%, 12/01/31	110	116,543
		254,774
<b>State 1.0%</b>		
California State Public Works Board, RB, Department of Education, Riverside Campus Project, Series B, 6.50%, 4/01/34	3,670	3,918,129
San Mateo County Community College District, GO, Election of 2005, Series B, 5.00%, 9/01/31	1,000	1,027,050
		4,945,179
<b>Transportation 13.3%</b>		
City of San Jose California, RB, Series A-1, AMT, 6.25%, 3/01/34	1,400	1,454,096
County of Orange California, RB, Series B, 5.75%, 7/01/34	5,000	5,332,250
County of Sacramento California, RB, AMT: Senior-Series B (AGM), 5.25%, 7/01/33	7,500	7,503,975
Subordinated and Passenger Facility Charges/ Grant, Series C (AGC), 5.75%, 7/01/39	5,455	5,640,088
Los Angeles Department of Airports, RB, Series A, 5.25%, 5/15/29	3,760	4,001,881
Los Angeles Harbor Department, RB, Series B, 5.25%, 8/01/34	5,530	5,719,789
Port of Oakland, RB, Series K (FGIC), 5.75%, 11/01/29	11,405	11,407,281
San Francisco City & County Airports Commission, RB: Series E, 6.00%, 5/01/39	9,650	10,378,768
Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20	1,000	1,001,980
	985	986,064

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Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.13%, 1/01/27		
San Francisco City & County Airports Commission, Refunding RB, Second Series 34E, AMT (AGM):		
5.75%, 5/01/24	5,000	5,381,350
5.75%, 5/01/25	3,500	3,722,810
San Joaquin County Transportation Authority, RB, Limited Tax, Series A, 6.00%, 3/01/36	2,400	2,628,792
		65,159,124

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California (concluded)</b>		
<b>Utilities 20.3%</b>		
Anaheim Public Financing Authority, RB, Electric System Distribution Facilities, Series A, 5.38%, 10/01/36	\$ 5,000	\$ 5,204,300
City of Los Angeles California, Refunding RB, Sub-Series A:		
5.00%, 6/01/28	2,000	2,117,020
5.00%, 6/01/32	3,000	3,114,870
Contra Costa Water District, Refunding RB, Series L (AGM), 5.00%, 10/01/32	4,135	4,249,457
Dublin-San Ramon Services District, Refunding RB, 6.00%, 8/01/41	4,000	4,259,200
East Bay Municipal Utility District, RB, Series A (NPFGC), 5.00%, 6/01/37	4,000	4,105,600
East Bay Municipal Utility District, Refunding RB, Sub-Series A:		
5.00%, 6/01/30	5,000	5,380,500
(AMBAC), 5.00%, 6/01/33	4,125	4,270,324
Imperial Irrigation District, Refunding RB, Electric System, Series B:		
5.00%, 11/01/31	5,000	5,141,400
5.00%, 11/01/36	2,500	2,507,150
5.13%, 11/01/38	5,500	5,547,630
Los Angeles County Sanitation Districts Financing Authority, Refunding RB, Capital Project 14 (BHAC), 5.00%, 10/01/34	7,915	8,033,408
Los Angeles Department of Water & Power, RB, Power System, Series A-2, 5.25%, 7/01/32	1,260	1,316,385
Orange County Sanitation District, COP, Series B (AGM), 5.00%, 2/01/30	2,105	2,185,958
Oxnard Financing Authority, RB, Redwood Trunk Sewer & Headworks, Series A (NPFGC), 5.25%, 6/01/34	13,000	13,189,930
Sacramento County Water Financing Authority, RB, Water Agency Zones 40 & 41, Series A (FGIC), 5.00%, 6/01/26	4,000	4,202,000
Sacramento Regional County Sanitation District, RB, Sacramento Regional County Sanitation (NPFGC), 5.00%, 12/01/27	7,070	7,400,028
San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/31	3,000	3,053,160
San Diego Public Facilities Financing Authority, Refunding RB, Senior Series A, 5.25%, 5/15/34	1,000	1,042,770
San Francisco City & County Public Utilities Commission, RB, Sub-Series A, 5.00%, 11/01/37 (a)	10,000	10,200,400
Turlock Public Financing Authority California, RB, Series A (NPFGC), 5.00%, 9/15/33	3,000	3,022,680
		99,544,170
<b>Total Municipal Bonds 95.7%</b>		470,366,381

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

**California 71.7%**

**Corporate 5.6%**

San Francisco Bay Area Rapid Transit District, Refunding RB, Series A (NPFGC), 5.00%, 7/01/30	19,630	20,335,502
University of California, RB, Series L, 5.00%, 5/15/40	7,398	7,330,562
		27,666,064

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 Transferred to Tender Option Bond Trusts (b) California (continued)	Par (000)	Value
<b>County/City/Special District/ School District 32.3%</b>		
Desert Community College District California, GO, Series C (AGM), 5.00%, 8/01/37	\$ 12,150	\$ 12,187,422
Fremont Unified School District Alameda County California, GO, Election of 2002, Series B (AGM), 5.00%, 8/01/30	15,997	16,275,400
Los Angeles Community College District California, GO: Election of 2001, Series A (AGM), 5.00%, 8/01/32	12,000	12,300,000
Election of 2001, Series A (NPFGC), 5.00%, 8/01/32	26,438	27,070,449
Election of 2003, Series E (AGM), 5.00%, 8/01/31	7,497	7,680,687
Election of 2008, Series A, 6.00%, 8/01/33	9,596	10,690,670
Los Angeles Unified School District California, GO, Series I, 5.00%, 1/01/34	5,000	5,038,850
Ohlone Community College District, GO, Series B (AGM), 5.00%, 8/01/30	19,998	20,302,060
Poway Unified School District, GO, Election of 2002, Improvement District 02, Series 1-B (AGM), 5.00%, 8/01/30	10,000	10,177,000
San Bernardino Community College District California, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31	7,550	7,639,921
San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/30	7,350	7,500,602
San Francisco Bay Area Transit Financing Authority, Refunding RB, Series A (NPFGC), 5.00%, 7/01/34	10,497	10,676,017
San Jose Financing Authority, Refunding RB, Civic Center Project, Series B (AMBAC), 5.00%, 6/01/32	11,400	11,405,700
		158,944,778
<b>Education 6.3%</b>		
Los Rios Community College District, GO, Election of 2008, Series A, 5.00%, 8/01/35	11,000	11,071,280
University of California, RB: Limited Project, Series D (AGM), 5.00%, 5/15/41	8,000	7,901,680
Series O, 5.75%, 5/15/34	11,190	12,100,194
		31,073,154
<b>Utilities 27.5%</b>		
Anaheim Public Financing Authority California, RB, Electric System Distribution Facilities, Series A (AGM), 5.00%, 10/01/31	3,568	3,576,741
City of Napa California, RB (AMBAC), 5.00%, 5/01/35	9,070	9,196,073
East Bay Municipal Utility District, RB, Sub-Series A (NPFGC), 5.00%, 6/01/35	15,000	15,293,550
East Bay Municipal Utility District, Refunding RB, Sub-Series A (AMBAC), 5.00%, 6/01/37	7,990	8,172,092
Los Angeles Department of Water & Power, RB, Power System: Sub-Series A-1 (AGM), 5.00%, 7/01/31	5,007	5,103,687
Sub-Series A-1 (AGM), 5.00%, 7/01/37	13,525	13,669,427

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Sub-Series A-1 (AMBAC), 5.00%, 7/01/37	5,029	5,082,999
Sub-Series A-2 (AGM), 5.00%, 7/01/35	7,500	7,594,275
Los Angeles Department of Water & Power, Refunding RB, Power System, Sub-Series A-2 (NPFGC), 5.00%, 7/01/27	16,000	16,355,200
Metropolitan Water District of Southern California, RB: Series A, 5.00%, 7/01/37	15,000	15,385,650
Series B-1 (NPFGC), 5.00%, 10/01/33	7,175	7,270,206
Rancho Water District Financing Authority, Refunding RB, Series A (AGM), 5.00%, 8/01/34	9,277	9,430,150

Municipal Bonds Transferred to Tender Option Bond Trusts (b) California (concluded) Utilities (concluded)	Par (000)	Value
San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33	\$ 8,510	\$ 8,690,242
San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/31	10,000	10,177,200
		134,997,492
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 71.7%</b>		352,681,488
<b>Total Long-Term Investments (Cost \$814,343,410) 167.4%</b>		823,047,869

Short-Term Securities	Shares	
BIF California Municipal Money Fund, 0.00% (c)(d)	15,276,406	15,276,406
<b>Total Short-Term Securities (Cost \$15,276,406) 3.1%</b>		15,276,406
<b>Total Investments (Cost \$829,619,816*) 170.5%</b>		838,324,275
<b>Liabilities in Excess of Other Assets (0.1)%</b>		(477,362)
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (36.5)%</b>		(179,549,219)
<b>VRDP Shares, at Liquidation Value (33.9)%</b>		(166,500,000)
<b>Net Assets Applicable to Common Shares 100.0%</b>		\$ 491,797,694

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

Aggregate cost	\$ 649,529,307
Gross unrealized appreciation	\$ 14,456,991
Gross unrealized depreciation	(5,084,437)
Net unrealized appreciation	\$ 9,372,554

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

Counterparty	Value	Unrealized Appreciation
Bank of America Merrill Lynch	\$ 10,200,400	\$ 300

(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

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TOBs.

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

Affiliate	Shares Held at July 31, 2010	Net Activity	Shares Held at July 31, 2011	Income
BIF California Municipal Money Fund	39,049,939	(23,773,533)	15,276,406	\$ 4,453

- (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 ratings group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

Fair Value Measurements Various inputs are used in determining the fair value of investments. These inputs are categorized in three broad levels for financial statement purposes 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 categorization of a value determined for investments is based on the pricing transparency of the investment and does not necessarily correspond to the Fund's perceived risk of 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 July 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:				
Long-Term Investments <sup>1</sup>		\$ 823,047,869		\$ 823,047,869
Short-Term Securities	\$ 15,276,406			\$ 15,276,406
<b>Total</b>	\$ 15,276,406	\$ 823,047,869		\$ 838,324,275

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

See Notes to Financial Statements.



## Schedule of Investments July 31, 2011

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan 137.0%</b>		
<b>Corporate 11.8%</b>		
Delta County EDC, Refunding RB, Mead Westvaco-Escanaba, Series A, 6.25%, 4/15/12 (a)	\$ 2,420	\$ 2,521,882
Dickinson County EDC Michigan, Refunding RB, International Paper Co. Project, Series A, 5.75%, 6/01/16	2,500	2,527,250
Michigan Strategic Fund, Refunding RB, Detroit Edison Co., Series A, AMT (NPFGC), 5.55%, 9/01/29	9,500	9,503,040
Monroe County EDC Michigan, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22	3,805	4,733,268
		19,285,440
<b>County/City/Special District/ School District 33.2%</b>		
Adrian City School District Michigan, GO (AGM), 5.00%, 5/01/14 (a)	2,400	2,685,336
Allendale Public School District Michigan, GO, School Building & Site, Series A (AGM), 5.50%, 5/01/16	1,000	1,164,410
Bay City School District Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/36	1,110	1,119,724
Charter Township of Canton Michigan, GO, Capital Improvement (AGM):		
5.00%, 4/01/25	1,250	1,303,012
5.00%, 4/01/26	1,250	1,298,012
5.00%, 4/01/27	500	516,660
City of Oak Park Michigan, GO, Street Improvement (NPFGC), 5.00%, 5/01/30	600	616,032
Comstock Park Public Schools, GO, School Building & Site, Series B (Q-SBLF):		
5.50%, 5/01/36	450	462,618
5.50%, 5/01/41	830	851,987
County of Genesee Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/19	400	432,460
County of Genesee Michigan, GO, Water Supply System (NPFGC), 5.13%, 11/01/33	500	502,335
County of Wayne Michigan, GO, Airport Hotel, Detroit Metropolitan Airport, Series A (NPFGC), 5.00%, 12/01/30	1,180	1,106,203
Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39	2,000	2,064,760
Detroit City School District Michigan, GO, School Building & Site Improvement (FGIC):		
Series A, 5.38%, 5/01/13 (a)	1,480	1,608,582
Series B, 5.00%, 5/01/28	1,900	1,868,118
Eaton Rapids Public Schools Michigan, GO, School Building & Site (AGM), 5.25%, 5/01/23	2,000	2,162,160
Gibraltar School District Michigan, GO, School Building & Site Improvement (FGIC):		
5.00%, 5/01/14 (a)	3,065	3,429,398

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5.00%, 5/01/28	585	595,191
Grand Blanc Community Schools Michigan, GO (NPFGC):		
5.63%, 5/01/17	1,000	1,013,900
5.63%, 5/01/18	1,000	1,013,900
5.63%, 5/01/19	1,100	1,115,290
Grand Rapids Building Authority Michigan, RB, Series A (AMBAC) (a):		
5.50%, 10/01/12	535	567,854
5.50%, 10/01/12	130	137,983
Gull Lake Community School District, GO, Refunding (AGM), 4.00%, 5/01/26	615	600,880
Harper Creek Community School District Michigan, GO, Refunding (AGM), 5.00%, 5/01/22	1,000	1,073,980

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan (continued)</b>		
<b>County/City/Special District/ School District (concluded)</b>		
Harper Woods School District Michigan, GO, Refunding, Refunding, School Building & Site (FGIC), 5.00%, 5/01/34	\$ 10	\$ 10,073
Haslett Public School District Michigan, GO, Building & Site (NPFGC), 5.63%, 11/01/11 (a)	1,275	1,292,621
Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41	750	760,808
Jonesville Community Schools Michigan, GO, Refunding (NPFGC), 5.00%, 5/01/29	1,085	1,100,483
L Anse Creuse Public Schools Michigan, GO, School Building & Site (AGM):		
5.00%, 5/01/12	400	413,596
5.00%, 5/01/25	1,000	1,046,610
5.00%, 5/01/26	1,050	1,092,273
5.00%, 5/01/35	2,000	2,016,180
Lincoln Consolidated School District Michigan, GO, Refunding (NPFGC), 4.63%, 5/01/28	2,325	2,339,136
Livonia Public Schools School District Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/24	500	509,420
Ludington Area School District Michigan, GO (NPFGC), 5.25%, 5/01/23	1,440	1,540,022
Michigan State Building Authority, RB, Facilities Program, Series H (AGM), 5.00%, 10/15/26	3,000	3,158,640
New Haven Community Schools Michigan, GO, Refunding, School Building & Site (AGM), 5.00%, 5/01/23	500	524,075
New Lothrop Area Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/35	1,200	1,210,884
Pontiac Tax Increment Finance Authority Michigan, Tax Allocation Bonds, Refunding, Tax Increment Development (ACA), 5.38%, 6/01/12 (a)	640	673,325
Reed City Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/14 (a)	1,000	1,120,940
Rochester Community School District, GO (NPFGC), 5.00%, 5/01/19	265	296,426
Southfield Public Schools Michigan, GO, School Building & Site, Series B (AGM), 5.00%, 5/01/14 (a)	1,000	1,120,940
Sparta Area Schools Michigan, GO, School Building & Site (FGIC), 5.00%, 5/01/14 (a)	1,000	1,117,430
Thornapple Kellogg School District Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/32	1,500	1,526,895
Van Dyke Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/28	750	779,558

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Zeeland Public Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/29	1,230	1,248,868
		54,209,988
<b>Education 11.3%</b>		
Ferris State University, Refunding RB, General (AGM):		
4.50%, 10/01/23	1,360	1,401,534
4.50%, 10/01/24	1,595	1,626,262
4.50%, 10/01/25	1,405	1,420,638
Fraser Public School District, GO, School Building & Site (AGM), 5.00%, 5/01/25	1,255	1,301,761
Goodrich Area School District, GO, School Building & Site (Q-SBLF):		
5.50%, 5/01/32	400	420,620
5.50%, 5/01/36	800	823,664
5.50%, 5/01/41	1,000	1,032,690
Michigan Higher Education Facilities Authority, RB, Limited Obligation, Hillsdale College Project, 5.00%, 3/01/35	1,125	1,065,319

See Notes to Financial Statements.

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## Schedule of Investments (continued)

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan (continued)</b>		
<b>Education (concluded)</b>		
Michigan Higher Education Facilities Authority, Refunding RB, Limited Obligation, Creative Studies (a):		
5.85%, 6/01/12	\$ 550	\$ 575,102
5.90%, 6/01/12	1,000	1,046,060
Michigan Higher Education Student Loan Authority, RB, Student Loan, Series XVII-Q, AMT (AMBAC), 5.00%, 3/01/31	500	475,400
Michigan State University, Refunding RB, General, Series C:		
5.00%, 2/15/40	3,770	3,830,169
5.00%, 2/15/44	1,000	1,012,460
Saginaw Valley State University Michigan, Refunding RB, General (FGIC), 5.00%, 7/01/24	1,450	1,468,401
Western Michigan University, Refunding RB, General, 5.25%, 11/15/40	1,000	1,001,490
		18,501,570
<b>Health 22.4%</b>		
Dickinson County Healthcare System, Refunding RB (ACA), 5.80%, 11/01/24	2,170	2,178,506
Flint Hospital Building Authority Michigan, Refunding RB, Hurley Medical Center (ACA):		
6.00%, 7/01/20	640	636,474
Series A, 5.38%, 7/01/20	385	366,982
Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36	2,750	2,763,227
Kent Hospital Finance Authority Michigan, RB, Spectrum Health, Series A, 5.00%, 11/15/29	3,000	3,028,650
Michigan State Hospital Finance Authority, RB: Ascension Health Senior Credit Group, 5.00%, 11/15/25	2,300	2,401,384
Hospital, MidMichigan Obligation Group, Series A (AMBAC), 5.50%, 4/15/18	1,000	1,014,790
McLaren Health Care, Series C, 5.00%, 8/01/35	1,585	1,527,084
Mercy Health Services, Series R (AMBAC), 5.38%, 8/15/26 (a)	2,000	2,008,000
MidMichigan Obligation Group, Series A, 5.00%, 4/15/26	380	379,187
Trinity Health Credit, Series A, 5.00%, 12/01/26 (a)	145	172,459
Trinity Health Credit, Series A, 5.00%, 12/01/26	855	866,936
Trinity Health Credit, Series C, 5.38%, 12/01/30	1,765	1,773,348
Michigan State Hospital Finance Authority, Refunding RB: 5.38%, 12/01/12 (a)	185	197,465
5.38%, 12/01/23	1,000	1,015,600
6.25%, 12/01/28	570	622,412
6.50%, 12/01/33	1,400	1,532,062
Hospital, Crittenton, Series A, 5.63%, 3/01/27	1,300	1,302,171
Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/21	400	411,800
	2,470	2,434,111

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Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/25		
Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/37	3,340	2,987,764
Hospital, Sparrow Obligated, 5.00%, 11/15/31	1,595	1,524,357
McLaren Health Care, 5.75%, 5/15/38	1,500	1,536,240
Trinity Health Credit, Series D, 5.00%, 8/15/34	1,650	1,632,147
Michigan State Hospital Finance Authority, Refunding RB, Trinity Health Credit, Series A, 6.13%, 12/01/23	940	1,058,891
Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39	1,000	1,154,490
		36,526,537

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan (continued)</b>		
<b>Housing 6.1%</b>		
Michigan State HDA, RB:		
Deaconess Tower AMT (Ginnie Mae), 5.25%, 2/20/48	\$ 1,000	\$ 984,930
Series A, 4.75%, 12/01/25	2,675	2,674,839
Series A, 6.00%, 10/01/45	4,280	4,155,666
Series A (NPFGC), 5.30%, 10/01/37	20	19,999
Michigan State HDA, Refunding RB, Series A, 6.05%, 10/01/41	2,000	2,049,560
		9,884,994
<b>State 11.1%</b>		
Michigan Municipal Bond Authority, RB, State Clean Water, 5.00%, 10/01/27	750	793,665
Michigan Municipal Bond Authority, Refunding RB, Local Government, Charter County Wayne, Series B (AGC):		
5.00%, 11/01/14	1,500	1,655,580
5.00%, 11/01/15	1,000	1,117,050
5.00%, 11/01/16	500	568,445
5.38%, 11/01/24	125	135,876
Michigan State Building Authority, Refunding RB:		
Series A, 5.50%, 10/15/45	750	756,345
Series I, 6.25%, 10/15/38	2,350	2,511,140
Series I (AGC), 5.25%, 10/15/24	2,000	2,170,180
Series I (AGC), 5.25%, 10/15/25	1,500	1,616,100
Series I (AGC), 5.25%, 10/15/26	400	429,464
Series II (NPFGC), 5.00%, 10/15/29	2,000	2,000,680
Michigan Strategic Fund, RB, Cadillac Place Office Building Project, 5.25%, 10/15/31	1,000	1,014,930
State of Michigan, RB, GAB (AGM), 5.25%, 9/15/27	3,250	3,432,520
		18,201,975
<b>Transportation 15.0%</b>		
State of Michigan, Refunding RB (AGM), 5.25%, 5/15/19	1,000	1,149,830
Sturgis Building Authority, RB, Sturgis Hospital Project (FGIC), 4.75%, 10/01/34	3,525	3,250,121
Wayne County Airport Authority, RB, Detroit Metropolitan Wayne County Airport, AMT (NPFGC):		
5.25%, 12/01/25	4,475	4,465,737
5.25%, 12/01/26	3,700	3,653,713
5.00%, 12/01/34	5,200	4,598,568
Wayne County Airport Authority, Refunding RB, AMT (AGC):		
5.75%, 12/01/26	3,060	3,135,092
5.38%, 12/01/32	4,300	4,180,030
		24,433,091

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**Utilities 26.1%**

City of Detroit Michigan, RB:		
Second Lien, Series B (AGM), 7.00%, 7/01/36	2,000	2,295,540
Second Lien, Series B (NPFGC), 5.00%, 7/01/13 (a)	1,780	1,936,978
Second Lien, Series B (NPFGC), 5.00%, 7/01/34	2,620	2,383,729
Senior Lien, Series A (AGM), 5.00%, 7/01/25	3,460	3,462,837
Senior Lien, Series A (NPFGC), 5.00%, 7/01/34	4,600	4,359,512
City of Detroit Michigan, Refunding RB, Second Lien, Series C (AGM), 5.00%, 7/01/29	6,475	6,288,196
City of Grand Rapids Michigan, RB (FGIC), 5.00%, 1/01/34	6,900	6,976,314

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan (concluded)</b>		
<b>Utilities (concluded)</b>		
City of Grand Rapids Michigan, Refunding RB, Series A (NPFGC), 5.50%, 1/01/22	\$ 1,500	\$ 1,777,350
City of Port Huron Michigan, RB, Water Supply: 5.25%, 10/01/31	190	189,050
5.63%, 10/01/40	500	491,165
City of Saginaw Michigan, RB, Water Supply, Series A (AGM), 5.00%, 7/01/31	235	235,183
City of Wyoming Michigan, RB, Sewer System (NPFGC), 5.00%, 6/01/30	5,300	5,377,221
Lansing Board of Water & Light, RB, Series A: 5.00%, 7/01/31	2,600	2,679,924
5.00%, 7/01/37	1,270	1,285,812
5.50%, 7/01/41	2,000	2,119,120
Michigan Municipal Bond Authority, RB, Clean Water Revolving-Pooled, 5.00%, 10/01/27	760	829,418
		42,687,349
<b>Total Municipal Bonds in Michigan</b>		<b>223,730,944</b>
<b>Guam 1.1%</b>		
<b>County/City/Special District/School District 0.5%</b>		
Territory of Guam, RB, Section 30, Series A, 5.63%, 12/01/29	850	859,223
<b>Utilities 0.6%</b>		
Guam Power Authority, Refunding RB, Series A (AGM), 5.00%, 10/01/37	955	942,575
<b>Total Municipal Bonds in Guam</b>		<b>1,801,798</b>
<b>Puerto Rico 6.8%</b>		
<b>State 5.5%</b>		
Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities, Series M-3 (NPFGC), 6.00%, 7/01/27	1,200	1,265,844
Puerto Rico Sales Tax Financing Corp., Refunding RB: CAB, Series A (NPFGC), 5.26%, 8/01/43 (b)	12,500	1,556,125
CAB, Series A (NPFGC), 4.96%, 8/01/46 (b)	30,000	2,982,900
First Sub-Series C (AGM), 5.13%, 8/01/42	3,200	3,208,000
		9,012,869
<b>Transportation 1.3%</b>		
Puerto Rico Highway & Transportation Authority, Refunding RB, Series CC (AGC), 5.50%, 7/01/31	2,000	2,119,920
<b>Total Municipal Bonds in Puerto Rico</b>		<b>11,132,789</b>
<b>Total Municipal Bonds 144.9%</b>		<b>236,665,531</b>
<b>Municipal Bonds Transferred to Tender Option Bond Trusts (c)</b>	<b>Par (000)</b>	<b>Value</b>
<b>Michigan 10.8%</b>		
<b>Corporate 4.8%</b>		

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Wayne State University, Refunding RB, General (AGM), 5.00%, 11/15/35	\$ 7,790	\$ 7,917,912
<b>County/City/Special District/School District 2.6%</b>		
Lakewood Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/37	3,970	4,201,689
<b>Education 3.4%</b>		
Portage Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/31	2,850	2,922,019
Saginaw Valley State University, Refunding RB, General (AGM), 5.00%, 7/01/31	2,500	2,570,550
		5,492,569
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 10.8%</b>		17,612,170
<b>Total Long-Term Investments (Cost \$253,300,016) 155.7%</b>		254,277,701

<b>Short-Term Securities</b>	<b>Shares</b>	
BIF Michigan Municipal Money Fund, 0.00% (d)(e)	3,018,268	3,018,268
<b>Total Short-Term Securities (Cost \$3,018,268) 1.9%</b>		3,018,268
<b>Total Investments (Cost \$256,318,284*) 157.6%</b>		257,295,969
<b>Other Assets Less Liabilities 1.4%</b>		2,315,268
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (5.5)%</b>		(9,034,910)
<b>VRDP Shares, at Liquidation Value (53.5)%</b>		(87,300,000)
<b>Net Assets Applicable to Common Shares 100.0%</b>		\$ 163,276,327

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

Aggregate cost	\$ 247,286,807
Gross unrealized appreciation	\$ 7,119,560
Gross unrealized depreciation	(6,140,398)
Net unrealized appreciation	\$ 979,162

- (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) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (c) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

See Notes to Financial Statements.



## Schedule of Investments (concluded)

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

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

Affiliate	Shares Held at July 31, 2010	Net Activity	Shares Held at July 31, 2011	Income
BIF Michigan Municipal Money Fund	605,019	2,413,249	3,018,268	

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

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

Financial futures contracts sold as of July 31, 2011 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
58	10-Year US Treasury Note	Chicago Board of Trade	September 2011	\$ 7,111,234	\$ (178,641)

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes 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 and derivative financial instruments)

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of July 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

Valuation Inputs	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Long-Term Investments <sup>1</sup>		\$ 254,277,701		\$ 254,277,701

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Short-Term Securities	\$ 3,018,268		3,018,268
<b>Total</b>	\$ 3,018,268	\$ 254,277,701	\$ 257,295,969

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

<b>Valuation Inputs</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative Financial Instruments <sup>2</sup>				
<b>Liabilities:</b>				
Interest rate contracts	\$ (178,641)			\$ (178,641)

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

See Notes to Financial Statements.

## Schedule of Investments July 31, 2011

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>New York 115.4%</b>		
<b>Corporate 5.8%</b>		
New York City Industrial Development Agency, Refunding RB, Terminal One Group Association Project, AMT, 5.50%, 1/01/24 (a)	\$ 1,500	\$ 1,542,525
New York Liberty Development Corp., RB, Goldman Sachs Headquarters, 5.25%, 10/01/35	3,400	3,392,350
New York State Energy Research & Development Authority, Refunding RB, Brooklyn Union Gas/Keyspan, Series A, AMT (FGIC), 4.70%, 2/01/24	4,750	4,824,147
Suffolk County Industrial Development Agency New York, RB, Keyspan, Port Jefferson, AMT, 5.25%, 6/01/27	4,625	4,614,825
Suffolk County Industrial Development Agency New York, Refunding RB, Ogden Martin System Huntington, AMT (AMBAC):		
6.15%, 10/01/11	9,170	9,257,849
6.25%, 10/01/12	6,470	6,889,450
		30,521,146
<b>County/City/Special District/ School District 32.4%</b>		
Amherst Development Corp., RB, University at Buffalo Foundation Faculty-Student Housing Corp., Series A (AGM), 4.63%, 10/01/40	2,000	1,825,380
City of Buffalo New York, GO, School, Series D (NPFGC), 5.50%, 12/15/11	2,750	2,805,303
City of New York, GO, Series A-1, 5.00%, 8/01/35 (b)	1,950	2,018,309
City of New York New York, GO, Refunding, Series 02-B (AMBAC), 7.00%, 2/01/18	70	70,381
City of New York New York, GO, Refunding, Series E, 5.00%, 8/01/27	1,070	1,145,553
County of Onondaga New York, RB, Syracuse University Project:		
5.00%, 12/01/30	1,190	1,263,982
5.00%, 12/01/36	1,150	1,182,672
Duchess County Resource Recovery Agency New York, RB, Solid Waste System, Series A (NPFGC), 5.40%, 1/01/13	1,700	1,733,320
Erie County Industrial Development Agency, RB:		
City of Buffalo Project (AGM), 5.75%, 5/01/20	1,900	1,979,325
School District of Buffalo Project, Series A, 5.25%, 5/01/31	800	849,496
Erie County Industrial Development Agency, Refunding RB, School District of Buffalo Project, Series A, 5.25%, 5/01/32	1,000	1,055,390
Hudson Yards Infrastructure Corp., RB, Series A:		
5.00%, 2/15/47	750	685,950
(FGIC), 5.00%, 2/15/47	5,235	4,787,931
(NPFGC), 4.50%, 2/15/47	17,525	14,794,254
New York City Industrial Development Agency, RB:		
	11,800	10,122,040

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Queens Baseball Stadium (AMBAC), 5.00%, 1/01/36		
Queens Baseball Stadium (AMBAC), 5.00%, 1/01/39	5,250	4,442,287
Yankee Stadium (AGC), 6.38%, 1/01/39	1,000	1,058,300
New York City Industrial Development Agency, RB, PILOT: CAB, Yankee Stadium (AGC), 6.55%, 3/01/39 (c)	5,000	983,950
CAB, Yankee Stadium (AGC), 6.50%, 3/01/43 (c)	4,330	650,842
Queens Baseball Stadium (AMBAC), 5.00%, 1/01/46	3,625	3,008,967
Yankee Stadium (FGIC), 5.00%, 3/01/46	9,650	8,660,682
Yankee Stadium (NPFGC), 5.00%, 3/01/36	2,750	2,555,218
New York City Transit Authority/Metropolitan Transit Authority/Triborough Bridge & Tunnel Authority, COP, Series A (AMBAC), 5.63%, 1/01/12	1,020	1,023,968

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>New York (continued)</b>		
<b>County/City/Special District/ School District (concluded)</b>		
New York City Transitional Finance Authority, RB:		
Fiscal 2008, Series S-1, 4.50%, 1/15/38	\$ 1,700	\$ 1,614,235
Fiscal 2009, Series S-1 (AGC), 5.50%, 7/15/38	6,000	6,296,580
Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/39	1,500	1,579,575
Future Tax Secured, Series C (FGIC), 5.00%, 2/01/33	12,395	12,458,586
Future Tax Secured, Series E (NPFGC), 5.25%, 2/01/22	55	57,865
Future Tax Secured, Series E (NPFGC), 5.25%, 2/01/22 (d)	2,445	2,625,979
Series S-2 (AGM), 5.00%, 1/15/37	5,000	5,076,200
Series S-2 (NPFGC), 4.25%, 1/15/34	5,980	5,565,048
New York City Transitional Finance Authority, Refunding RB, Series A (FGIC), 5.00%, 11/15/26	1,000	1,037,920
New York Convention Center Development Corp., RB, Hotel Unit Fee Secured (AMBAC):		
5.00%, 11/15/30	1,500	1,515,465
5.00%, 11/15/35	31,600	31,553,548
5.00%, 11/15/44	14,470	14,238,191
North Country Development Authority, Refunding RB (AGM), 6.00%, 5/15/15	840	908,922
Sales Tax Asset Receivable Corp., RB, Series A (AMBAC), 5.00%, 10/15/32	11,200	11,496,352
Saint Lawrence County Industrial Development Agency, RB, Clarkson University Project, 5.38%, 9/01/41	500	498,345
Syracuse Industrial Development Agency New York, RB, Carousel Center Project, Series A, AMT (Syncora), 5.00%, 1/01/36	3,400	2,803,436
Town of Huntington New York, GO, Refunding (AMBAC):		
5.50%, 4/15/12	460	477,512
5.50%, 4/15/13	455	494,471
Town of North Hempstead New York, GO, Refunding, Series B (NPFGC):		
6.40%, 4/01/13	1,745	1,911,281
6.40%, 4/01/17	555	686,252
		171,599,263
<b>Education 16.4%</b>		
City of Troy New York, Refunding RB, Rensselaer Polytechnic, Series A, 5.13%, 9/01/40	5,725	5,610,214

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Madison County Industrial Development Agency  
 New York, RB, Colgate University Project,  
 Series A (AMBAC):

5.00%, 7/01/30	5,410	5,556,936
5.00%, 7/01/35	2,675	2,710,979
New York City Industrial Development Agency, RB, New York University Project (BHAC), 5.00%, 7/01/41	7,000	6,988,940
New York City Industrial Development Agency, Refunding RB, Nightingale-Bamford School (AMBAC), 5.25%, 1/15/18	1,275	1,338,253
New York City Transitional Finance Authority, RB, Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/33	5,500	5,852,385
New York City Trust for Cultural Resources, Refunding RB, Museum of Modern Art, Series 1A, 5.00%, 4/01/31	1,000	1,052,840
New York State Dormitory Authority, LRB, State University Dormitory Facilities, Series A, 5.00%, 7/01/40	1,500	1,529,145

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)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>New York (continued)</b>		
<b>Education (concluded)</b>		
New York State Dormitory Authority, RB:		
Convent of the Sacred Heart (AGM), 5.75%, 11/01/40	\$ 2,075	\$ 2,182,360
Cornell University, Series A, 5.00%, 7/01/40	1,000	1,033,400
Fordham University, Series A, 5.00%, 7/01/28	325	338,673
Fordham University, Series A, 5.50%, 7/01/36	1,550	1,617,378
General Purpose, Series A, 4.50%, 3/15/35	2,000	1,957,160
Mount Sinai School of Medicine, 5.13%, 7/01/39	665	665,612
Mount Sinai School of Medicine at NYU (NPFGC), 5.00%, 7/01/35	7,100	7,050,726
New School (AGM), 5.50%, 7/01/43	6,550	6,787,896
New York University, Series 1 (AMBAC), 5.50%, 7/01/40	4,580	5,096,532
New York University, Series A (AMBAC), 5.00%, 7/01/37	5,705	5,792,344
New York University, Series C, 5.00%, 7/01/38	2,000	2,036,220
Rockefeller University, Series A1, 5.00%, 7/01/32 (a)	2,500	2,518,950
State University Dormitory Facilities, Series A, 5.00%, 7/01/35	5,200	5,355,688
Rensselaer County Industrial Development Agency New York, RB, Polytechnic Institute, Series B (AMBAC), 5.50%, 8/01/22	1,255	1,259,204
Tompkins County Development Corp., RB, Ithaca College Project (AGM):		
5.50%, 7/01/33	500	528,590
5.25%, 7/01/36	860	876,607
Trust for Cultural Resources, RB, Carnegie Hall, Series A:		
4.75%, 12/01/39	3,550	3,458,055
5.00%, 12/01/39	2,150	2,161,502
Trust for Cultural Resources, Refunding RB, American Museum of Natural History, Series A (NPFGC):		
5.00%, 7/01/36	4,750	4,797,357
5.00%, 7/01/44	500	503,625
		86,657,571
<b>Health 8.7%</b>		
Duchess County Industrial Development Agency, RB, Vassar Brothers Medical Center (AGC):		
5.50%, 4/01/30	250	257,603
5.50%, 4/01/34	490	502,372
Monroe County Industrial Development Corp., RB, Unity Hospital of Rochester Project (FHA), 5.50%, 8/15/40	4,650	4,889,010
New York City Health & Hospital Corp., Refunding RB, Health System, Series A, 5.00%, 2/15/30	2,200	2,227,412
New York City Industrial Development Agency, RB, Royal Charter, New York Presbyterian (AGM), 5.75%, 12/15/29	7,970	8,237,075
	1,500	1,508,610

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New York State Dormitory Authority, MRB, Montefiore Hospital (FGIC), 5.00%, 8/01/33		
New York State Dormitory Authority, RB: Healthcare, Series A, 5.00%, 3/15/38	2,000	2,056,060
Hudson Valley Hospital (BHAC), 5.00%, 8/15/36	6,500	6,591,195
New York & Presbyterian Hospital (AGM), 5.25%, 2/15/31	3,000	3,083,910
New York & Presbyterian Hospital (AGM), 5.00%, 8/15/36	5,000	5,023,700
New York University Hospitals Center, Series A, 5.75%, 7/01/31	3,450	3,561,538
New York University Hospitals Center, Series A, 5.00%, 7/01/36	1,500	1,448,145
	<b>Par (000)</b>	<b>Value</b>
<b>Municipal Bonds</b>		
<b>New York (continued)</b>		
<b>Health (concluded)</b>		
New York State Dormitory Authority, RB (concluded):		
New York University Hospitals Center, Series A, 6.00%, 7/01/40	\$ 1,100	\$ 1,132,065
North Shore-Long Island Jewish Health System, Series A, 5.50%, 5/01/37	2,075	2,091,745
New York State Dormitory Authority, Refunding RB, Saint Luke s Roosevelt Hospital (FHA), 4.90%, 8/15/31	2,900	2,885,268
Oneida County Industrial Development Agency New York, RB, Civic Facility, Mohawk Valley, Series A (AGM), 5.20%, 2/01/13	720	733,716
		46,229,424
<b>Housing 3.7%</b>		
Monroe County Industrial Development Agency, IDRIB, Southview Towers Project, AMT (SONYMA):		
6.13%, 2/01/20	995	1,001,587
6.25%, 2/01/31	1,125	1,130,422
New York City Housing Development Corp., RB, AMT:		
Series A-1-A, 5.00%, 11/01/30	750	717,757
Series A-1-A, 5.45%, 11/01/46	1,335	1,243,179
Series C, 5.00%, 11/01/26	1,500	1,507,875
Series C, 5.05%, 11/01/36	2,000	1,880,360
Series H-1, 4.70%, 11/01/40	1,340	1,221,410
Series H-2-A, 5.20%, 11/01/35	840	803,149
Series H-2-A, 5.35%, 5/01/41	600	561,078
New York Mortgage Agency, Refunding RB, AMT:		
Homeowner Mortgage, Series 97, 5.50%, 4/01/31	945	945,123
Series 133, 4.95%, 10/01/21	520	529,428
Series 143, 4.85%, 10/01/27	1,100	1,055,835
Series 143, 4.90%, 10/01/37	980	932,764
Series 143 (NPFGC), 4.85%, 10/01/27	2,485	2,443,824
New York State HFA, RB, St. Philips Housing, Series A, AMT (Fannie Mae), 4.65%, 11/15/38	1,500	1,401,645
Yonkers Industrial Development Agency New York, RB, Monastery Manor Associates LP Project, AMT (SONYMA), 5.25%, 4/01/37	2,445	2,341,821
		19,717,257
<b>State 8.1%</b>		
New York State Dormitory Authority, ERB, Series C, 5.00%, 12/15/31	6,230	6,494,837
New York State Dormitory Authority, RB: Master BOCES Program Lease (AGC), 5.00%, 8/15/28	1,750	1,844,693
	1,570	1,748,352

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Mental Health Services Facilities, Series B, 5.25%, 2/15/14 (d)		
Mental Health Services Facilities, Series C, AMT (AGM), 5.40%, 2/15/33	6,460	6,504,897
School Districts Financing Program, Series A (AGM), 5.00%, 10/01/35	550	557,541
School Districts Financing Program, Series C (AGM), 5.00%, 10/01/37	4,050	4,096,858
School Districts Financing Program, Series E (NPFGC), 5.75%, 10/01/30	6,900	7,181,658
New York State Thruway Authority, RB: Second General, Series B, 5.00%, 4/01/27	1,500	1,585,440
Series A (AMBAC), 5.00%, 4/01/26	4,380	4,662,641
New York State Urban Development Corp., RB (NPFGC): Personal Income Tax, Series C-1, 5.00%, 3/15/13 (d)	3,000	3,227,460
State Personal Income Tax, State Facilities, Series A-1, 5.00%, 3/15/29	5,000	5,159,950
		43,064,327

See Notes to Financial Statements.



## Schedule of Investments (continued)

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>New York (continued)</b>		
<b>Tobacco 1.4%</b>		
Tobacco Settlement Financing Corp. New York, RB, Asset-Backed:		
Series A-1 (AMBAC), 5.25%, 6/01/20	\$ 5,000	\$ 5,323,650
Series B-1C, 5.50%, 6/01/22	1,900	2,028,687
		7,352,337
<b>Transportation 28.2%</b>		
Hudson Yards Infrastructure Corp., RB:		
(AGC), 5.00%, 2/15/47	4,300	4,112,262
Series A (AGM), 5.00%, 2/15/47	6,840	6,541,366
Series A (NPFGC), 5.00%, 2/15/47	550	525,987
Metropolitan Transportation Authority, RB:		
Series 2008C, 6.50%, 11/15/28	3,200	3,701,568
Transportation, Series D, 5.25%, 11/15/29	1,000	1,053,280
Metropolitan Transportation Authority, Refunding RB:		
Series A, 5.13%, 1/01/29	3,000	3,016,650
Series A (AGM), 5.00%, 11/15/32	1,015	1,020,227
Series A (AGM), 5.75%, 11/15/32	29,300	30,452,662
Series A (NPFGC), 5.13%, 11/15/22	1,390	1,444,697
Series A (NPFGC), 5.25%, 11/15/31	2,500	2,516,575
Series B, 5.00%, 11/15/34	1,500	1,538,805
Series C (AGM), 5.13%, 7/01/12 (d)	1,640	1,714,374
Transportation, Series F (NPFGC), 5.25%, 11/15/12 (d)	6,235	6,636,783
Transportation, Series F (NPFGC), 5.00%, 11/15/31	5,000	5,017,650
New York State Thruway Authority, RB:		
Series F (AMBAC), 5.00%, 1/01/30	6,000	6,112,980
Series G (AGM), 4.75%, 1/01/29	7,250	7,458,655
Series G (AGM), 4.75%, 1/01/30	9,000	9,183,510
Series G (AGM), 5.00%, 1/01/30	2,000	2,062,340
Series G (AGM), 5.00%, 1/01/32	1,030	1,054,988
Niagara Falls Bridge Commission, Refunding RB, Bridge System, Series A (AGC), 4.00%, 10/01/19		
	1,900	2,030,872
Niagara Frontier Transportation Authority New York, RB, Buffalo Niagara International Airport, Series B (NPFGC), 5.50%, 4/01/19		
	2,705	2,704,838
Port Authority of New York & New Jersey, RB, Consolidated:		
116th Series, 4.13%, 9/15/32	2,700	2,605,635
124th Series, AMT (NPFGC), 5.00%, 8/01/36	500	500,000
163rd Series, 5.00%, 7/15/35	2,500	2,585,700
Port Authority of New York & New Jersey, RB, JFK International Air Terminal, Special Project, Series 6, AMT (NPFGC):		
6.25%, 12/01/11	7,175	7,255,432
6.25%, 12/01/13	4,425	4,645,719
6.25%, 12/01/14	7,380	7,827,597
5.75%, 12/01/22	10,160	10,104,018
5.75%, 12/01/25	3,500	3,403,225
Triborough Bridge & Tunnel Authority, RB:		

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Sub-Series A (NPFGC), 5.25%, 11/15/30	6,000	6,138,660
Subordinate Bonds (AMBAC), 5.00%, 11/15/28	2,465	2,509,715
Triborough Bridge & Tunnel Authority, Refunding RB, Series C, 5.00%, 11/15/38	2,000	2,053,960
		149,530,730

**Utilities 10.7%**

Buffalo Sewer Authority New York, Refunding RB, Series F (NPFGC), 6.00%, 7/01/13	2,275	2,389,091
Long Island Power Authority, RB, Series A (AMBAC), 5.00%, 9/01/29	7,000	7,091,560
Long Island Power Authority, Refunding RB: General, Series A (AGC), 6.00%, 5/01/33	1,500	1,656,135
General, Series B (AGM), 5.00%, 12/01/35	4,000	4,049,440
Series A (AGC), 5.75%, 4/01/39	1,015	1,089,663

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>New York (concluded)</b>		
<b>Utilities (concluded)</b>		
New York City Municipal Water Finance Authority, RB: Second General Resolution, Series HH, 5.00%, 6/15/32	\$ 10,600	\$ 11,174,096
Series B, 5.00%, 6/15/36	2,000	2,039,740
Series DD, 5.00%, 6/15/32	6,750	7,020,270
Series DD (AGM), 4.50%, 6/15/39	1,000	966,040
Series G (AGM), 5.00%, 6/15/34	4,225	4,227,451
New York City Municipal Water Finance Authority, Refunding RB: Second General Resolution, Fiscal 2011, Series BB, 5.00%, 6/15/31	1,000	1,056,450
Series A (AGM), 4.25%, 6/15/39	500	465,365
Series A (NPFGC), 5.13%, 6/15/34	1,250	1,259,375
Series D (AGM), 5.00%, 6/15/37	9,000	9,126,090
New York State Environmental Facilities Corp., RB, Revolving Funds, New York City Municipal Water, 5.00%, 6/15/36	2,100	2,179,485
New York State Environmental Facilities Corp., Refunding RB, Revolving Funds, New York City Municipal Water, Series B, 5.00%, 6/15/33	1,040	1,082,266
		56,872,517
<b>Total Municipal Bonds in New York</b>		<b>611,544,572</b>

**Guam 1.1%**

**Transportation 0.8%**

Guam International Airport Authority, Refunding RB, General, Series C, AMT (NPFGC): 5.25%, 10/01/21	2,240	2,243,539
5.25%, 10/01/22	2,050	2,052,460
		4,295,999

**Utilities 0.3%**

Guam Power Authority, Refunding RB, Series A (AGM), 5.00%, 10/01/37	1,380	1,362,046
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**Total Municipal Bonds in Guam**

5,658,045

**Puerto Rico 13.2%**

**Housing 0.8%**

Puerto Rico Housing Finance Authority, Refunding RB, Subordinate, Capital Fund Modernization, 5.13%, 12/01/27	4,000	4,074,400
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**State 7.5%**

Commonwealth of Puerto Rico, GO, Refunding (NPFGC):

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Public Improvement, Series A, 5.50%, 7/01/20	2,000	2,164,660
Sub-Series C-7, 6.00%, 7/01/27	2,000	2,106,160
Sub-Series C-7, 6.00%, 7/01/28	4,775	5,019,958
(AMBAC), 4.67%, 7/01/35	3,900	718,770
(AMBAC), 5.02%, 7/01/43	8,000	817,360
(FGIC), 4.62%, 7/01/31	22,030	5,712,599
Puerto Rico Convention Center Authority, RB, Series A (AMBAC), 5.00%, 7/01/31	4,000	3,787,360
Puerto Rico Highway & Transportation Authority, Refunding RB, Series CC (AGM), 5.50%, 7/01/31	2,500	2,649,900
Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities, Series M-3 (NPFGC), 6.00%, 7/01/28	2,850	3,002,988

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)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Puerto Rico (concluded)</b>		
<b>State (concluded)</b>		
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A:		
(AGM), 5.00%, 8/01/40	\$ 2,100	\$ 2,074,632
5.63%, 8/01/30	2,000	2,073,520
5.75%, 8/01/37	7,150	7,329,536
Puerto Rico Sales Tax Financing Corp., Refunding RB, CAB, Series A (NPFGC):		
5.76%, 8/01/41 (c)	12,800	1,826,688
5.98%, 8/01/43 (c)	4,000	497,960
		39,782,091
<b>Transportation 3.8%</b>		
Puerto Rico Highway & Transportation Authority, RB:		
Series G (FGIC), 5.25%, 7/01/13 (d)	655	716,963
Series G (FGIC), 5.25%, 7/01/21	345	349,226
Series Y (AGM), 6.25%, 7/01/21	6,275	7,136,369
Puerto Rico Highway & Transportation Authority, Refunding RB:		
Series AA-1 (AGM), 4.95%, 7/01/26	6,190	6,261,000
Series CC (AGM), 5.50%, 7/01/29	2,500	2,686,775
Series D, 5.75%, 7/01/12 (d)	3,000	3,150,450
		20,300,783
<b>Utilities 1.1%</b>		
Puerto Rico Aqueduct & Sewer Authority, RB, Senior Lien, Series A (AGC), 5.13%, 7/01/47		
	1,950	1,921,862
Puerto Rico Electric Power Authority, RB, Series RR (NPFGC), 5.00%, 7/01/24		
	1,000	1,017,040
Puerto Rico Electric Power Authority, Refunding RB, Series VV (NPFGC), 5.25%, 7/01/30		
	3,000	3,021,390
		5,960,292
<b>Total Municipal Bonds in Puerto Rico</b>		
		70,117,566
<b>Total Municipal Bonds 129.7%</b>		
		687,320,183
<b>Municipal Bonds Transferred to Tender Option Bond Trusts (e)</b>		
<b>New York 28.7%</b>		
<b>County/City/Special District/School District 11.4%</b>		
City of New York New York, GO:		
Series J, 5.00%, 5/15/23	6,750	7,254,292
Sub-Series C-3 (AGC), 5.75%, 8/15/28	14,400	16,144,416
New York State Dormitory Authority, RB, State University Dormitory Facilities, Series A, 5.25%, 7/01/29		
	6,000	6,441,540
Sales Tax Asset Receivable Corp., RB, Series A (AMBAC):		
5.25%, 10/15/27	13,000	13,788,710
5.00%, 10/15/32	16,000	16,970,720
		60,599,678
<b>Education 1.3%</b>		
	6,498	6,615,863

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

**State 1.6%**

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

7,850 8,642,065

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

**Par (000)**

**Value**

**New York (concluded)**

**Transportation 13.0%**

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

\$ 3,901 \$ 3,980,726

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

8,460 8,503,569

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

16,000 16,388,160

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

10,000 10,164,300

Port Authority of New York & New Jersey, RB, Consolidated, 155th Series, AMT (AGM), 5.13%, 7/15/30

2,500 2,549,800

Triborough Bridge & Tunnel Authority, Refunding RB (NPFGC):

5.25%, 11/15/23

7,000 7,316,890

5.00%, 11/15/32

19,677 19,815,713

68,719,158

**Utilities 1.4%**

New York City Municipal Water Finance Authority, RB:

Fiscal 2009, Series A, 5.75%, 6/15/40

4,094 4,500,277

Series FF-2, 5.50%, 6/15/40

2,759 2,951,772

7,452,049

**Total Municipal Bonds Transferred to Tender Option Bond Trusts 28.7%**

152,028,813

**Total Long-Term Investments**

**(Cost \$832,686,181) 158.4%**

839,348,996

**Short-Term Securities**

**Shares**

BIF New York Municipal Money Fund, 0.00% (f)(g)

14,521,616 14,521,616

**Total Short-Term Securities**

**(Cost \$14,521,616) 2.7%**

14,521,616

**Total Investments (Cost \$847,207,797\*)% 161.1**

853,870,612

**Other Assets Less Liabilities 0.5%**

2,549,029

**Liability for TOB Trust Certificates, Including**

**Interest Expense and Fees Payable (14.9)%**

(78,661,402)

**VRDP Shares, at Liquidation Value (46.7)%**

(247,700,000)

**Net Assets Applicable to Common Shares 100.0%**

\$ 530,058,239

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

Aggregate cost	\$ 769,048,112
Gross unrealized appreciation	\$ 23,401,442
Gross unrealized depreciation	(17,193,746)
Net unrealized appreciation	\$ 6,207,696

- (a) Variable rate security. Rate shown is as of report date.
- (b) When-issued security. Unsettled when-issued transactions were as follows:

<b>Counterparty</b>	<b>Value</b>	<b>Unrealized Appreciation</b>
Citigroup Global Markets, Inc.	\$ 2,018,309	\$ 4,914

See Notes to Financial Statements.

## Schedule of Investments (concluded)

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

- (c) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (d) 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.
- (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 year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliate	Shares Held at July 31, 2010	Net Activity	Shares Held at July 31, 2011	Income
BIF New York Municipal Money Fund	8,174,307	6,347,309	14,521,616	\$ 12

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

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

Financial futures contracts sold as of July 31, 2011 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
146	30-Year US Treasury Note	Chicago Board of Trade	September 2011	\$ 18,186,988	\$ (519,262 )

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes 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 and derivative financial instruments)

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

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The following tables summarize the inputs used as of July 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

Valuation Inputs	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Long-Term				
Investments <sup>1</sup>		\$ 839,348,996		\$ 839,348,996
Short-Term				
Securities	\$ 14,521,616			14,521,616
<b>Total</b>	<b>\$ 14,521,616</b>	<b>\$ 839,348,996</b>		<b>\$ 853,870,612</b>

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

Valuation Inputs	Level 1	Level 2	Level 3	Total
Derivative Financial				
Instruments <sup>2</sup>				
<b>Liabilities:</b>				
Interest rate				
contracts	\$ (519,262)			\$ (519,262)

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

See Notes to Financial Statements.



## Schedule of Investments July 31, 2011

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Alabama 0.4%</b>		
Birmingham Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39	\$ 3,605	\$ 3,856,881
<b>Alaska 1.5%</b>		
Alaska Housing Finance Corp., RB, General Housing, Series B (NPFGC), 5.25%, 12/01/30	2,000	2,030,380
Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC), 6.00%, 9/01/28	10,150	11,503,198
		13,533,578
<b>Arizona 1.2%</b>		
Maricopa County & Phoenix Industrial Development Authorities, Refunding RB, S/F, Series A-2, AMT (Ginnie Mae), 5.80%, 7/01/40	1,670	1,702,883
Salt River Project Agricultural Improvement & Power District, RB, 5.00%, 1/01/38	3,500	3,578,925
State of Arizona, COP, Department of Administration, Series A (AGM): 5.00%, 10/01/27	3,725	3,850,942
5.25%, 10/01/28	1,600	1,674,512
		10,807,262
<b>California 14.8%</b>		
Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.40%, 10/01/24 (a)	10,000	8,299,900
California Health Facilities Financing Authority, Refunding RB: St. Joseph Health System, Series A, 5.75%, 7/01/39	1,550	1,567,593
Sutter Health, Series B, 5.88%, 8/15/31	3,200	3,418,432
California HFA, RB, Home Mortgage, Series K, AMT, 5.50%, 2/01/42	4,530	4,600,124
California State University, RB, Systemwide, Series A: 5.50%, 11/01/39	1,525	1,560,594
(NPFGC), 5.00%, 11/01/32	9,865	9,825,836
California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/37	3,545	3,508,912
California Statewide Communities Development Authority, RB (AGM): St. Joseph Health System, Series E, 5.25%, 7/01/47	5,000	4,899,250
Sutter Health, Series D, 5.05%, 8/15/38	500	487,745
City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30	1,900	1,938,456
City of San Jose California, RB, Series A-1, AMT, 5.75%, 3/01/34	2,300	2,279,760
City of San Jose California, Refunding RB, Series A, AMT (AMBAC), 5.50%, 3/01/32	11,965	11,550,054
County of Sacramento California, RB, Senior Series A (AGM), 5.00%, 7/01/41	15,000	14,524,500

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Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 6.96%, 8/01/34 (b)	5,000	1,052,350
Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/28	5,800	6,068,424
Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32	1,200	1,230,000
Los Angeles Municipal Improvement Corp., RB, Series B1 (NPFGC), 4.75%, 8/01/37	14,000	12,055,260
Mendocino-Lake Community College District, GO, Election of 2006, Series A (NPFGC), 5.00%, 8/01/31	1,485	1,501,870
Norwalk-La Mirada Unified School District California, GO, Refunding, CAB, Election of 2002, Series E (AGC), 6.47%, 8/01/38 (b)	7,620	1,204,112
Oceanside Unified School District California, GO, Series A (AGC), 5.25%, 8/01/33	2,500	2,561,775

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California (concluded)</b>		
Port of Oakland, RB, Series K, AMT (NPFGC), 5.75%, 11/01/29	\$ 3,645	\$ 3,645,729
Port of Oakland, Refunding RB, Series M (NPFGC), 5.38%, 11/01/27	8,030	8,044,213
Riverside County Public Financing Authority, Tax Allocation Bonds, Redevelopment Projects (Syncora), 5.00%, 10/01/35	10,000	7,818,700
San Bernardino Community College District, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31	2,165	2,190,785
San Joaquin County Transportation Authority, RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36	1,830	2,004,454
San Marcos Unified School District, GO, Election of 2010, Series A:		
5.00%, 8/01/34	1,800	1,811,268
5.00%, 8/01/38	1,600	1,590,608
State of California, GO, Series 2007-2 (NPFGC), 5.50%, 4/01/30	10	10,294
Stockton Public Financing Authority California, RB, Parking & Capital Projects (NPFGC), 5.25%, 9/01/34	5,000	4,805,850
Turlock Irrigation District, Refunding RB, 5.50%, 1/01/41 (c)	2,300	2,369,782
West Valley-Mission Community College District, GO, Election of 2004, Series A (AGM), 5.00%, 8/01/30	3,600	3,663,720
		132,090,350
<b>District of Columbia 1.1%</b>		
Metropolitan Washington Airports Authority, RB, Series B, AMT (AMBAC), 5.00%, 10/01/32	10,000	10,015,100
<b>Florida 16.2%</b>		
Broward County School Board Florida, COP, Series A (AGM), 5.25%, 7/01/33	15,000	15,269,250
City of Orlando Florida, RB, Senior, 6th Cent Contract Payments, Series A (AGC), 5.25%, 11/01/38	13,850	12,937,285
Collier County School Board, COP (AGM), 5.00%, 2/15/23	5,000	5,308,200
County of Broward Florida, RB, Series A, 5.25%, 10/01/34	2,250	2,363,580
County of Miami-Dade Florida, GO, Building Better Communities Program:		
Series B, 6.38%, 7/01/28	6,000	6,693,480
Series B-1, 5.75%, 7/01/33	3,700	3,945,162
County of Miami-Dade Florida, RB:		
Miami International Airport, AMT (NPFGC), 5.38%, 10/01/25	7,500	7,594,125

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Miami International Airport, AMT (NPFGC), 5.38%, 10/01/27	1,000	1,007,770
Miami International Airport, Series A, AMT (AGM), 5.50%, 10/01/41	19,020	18,446,737
Water & Sewer System (AGM), 5.00%, 10/01/39	11,700	11,827,881
County of Miami-Dade Florida, Refunding RB: Miami International Airport, AMT (AGC), 5.00%, 10/01/40	11,000	9,910,450
Miami International Airport, Series A, (AGM), 5.00%, 7/01/35	2,800	2,809,632
Miami International Airport, Series A, AMT (AGC), 5.00%, 10/01/35	2,100	1,926,246
Series C (BHAC), 6.00%, 10/01/23	20,095	23,136,378
Highlands County Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37	1,750	1,854,073
Miami-Dade County School Board, COP, Refunding RB, Series B (AGC), 5.25%, 5/01/31	1,390	1,435,328
Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34	12,000	12,399,840
Sarasota County Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39	5,135	5,188,661
		144,054,078

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Georgia 1.7%</b>		
City of Atlanta Georgia, RB, General, Series B (AGM), 5.25%, 1/01/33	\$ 12,500	\$ 12,644,375
Gwinnett County Hospital Authority, Refunding RB, Gwinnett Hospital System, Series D (AGM), 5.50%, 7/01/41	2,275	2,299,615
		14,943,990
<b>Illinois 17.6%</b>		
Chicago Board of Education Illinois, GO, Refunding, CAB, School Reform, Series A (NPFGC), 5.39%, 12/01/22 (b)	7,430	4,072,309
Chicago Park District, GO, Harbor Facilities, Series C, 5.25%, 1/01/40	1,505	1,539,750
City of Chicago Illinois, ARB, General, Third Lien, Series B-2, AMT (NPFGC): 5.25%, 1/01/27	10,000	10,024,300
6.00%, 1/01/27	26,230	26,796,306
City of Chicago Illinois, GO, CAB, City Colleges (NPFGC) (b): 5.57%, 1/01/29	5,000	1,764,100
5.70%, 1/01/33	7,950	2,027,965
City of Chicago Illinois, GO, Refunding, Series B (AGM), 5.00%, 1/01/24	5,000	5,150,400
City of Chicago Illinois, RB, O Hare International Airport, General Third Lien, Series A, 5.75%, 1/01/39	9,000	9,391,860
City of Chicago Illinois, Refunding ARB, O Hare International Airport, General Third Lien, Series C-2, AMT (AGM), 5.25%, 1/01/30	16,400	16,076,920
County of Cook Illinois, GO, Refunding, Series A, 5.25%, 11/15/33	3,700	3,843,079
Illinois Finance Authority, RB, Series A, 5.75%, 8/15/34	8,700	8,568,717
Illinois Finance Authority, Refunding RB, Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39	5,250	5,604,847
Illinois Municipal Electric Agency, RB, Series A (NPFGC): 5.00%, 2/01/35	21,200	21,230,316
5.25%, 2/01/35	15,000	15,178,500
Illinois State Toll Highway Authority, RB, Series B: 5.50%, 1/01/33	4,000	4,130,720
(BHAC), 5.50%, 1/01/33	2,000	2,095,640
Kane, Kendall, Etc. Counties Community College District No. 516 Illinois, GO, CAB, Series E (NPFGC), 5.21%, 12/15/25 (b)	8,750	3,972,150
Metropolitan Pier & Exposition Authority, RB, CAB, McCormick Place Expansion Project, Series A (NPFGC) (b): 5.75%, 6/15/32	14,000	4,062,380
6.00%, 12/15/34	10,000	2,410,200
Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project, Series B (AGM) (b):		

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5.83%, 6/15/27	3,575	1,485,091
6.25%, 6/15/44	9,430	1,180,919
Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28	1,700	1,750,745
Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 6/01/20	1,000	1,229,420
State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34	3,500	3,551,625
		157,138,259

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Indiana 3.1%</b>		
City of Indianapolis Indiana, Refunding RB, Second Lien, Series B (AGC), 5.25%, 8/15/27	\$ 5,000	\$ 5,261,100
Indiana Municipal Power Agency, RB: Series A (NPFGC), 5.00%, 1/01/37	4,750	4,752,042
Series B, 5.75%, 1/01/34	1,050	1,071,546
Series B, 6.00%, 1/01/39	5,000	5,306,650
Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A: 5.75%, 1/01/38	2,900	3,053,555
(AGC), 5.25%, 1/01/29	1,350	1,428,948
(AGC), 5.50%, 1/01/38	6,800	7,111,304
		27,985,145
<b>Iowa 1.5%</b>		
Iowa Finance Authority, RB, Series A (AGC), 5.63%, 8/15/37	12,650	13,083,389
<b>Kentucky 1.6%</b>		
Kentucky State Property & Buildings Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/28	4,000	4,270,640
Louisville & Jefferson County Metropolitan Sewer District Kentucky, RB, Series A (NPFGC), 5.25%, 5/15/37	10,000	10,256,600
		14,527,240
<b>Louisiana 0.8%</b>		
New Orleans Aviation Board Louisiana, RB, New Orleans Aviation, Series A, AMT (AGM), 5.25%, 1/01/32	6,855	6,902,985
<b>Massachusetts 4.6%</b>		
Massachusetts HFA, RB: S/F Housing, Series 128, AMT (AGM), 4.88%, 12/01/38 (d)	8,460	8,096,305
Series B, 7.00%, 12/01/38	3,440	3,782,658
Massachusetts HFA, Refunding RB: Housing Development, Series B (NPFGC), 5.40%, 12/01/28	1,835	1,834,963
Rental Housing, Series A, AMT (AGM), 5.15%, 7/01/26	15,490	15,601,993
Series C, AMT, 5.35%, 12/01/42	3,100	3,017,106
Massachusetts Port Authority, Refunding RB, BOSFUEL Project, AMT (NPFGC), 5.00%, 7/01/38	9,925	9,037,506
		41,370,531
<b>Michigan 9.1%</b>		
City of Detroit Michigan, RB, Series B (AGM): Second Lien, 6.25%, 7/01/36	1,075	1,170,761
Second Lien, 7.00%, 7/01/36	500	573,885
Senior Lien, 7.50%, 7/01/33	1,800	2,122,254
City of Detroit Michigan, Refunding RB: Senior Lien, Series C-1 (AGM), 7.00%, 7/01/27	1,500	1,761,705
Senior Lien, Series D (AGM), 5.00%, 7/01/23	9,085	9,187,297

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Series C (NPFGC), 5.00%, 7/01/22	4,540	4,602,697
Series D (NPFGC), 5.00%, 7/01/33	5,000	4,732,300
Kalamazoo Hospital Finance Authority, RB, Bronson		
Methodist Hospital (AGM), 5.25%, 5/15/36	1,160	1,165,580
Lansing Board of Water & Light Utilities, RB, Series A, 5.50%, 7/01/41	3,185	3,374,699
Michigan State Building Authority, Refunding RB, Facilities Program:		
Series I, 6.25%, 10/15/38	3,125	3,339,281
Series I (AGC), 5.25%, 10/15/24	1,750	1,898,908
Series I (AGC), 5.25%, 10/15/25	3,250	3,501,550
Series I-A, 5.38%, 10/15/36	3,075	3,097,570
Series I-A, 5.38%, 10/15/41	1,900	1,913,946
Series II-A (AGM), 5.25%, 10/15/36	8,040	8,108,903

See Notes to Financial Statements.

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## Schedule of Investments (continued)

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan (concluded)</b>		
Michigan State HDA, RB, Series C, AMT, 5.50%, 12/01/28	\$ 2,900	\$ 2,911,861
Michigan Strategic Fund, Refunding RB, Detroit Edison Co. Project, Series A, AMT (Syncora), 5.50%, 6/01/30	5,000	4,919,000
State of Michigan, RB, GAB (AGM):		
5.25%, 9/15/22	10,000	10,907,700
5.25%, 9/15/26	6,650	7,052,990
Wayne County Airport Authority, Refunding RB, AMT (AGC), 5.38%, 12/01/32	5,000	4,860,500
		81,203,387
<b>Minnesota 0.7%</b>		
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38	5,500	5,991,590
<b>Missouri 0.0%</b>		
Missouri Housing Development Commission, RB, S/F Homeowner Loan, Series C-1, AMT (Ginnie Mae), 7.15%, 3/01/32	55	56,598
<b>Nevada 4.0%</b>		
City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34	2,250	2,442,443
County of Clark Nevada, RB:		
Las Vegas-McCarran International Airport, Series A (AGC), 5.25%, 7/01/39	5,170	5,197,711
Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/30	20,000	20,096,200
Las Vegas Convention & Visitors Authority, RB (AMBAC), 5.00%, 7/01/37	8,500	7,994,335
		35,730,689
<b>New Jersey 5.0%</b>		
New Jersey EDA, RB, Cigarette Tax, 5.75%, 6/15/34	4,000	3,818,760
New Jersey EDA, Refunding RB, School Facilities Construction, Series N-1: (AMBAC), 5.50%, 9/01/24	10,000	11,032,800
(NPFGC), 5.50%, 9/01/28	1,685	1,835,841
New Jersey Higher Education Student Assistance Authority, RB, Series 1, AMT:		
5.50%, 12/01/25	1,250	1,284,638
5.50%, 12/01/26	1,800	1,835,406
5.75%, 12/01/28	200	204,836
5.88%, 12/01/33	6,475	6,556,973
New Jersey Transportation Trust Fund Authority, RB, Transportation System:		
CAB, Series C (AGC), 5.72%, 12/15/25 (b)	15,735	7,093,181
Series A, 5.25%, 6/15/30	6,150	6,394,770
Series A (NPFGC), 5.75%, 6/15/25	4,250	4,821,965
		44,879,170
<b>New York 2.5%</b>		
City of New York New York, GO, Series J, 5.25%, 5/15/24	10,000	10,773,400

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New York City Transitional Finance Authority, RB, Fiscal 2009, Series S-4, 5.50%, 1/15/34	7,250	7,752,425
New York State Dormitory Authority, ERB, Series B, 5.25%, 3/15/38	3,250	3,409,997
		21,935,822
<b>North Carolina 0.6%</b>		
North Carolina Medical Care Commission, RB, Novant Health Obligation, Series A, 4.75%, 11/01/43	6,175	5,249,182
<b>Municipal Bonds</b>	<b>Par (000)</b>	<b>Value</b>
<b>Ohio 0.7%</b>		
County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37	\$ 3,000	\$ 3,335,400
Ohio Higher Educational Facility Commission, Refunding RB, Summa Health System, 2010 Project (AGC), 5.25%, 11/15/40	2,450	2,407,003
		5,742,403
<b>Pennsylvania 2.9%</b>		
Pennsylvania Turnpike Commission, RB: Series A (AMBAC), 5.50%, 12/01/31	15,600	16,241,940
Sub-Series C (AGC), 6.25%, 6/01/38	5,695	6,298,613
Subordinate, Special Motor License Fund, 6.00%, 12/01/36	2,575	2,868,756
		25,409,309
<b>Puerto Rico 2.3%</b>		
Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities, Series M-3 (NPFGC):		
6.00%, 7/01/27	3,720	3,924,116
6.00%, 7/01/28	2,750	2,897,620
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.38%, 8/01/39	10,195	10,936,788
Puerto Rico Sales Tax Financing Corp., Refunding RB: CAB, Series A (NPFGC), 5.69%, 8/01/41 (b)	7,500	1,070,325
First Sub-Series C, 6.00%, 8/01/39	1,180	1,238,540
		20,067,389
<b>South Carolina 0.6%</b>		
Charleston Educational Excellence Finance Corp., RB, Charleston County School (AGC), 5.25%, 12/01/30	1,160	1,205,925
South Carolina Jobs-EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39	3,600	3,750,408
South Carolina State Housing Finance & Development Authority, Refunding RB, Series A-2, AMT (AGM), 6.35%, 7/01/19	340	344,940
		5,301,273
<b>Tennessee 0.2%</b>		
Tennessee Housing Development Agency, Refunding RB, Homeownership Program, Series A, AMT (AGM), 5.35%, 1/01/26	1,415	1,415,354
<b>Texas 14.2%</b>		
City of Houston Texas, RB, Combined, First Lien, Series A (AGM), 5.00%, 11/15/36	10,000	10,139,400
City of Houston Texas, Refunding RB, Combined, First Lien, Series A (AGC):		
6.00%, 11/15/35	5,700	6,343,530
5.38%, 11/15/38	3,650	3,840,603
Dallas-Fort Worth International Airport Facilities Improvement Corp., Refunding RB, Joint Series A, AMT (NPFGC), 5.63%, 11/01/26	15,000	15,037,200



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Dallas ISD, GO, School Building (PSF-GTD), 6.38%, 2/15/34	10,000	11,726,200
Grand Prairie ISD Texas, GO, Refunding, CAB, 6.59%, 8/15/28 (b)	10,000	3,688,100
Harris County Hospital District, RB, Senior Lien, Series A (NPFGC), 5.25%, 2/15/37	6,500	6,552,650
Harris County-Houston Sports Authority, Refunding RB, Senior Lien, Series G (NPFGC), 5.25%, 11/15/30	5,000	4,412,400
Judson ISD Texas, GO, School Building (AGC), 5.00%, 2/01/37	10,000	10,134,300
North Texas Tollway Authority, Refunding RB, First Tier: Series A, 6.00%, 1/01/28	6,275	6,764,575
System, Series A (NPFGC), 5.13%, 1/01/28	21,750	22,208,055
System, Series B (NPFGC), 5.75%, 1/01/40	10,000	10,074,100

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Texas (concluded)</b>		
Texas Department of Housing & Community Affairs, MRB, Series A, AMT (NPFGC), 5.45%, 9/01/23	\$ 3,880	\$ 3,899,206
Texas State Turnpike Authority, RB, First Tier, Series A (AMBAC):		
5.50%, 8/15/39	5,500	5,460,950
5.00%, 8/15/42	6,900	6,312,534
		126,593,803
<b>Utah 2.0%</b>		
Utah Transit Authority, Refunding RB, CAB, Sub-Series A (b):		
(AGC), 5.42%, 6/15/20	15,395	10,574,826
(NPFGC), 5.22%, 6/15/24	13,930	7,516,210
		18,091,036
<b>Vermont 0.3%</b>		
Vermont HFA, HRB, Series 12B, AMT (AGM), 6.30%, 11/01/19	275	280,715
Vermont HFA, Refunding RB, Multiple Purpose, Series C, AMT (AGM), 5.50%, 11/01/38	2,385	2,431,865
		2,712,580
<b>Washington 3.2%</b>		
Chelan County Public Utility District No. 1, RB, Chelan Hydro System, Series A, AMT (AMBAC), 5.45%, 7/01/37	3,030	3,030,667
Radford Court Properties Washington, RB (NPFGC), 5.75%, 6/01/32	10,000	10,004,400
Washington Health Care Facilities Authority, RB, Series A: Providence Health & Services, 5.00%, 10/01/39	1,125	1,109,857
Providence Health & Services, 5.25%, 10/01/39	2,725	2,755,057
Providence Health System (NPFGC), 5.25%, 10/01/21	5,575	5,623,335
Washington Health Care Facilities Authority, Refunding RB, Catholic Health Initiatives, Series D, 6.38%, 10/01/36	5,400	5,835,672
		28,358,988
<b>Wisconsin 1.2%</b>		
Wisconsin Health & Educational Facilities Authority, RB: Ascension Health Senior Credit Group, 5.00%, 11/15/33	3,745	3,780,166
Froedtert & Community Health, Inc., 5.25%, 4/01/39	3,500	3,512,880
SynergyHealth, Inc., 6.00%, 11/15/32	3,395	3,449,320
		10,742,366
<b>Total Municipal Bonds 115.6%</b>		<b>1,029,789,727</b>
<b>Municipal Bonds Transferred to Tender Option Bond Trusts (e)</b>		
<b>Arizona 1.2%</b>	10,000	10,635,400

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Arizona School Facilities Board, COP (AGC),

5.13%, 9/01/21

**California 12.4%**

Alameda County Joint Powers Authority, Refunding RB,

Lease (AGM), 5.00%, 12/01/34

6,990

7,038,580

California State University, RB (AGM):

5.00%, 11/01/37

18,435

18,247,274

Systemwide, Series A, 5.00%, 11/01/33

7,996

8,045,964

City of Riverside California, RB, Issue D (AGM),

5.00%, 10/01/38

20,000

19,822,400

**Municipal Bonds Transferred to**

**Tender Option Bond Trusts (e)**

**Par  
(000)**

**Value**

**California (concluded)**

Foothill-De Anza Community College District, GO,

Election of 1999, Series C (NPFGC), 5.00%, 8/01/36

\$ 7,500

\$ 7,570,350

Las Virgenes Unified School District California, GO,

Series A (AGM), 5.00%, 8/01/31

10,000

10,119,157

Los Angeles Community College District, GO, Election of

2008, Series A, 6.00%, 8/01/33

5,248

5,846,460

Orange County Sanitation District, COP, Series B (AGM),

5.00%, 2/01/37

10,780

10,987,623

San Diego Community College District California, GO,

Election of 2002, 5.25%, 8/01/33

1,047

1,102,813

San Diego County Water Authority, COP, Refunding,

Series 2008-A (AGM), 5.00%, 5/01/33

9,370

9,568,457

San Francisco Bay Area Rapid Transit District, RB (AGM),

5.00%, 7/01/36

10,000

10,091,543

University of California, RB, Series O, 5.75%, 5/15/34

2,205

2,384,355

110,824,976

**Colorado 0.3%**

Colorado Health Facilities Authority, Refunding RB,

Catholic Healthcare, Series A, 5.50%, 7/01/34

2,469

2,547,569

**Connecticut 0.6%**

Connecticut State Health & Educational Facility

Authority, RB, Yale University, Series T-1,

4.70%, 7/01/29

5,010

5,274,127

**District of Columbia 0.9%**

District of Columbia, RB, Series A, 5.50%, 12/01/30

2,595

2,893,866

District of Columbia Water & Sewer Authority, RB,

Series A, 6.00%, 10/01/35

4,281

4,909,817

7,803,683

**Florida 3.6%**

City of Tallahassee, RB, 5.00%, 10/01/32

3,300

3,352,305

Florida State Board of Education, GO, Series D,

5.00%, 6/01/37

3,299

3,388,688

Highlands County Health Facilities Authority, RB,

Series C, 5.25%, 11/15/36

5,400

5,399,568

Miami-Dade County, RB, 5.00%, 7/01/31

19,800

20,092,248

32,232,809

**Georgia 1.1%**

Metropolitan Atlanta Rapid Transit Authority, RB, Third

Indenture, Series B (AGM), 5.00%, 7/01/37

10,000

10,004,700

**Hawaii 1.1%**

Honolulu City & County Board of Water Supply, RB,

Series A (NPFGC), 5.00%, 7/01/33

9,830

9,987,083

**Illinois 2.5%**

City of Chicago, GO, Refunding, Series A (AGC),

5.25%, 1/01/24

11,000

11,436,700

Illinois Finance Authority, RB, University of Chicago,

Series B, 6.25%, 7/01/38

10,000

11,232,700

22,669,400

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<b>Kentucky 0.7%</b>		
Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27	5,985	6,422,916
<b>Louisiana 1.1%</b>		
State of Louisiana, RB, Series A (AGM), 5.00%, 5/01/36	10,000	10,108,800
<b>Nevada 0.7%</b>		
Clark County Water Reclamation District, GO, Series B: 5.50%, 7/01/29	510	554,107
5.75%, 7/01/34	4,813	5,274,296
		5,828,403

See Notes to Financial Statements.

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## Schedule of Investments (continued)

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

Municipal Bonds Transferred to Tender Option Bond Trusts (e)	Par (000)	Value
<b>New Jersey 1.4%</b>		
Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28	\$ 10,000	\$ 11,994,200
<b>New York 4.8%</b>		
New York City Municipal Water Finance Authority, RB, Series DD, 5.00%, 6/15/37	17,567	17,955,934
Port Authority of New York & New Jersey, RB, Consolidated, 155th Series, AMT (AGM), 5.13%, 7/15/30	19,500	19,888,440
Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34	4,500	4,741,920
		42,586,294
<b>North Carolina 1.1%</b>		
North Carolina HFA, RB, Series 31-A, AMT, 5.25%, 7/01/38	9,946	9,748,821
<b>Ohio 0.7%</b>		
Montgomery County, RB (AGM), 5.00%, 10/01/41	4,990	4,806,717
State of Ohio, RB, Cleveland Clinic Health, Series B, 5.50%, 1/01/34	1,520	1,584,752
		6,391,469
<b>South Carolina 0.5%</b>		
South Carolina State Housing Finance & Development Authority, Refunding RB, Series B-1, 5.55%, 7/01/39	4,658	4,774,231
<b>Texas 4.3%</b>		
Friendswood ISD Texas, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/37	12,955	13,303,751
Houston ISD, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/33	10,000	10,391,800
North East ISD, GO, 5.00%, 8/01/37	3,500	3,609,760
Texas State University Systems, Refunding RB, 5.25%, 3/15/26	10,000	10,823,800
		38,129,111
<b>Virginia 0.5%</b>		
University of Virginia, Refunding RB, General, 5.00%, 6/01/40	3,950	4,100,258
<b>Washington 6.1%</b>		
Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/34	16,770	17,467,129
County of King Washington, RB (AGM), 5.00%, 1/01/37	15,785	16,124,953
Port of Seattle Washington, Refunding RB, Series B, AMT (NPFGC), 5.20%, 7/01/29	20,565	20,649,946
		54,242,028
<b>Wisconsin 1.7%</b>		
State of Wisconsin, RB, 6.00%, 5/01/36	10,000	10,890,100
Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., 5.25%, 4/01/39	3,959	3,973,696
		14,863,796
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 47.3%</b>		421,170,074
		1,450,959,801

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**Total Long-Term Investments**  
(Cost \$1,430,222,077) 162.9%

<b>Short-Term Securities</b>	<b>Shares</b>	<b>Value</b>
FBI Institutional Tax-Exempt Fund, 0.01% (f)(g)	4,703,282	\$ 4,703,282
<b>Total Short-Term Securities</b>		
(Cost \$4,703,282) 0.5%		4,703,282
<b>Total Investments (Cost \$1,434,925,359*) 163.4%</b>		<b>1,455,663,083</b>
<b>Other Assets Less Liabilities 0.9%</b>		<b>8,341,777</b>
<b>Liability for TOB Trust Certificates, Including</b>		
<b>Interest Expense and Fees Payable (24.3)%</b>		<b>(216,619,671)</b>
<b>VRDP Shares, at Liquidation Value (40.0)%</b>		<b>(356,400,000)</b>
<b>Net Assets Applicable to Common Shares 100.0%</b>		<b>\$ 890,985,189</b>

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

Aggregate cost	\$ 1,221,272,654
Gross unrealized appreciation	\$ 35,480,831
Gross unrealized depreciation	(17,593,799)
Net unrealized appreciation	\$ 17,887,032

- (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) 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:

<b>Counterparty</b>	<b>Value</b>	<b>Unrealized Appreciation</b>
Barclays Capital, Inc.	\$ 2,369,782	\$ 6,256

- (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 year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

<b>Affiliate</b>	<b>Shares Held at July 31, 2010</b>	<b>Net Activity</b>	<b>Shares Held at July 31, 2011</b>	<b>Income</b>
FBI Institutional Tax-Exempt Fund	11,426,470	(6,723,188)	4,703,282	\$ 18,502

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

Financial futures contracts sold as of July 31, 2011 were as follows:

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<b>Contracts</b>	<b>Issue</b>	<b>Exchange</b>	<b>Expiration</b>	<b>Notional Value</b>	<b>Unrealized Depreciation</b>
465	10-Year US Treasury Note	Chicago Board of Trade	September 2011	\$ 57,012,476	\$ (1,432,212)

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes 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 and derivative financial instruments)

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of July 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

Valuation Inputs	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Long-Term Investments <sup>1</sup>		\$ 1,450,959,801		\$ 1,450,959,801
Short-Term Securities	\$ 4,703,282			4,703,282
<b>Total</b>	\$ 4,703,282	\$ 1,450,959,801		\$ 1,455,663,083

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

Valuation Inputs	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments <sup>2</sup>				
<b>Liabilities:</b>				
Interest rate contracts	\$ (1,432,212)			\$ (1,432,212)

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

See Notes to Financial Statements.



## Statements of Assets and Liabilities

		<b>BlackRock MuniHoldings Quality Fund II, Inc. (MUE)</b>	<b>BlackRock MuniYield California Quality Fund, Inc. (MCA)</b>	<b>BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)</b>	<b>BlackRock MuniYield New York Quality Fund, Inc. (MYN)</b>	<b>BlackRock MuniYield Quality Fund III, Inc. (MYI)</b>
<b>July 31, 2011</b>						
<b>Assets</b>						
Investments at value	unaffiliated	\$ 476,481,772	\$ 823,047,869	\$ 254,277,701	\$ 839,348,996	\$ 1,450,959,801
Investments at value	affiliated	13,223,965	15,276,406	3,018,268	14,521,616	4,703,282
Cash pledged as collateral for financial futures contracts		140,000		94,000	350,400	726,000
Interest receivable		5,128,946	12,098,422	2,982,452	9,486,391	16,900,896
Investments sold receivable		612,706			565,903	4,285,131
Deferred offering costs			575,752	321,969	839,124	1,248,487
TOB trust receivable						14,900,000
Income receivable	affiliated		335		363	610
Prepaid expenses		21,645	38,194	72,571	196,589	50,376
Other assets			92,598		100,206	168,169
<b>Total assets</b>		<b>495,609,034</b>	<b>851,129,576</b>	<b>260,766,961</b>	<b>865,409,588</b>	<b>1,493,942,752</b>
<b>Accrued Liabilities</b>						
Bank overdraft				59,807	85,668	31,341
Investments purchased payable		6,931,116	10,200,100		5,054,469	23,576,059
Income dividends payable	Common Shares	1,649,096	2,525,548	844,210	2,801,198	4,862,265
Investment advisory fees payable		209,747	354,321	109,918	362,003	611,951
Margin variation payable		105,688		57,093	301,125	552,188
Interest expense and fees payable		38,180	126,805	23,686	46,598	116,274
Officers and Directors fees payable		1,723	91,413	780	105,015	6,052
Offering costs payable			79,899	41,893	118,865	171,028
Other accrued expenses payable		132,402	31,382	23,247	161,604	127,008
<b>Total accrued liabilities</b>		<b>9,067,952</b>	<b>13,409,468</b>	<b>1,160,634</b>	<b>9,036,545</b>	<b>30,054,166</b>
<b>Other Liabilities</b>						
TOB trust certificates		62,182,934	179,422,414	9,030,000	78,614,804	216,503,397
VRDP Shares, at liquidation value of \$100,000 per share <sup>3,4</sup>			166,500,000	87,300,000	247,700,000	356,400,000
<b>Total other liabilities</b>		<b>62,182,934</b>	<b>345,922,414</b>	<b>96,330,000</b>	<b>326,314,804</b>	<b>572,903,397</b>
<b>Total Liabilities</b>		<b>71,250,886</b>	<b>359,331,882</b>	<b>97,490,634</b>	<b>335,351,349</b>	<b>602,957,563</b>
<b>AMPS at Redemption Value</b>						
\$25,000 per share liquidation preference, plus unpaid dividends <sup>3,4</sup>		131,001,852				
<b>Net Assets Applicable to Common Shareholders</b>		<b>\$ 293,356,296</b>	<b>\$ 491,797,694</b>	<b>\$ 163,276,327</b>	<b>\$ 530,058,239</b>	<b>\$ 890,985,189</b>
<b>Net Assets Applicable to Common Shareholders Consist of</b>						
Paid-in capital <sup>5</sup>		\$ 299,158,414	\$ 495,191,219	\$ 163,252,096	\$ 550,701,852	\$ 950,762,143
Undistributed net investment income		5,432,633	7,842,146	2,555,428	9,225,192	15,431,895
Accumulated net realized loss		(20,754,691)	(19,943,704)	(3,330,241)	(36,012,358)	(94,514,361)
Net unrealized appreciation/depreciation		9,519,940	8,708,033	799,044	6,143,553	19,305,512
<b>Net Assets Applicable to Common Shareholders</b>		<b>\$ 293,356,296</b>	<b>\$ 491,797,694</b>	<b>\$ 163,276,327</b>	<b>\$ 530,058,239</b>	<b>\$ 890,985,189</b>
Net asset value per Common Share		\$ 13.07	\$ 14.31	\$ 13.53	\$ 13.44	\$ 13.19

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<sup>1</sup> Investments at cost unaffiliated	\$ 466,687,710	\$ 814,343,410	\$ 253,300,016	\$ 832,686,181	\$ 1,430,222,077
<sup>2</sup> Investments at cost affiliated	\$ 13,223,965	\$ 15,276,406	\$ 3,018,268	\$ 14,521,616	\$ 4,703,282
<sup>3</sup> AMPS/VRDP Shares outstanding, par value \$0.10 per share	5,240	1,665	873	2,477	3,564
<sup>4</sup> AMPS/VRDP Shares authorized	8,180	12,665	4,833	14,637	26,364
<sup>5</sup> Common Shares outstanding, 200 million shares authorized, \$0.10 par value	22,436,683	34,361,200	12,069,721	39,453,493	67,531,463

See Notes to Financial Statements.

## Statements of Operations

Year Ended July 31, 2011	BlackRock MuniHoldings Quality Fund II, Inc. (MUE)	BlackRock MuniYield California Quality Fund, Inc. (MCA)	BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)	BlackRock MuniYield New York Quality Fund, Inc. (MYN)	BlackRock MuniYield Quality Fund III, Inc. (MYI)
<b>Investment Income</b>					
Interest	\$ 23,523,295	\$ 38,486,408	\$ 12,491,549	\$ 41,269,087	\$ 71,899,167
Income affiliated	18,387	11,579		7,739	31,375
Total income	23,541,682	38,497,987	12,491,549	41,276,826	71,930,542
<b>Expenses</b>					
Investment advisory	2,648,071	4,144,221	1,283,746	4,244,267	7,135,718
Liquidity fees		543,045	266,815	807,882	1,089,265
Remarketing fees on Preferred Shares	196,976	241,560	122,449	357,332	525,553
Professional	183,272	262,401	83,170	163,759	457,952
Accounting services	72,218	103,028	35,391	98,488	139,494
Transfer agent	50,107	71,148	47,771	78,945	121,296
Officer and Directors	31,408	60,531	18,079	71,575	112,175
Custodian	27,216	34,546	16,278	40,465	58,531
Printing	23,056	23,980	11,455	34,458	56,531
Registration	9,736	12,127	9,519	13,903	24,324
Miscellaneous	68,251	91,752	69,348	90,891	124,208
Total expenses excluding interest expense, fees and amortization of offering costs	3,310,311	5,588,339	1,964,021	6,001,965	9,845,047
Interest expense, fees and amortization of offering costs <sup>1</sup>	446,054	1,628,775	158,240	995,444	1,785,377
Total expenses	3,756,365	7,217,114	2,122,261	6,997,409	11,630,424
Less fees waived by advisor	(210,922)	(27,494)	(15,558)	(22,551)	(6,789)
Total expenses after fees waived	3,545,443	7,189,620	2,106,703	6,974,858	11,623,635
Net investment income	19,996,239	31,308,367	10,384,846	34,301,968	60,306,907
<b>Realized and Unrealized Gain (Loss)</b>					
Net realized gain (loss) from:					
Investments	(4,633,291)	(2,704,315)	498,202	(5,246,110)	(4,990,012)
Financial futures contracts	(778,680)	(1,908,563)	(507,035)	(1,784,553)	(3,839,962)
	(5,411,971)	(4,612,878)	(8,833)	(7,030,663)	(8,829,974)
Net change in unrealized appreciation/depreciation on:					
Investments	(5,140,852)	(8,280,699)	(2,961,119)	(10,074,508)	(22,027,085)
Financial futures contracts	(274,122)	89,999	(178,641)	(378,083)	(1,032,899)
	(5,414,974)	(8,190,700)	(3,139,760)	(10,452,591)	(23,059,984)
Total realized and unrealized loss	(10,826,945)	(12,803,578)	(3,148,593)	(17,483,254)	(31,889,958)
<b>Dividends to AMPS Shareholders From</b>					
Net investment income	(479,559)	(767,289)	(376,980)	(1,105,803)	(1,979,653)
<b>Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations</b>	<b>\$ 8,689,735</b>	<b>\$ 17,737,500</b>	<b>\$ 6,859,273</b>	<b>\$ 15,712,911</b>	<b>\$ 26,437,296</b>

<sup>1</sup> Related to TOBs and/or VRDP Shares.

See Notes to Financial Statements.

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## Statements of Changes in Net Assets

Increase (Decrease) in Net Assets Applicable to Common Shareholders:	BlackRock MuniHoldings Quality Fund II, Inc. (MUE) Year Ended July 31,		BlackRock MuniYield California Quality Fund, Inc. (MCA) Year Ended July 31,	
	2011	2010	2011	2010
<b>Operations</b>				
Net investment income	\$ 19,996,239	\$ 20,469,395	\$ 31,308,367	\$ 29,953,463
Net realized gain (loss)	(5,411,971)	849,064	(4,612,878)	145,823
Net change in unrealized appreciation/depreciation	(5,414,974)	27,313,334	(8,190,700)	39,396,178
Dividends to AMPS Shareholders from net investment income	(479,559)	(546,058)	(767,289)	(982,980)
Net increase in net assets applicable to Common Shareholders resulting from operations	8,689,735	48,085,735	17,737,500	68,512,484
<b>Dividends to Common Shareholders From</b>				
Net investment income	(19,768,276)	(19,116,579)	(29,808,341)	(26,148,873)
<b>Capital Share Transactions</b>				
Reinvestment of common dividends	767,545	355,807		
<b>Net Assets Applicable to Common Shareholders</b>				
Total increase (decrease) in net assets applicable to Common Shareholders	(10,310,996)	29,324,963	(12,070,841)	42,363,611
Beginning of year	303,667,292	274,342,329	503,868,535	461,504,924
End of year	\$ 293,356,296	\$ 303,667,292	\$ 491,797,694	\$ 503,868,535
Undistributed net investment income	\$ 5,432,633	\$ 5,775,447	\$ 7,842,146	\$ 7,131,653

Increase (Decrease) in Net Assets Applicable to Common Shareholders:	BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM) Year Ended July 31,		BlackRock MuniYield New York Quality Fund, Inc. (MYN) Year Ended July 31,	
	2011	2010	2011	2010
<b>Operations</b>				
Net investment income	\$ 10,384,846	\$ 11,008,565	\$ 34,301,968	\$ 35,629,645
Net realized gain (loss)	(8,833)	953,727	(7,030,663)	100,524
Net change in unrealized appreciation/depreciation	(3,139,760)	9,751,120	(10,452,591)	42,118,603
Dividends to AMPS Shareholders from net investment income	(376,980)	(458,167)	(1,105,803)	(1,419,084)
Net increase in net assets applicable to Common Shareholders resulting from operations	6,859,273	21,255,245	15,712,911	76,429,688
<b>Dividends to Common Shareholders From</b>				
Net investment income	(10,355,821)	(9,842,858)	(33,574,394)	(27,710,788)
<b>Capital Share Transactions</b>				
Reinvestment of common dividends			107,768	
<b>Net Assets Applicable to Common Shareholders</b>				
Total increase (decrease) in net assets applicable to Common Shareholders	(3,496,548)	11,412,387	(17,753,715)	48,718,900
Beginning of year	166,772,875	155,360,488	547,811,954	499,093,054

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End of year	\$	163,276,327	\$	166,772,875	\$	530,058,239	\$	547,811,954
Undistributed net investment income	\$	2,555,428	\$	2,891,775	\$	9,225,191	\$	9,642,252

See Notes to Financial Statements.

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## Statements of Changes in Net Assets

	<b>BlackRock MuniYield Quality Fund III, Inc. (MYI) Year Ended July 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Increase (Decrease) in Net Assets Applicable to Common Shareholders:</b>		
<b>Operations</b>		
Net investment income	\$ 60,306,907	\$ 60,126,026
Net realized loss	(8,829,974)	(16,592)
Net change in unrealized appreciation/depreciation	(23,059,984)	87,963,066
Dividends to AMPS Shareholders from net investment income	(1,979,653)	(2,350,328)
Net increase in net assets applicable to Common Shareholders resulting from operations	26,437,296	145,722,172
<b>Dividends to Common Shareholders From</b>		
Net investment income	(58,264,384)	(51,624,188)
<b>Capital Share Transactions</b>		
Reinvestment of common dividends	2,578,449	514,005
<b>Net Assets Applicable to Common Shareholders</b>		
Total increase (decrease) in net assets applicable to Common Shareholders	(29,248,639)	94,611,989
Beginning of year	920,233,828	825,621,839
End of year	\$ 890,985,189	\$ 920,233,828
Undistributed net investment income	\$ 15,431,895	\$ 15,893,163

See Notes to Financial Statements.

## Statements of Cash Flows

	BlackRock MuniHoldings Quality Fund II, Inc. (MUE)	BlackRock MuniYield California Quality Fund, Inc. (MCA)	BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)	BlackRock MuniYield New York Quality Fund, Inc. (MYN)	BlackRock MuniYield Quality Fund III, Inc. (MYI)
<b>Year Ended July 31, 2011</b>					
<b>Cash Provided by Operating Activities</b>					
Net increase in net assets resulting from operations, excluding dividends to AMPS Shareholders	\$ 9,169,294	\$ 18,504,789	\$ 7,236,253	\$ 16,818,714	\$ 28,416,949
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:					
(Increase) decrease in interest receivable	49,217	(1,897,710)	7,518	312,753	25,977
Increase in income receivable affiliated		(37)		(41)	(72)
(Increase) decrease in prepaid expenses	(3,884)	(5,326)	(62,932)	(166,373)	1,734
(Increase) decrease in cash pledged as collateral for financial futures contracts	(140,000)	72,000	(94,000)	(190,400)	(437,400)
Increase in other assets		(11,149)		(12,267)	(20,970)
Increase (decrease) in investment advisory fees payable	2,424	4,637	(4,802)	(18,117)	(28,907)
Increase (decrease) in interest expense and fees payable	(6,535)	36,012	18,494	(6,891)	(325)
Decrease in other affiliates payable	(3,036)	(4,888)	(1,652)	(5,496)	(9,190)
Increase (decrease) in other accrued expenses payable	51,981	(72,142)	(16,690)	23,936	(36,073)
Increase (decrease) in margin variation payable	105,688	(30,188)	57,093	222,062	419,218
Increase (decrease) in Officers and Directors fees payable	1,206	8,180	225	14,859	(143,489)
Net realized and unrealized loss on investments	9,774,143	10,996,163	2,462,917	15,332,885	27,038,067
Amortization of premium and accretion of discount on investments	1,154,597	2,887,466	205,136	1,399,087	(1,254,730)
Proceeds from sales of long-term investments	110,894,106	213,407,539	43,940,440	157,048,429	174,785,422
Purchases of long-term investments	(115,299,884)	(245,022,845)	(45,306,190)	(149,230,774)	(182,685,050)
Net proceeds from sales (purchases) of short-term securities	4,242,885	23,773,533	2,586,751	(6,347,309)	6,723,188
Cash provided by operating activities	19,992,202	22,646,034	11,028,561	35,195,057	52,794,349
<b>Cash Used for Financing Activities</b>					
Cash receipts from issuance of VRDP Shares		166,500,000	87,300,000	247,700,000	356,400,000
Cash payments on redemption of AMPS		(166,525,000)	(87,350,000)	(247,700,000)	(356,450,000)
Cash receipts from TOB trust certificates		27,909,993			6,100,000
Cash payments for TOB trust certificates	(510,000)	(19,625,000)			(159,824)
Cash dividends paid to Common Shareholders	(18,996,490)	(29,619,355)	(10,374,596)	(33,426,645)	(55,604,883)
Cash dividends paid to AMPS Shareholders	(484,132)	(790,819)	(383,696)	(1,133,564)	(2,033,524)
Increase in deferred offering costs		(575,752)	(321,969)	(839,124)	(1,248,487)
Increase in offering costs payable		79,899	41,893	118,865	171,028
Increase (decrease) in bank overdraft	(1,580)		59,807	85,411	31,341
Cash used for financing activities	(19,992,202)	(22,646,034)	(11,028,561)	(35,195,057)	(52,794,349)
<b>Cash</b>					
Net change in cash					
Cash at beginning of year					



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Cash at end of year

**Cash Flow Information**

Cash paid during the year for interest and fees	\$	452,589	\$	1,475,200	\$	95,116	\$	1,827,105	\$	1,602,066
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**Noncash Financing Activities**

Capital shares issued in reinvestment of dividends  
paid to

Common Shareholders	\$	767,545			\$	107,768	\$	2,578,449
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A Statement of Cash Flows is presented when a Fund has a significant amount of borrowing during the year, 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)

	Year Ended July 31,			Period October 1, 2007 to July 31,	Year Ended September 30,	
	2011	2010	2009	2008	2007	2006
<b>Per Share Operating Performance</b>						
Net asset value, beginning of period	\$ 13.57	\$ 12.27	\$ 12.84	\$ 13.72	\$ 14.15	\$ 14.23
Net investment income <sup>1</sup>	0.89	0.92	0.90	0.78	0.97	0.93
Net realized and unrealized gain (loss)	(0.49)	1.26	(0.71)	(0.91)	(0.45)	0.03
Dividends to AMPS Shareholders from net investment income	(0.02)	(0.02)	(0.12)	(0.25)	(0.33)	(0.29)
Net increase (decrease) from investment operations	0.38	2.16	0.07	(0.38)	0.19	0.67
Dividends to Common Shareholders from net investment income	(0.88)	(0.86)	(0.64)	(0.50)	(0.62)	(0.75)
Net asset value, end of period	\$ 13.07	\$ 13.57	\$ 12.27	\$ 12.84	\$ 13.72	\$ 14.15
Market price, end of period	\$ 12.46	\$ 14.26	\$ 11.40	\$ 11.30	\$ 12.39	\$ 12.96

**Total Investment Return<sup>2</sup>**

Based on net asset value	3.19%	18.04%	1.58%	(2.41) <sup>3</sup> )%	1.73%	5.19%
Based on market price	(6.38)%	33.51%	7.24%	(4.89) <sup>3</sup> )%	0.31%	(1.37)%

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

Total expenses <sup>4</sup>	1.30%	1.28%	1.66%	1.55% <sup>5</sup>	1.61%	1.64%
Total expenses after fees waived and paid indirectly <sup>4</sup>	1.23%	1.15%	1.45%	1.45% <sup>5</sup>	1.54%	1.57%
Total expenses after fees waived and paid indirectly and excluding interest expense and fees <sup>4,6</sup>	1.07%	0.99%	1.04%	1.15% <sup>5</sup>	1.17%	1.16%
Net investment income <sup>4</sup>	6.93%	6.92%	7.61%	6.74% <sup>5</sup>	6.94%	6.70%
Dividends to AMPS Shareholders	0.17%	0.18%	1.03%	2.19% <sup>5</sup>	2.37%	2.10%
Net investment income to Common Shareholders	6.76%	6.74%	6.58%	4.55% <sup>5</sup>	4.57%	4.60%

**Supplemental Data**

Net assets applicable to Common Shareholders, end of period (000)	\$ 293,356	\$ 303,667	\$ 274,342	\$ 286,933	\$ 306,769	\$ 316,216
AMPS outstanding at \$25,000 liquidation preference, end of period (000)	\$ 131,000	\$ 131,000	\$ 131,000	\$ 145,300	\$ 204,500	\$ 204,500
Portfolio turnover	24%	20%	37%	43%	43%	35%
Asset coverage per AMPS at \$25,000 liquidation preference, end of period	\$ 80,983	\$ 82,953	\$ 77,357	\$ 74,376	\$ 62,514	\$ 63,667

<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.

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- <sup>4</sup> Do not reflect the effect of dividends to AMPS 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.

See Notes to Financial Statements.

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## Financial Highlights

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

	Year Ended July 31,			Period November 1, 2007 to July 31, 2008	Year Ended October 31,	
	2011	2010	2009	2007	2006	
<b>Per Share Operating Performance</b>						
Net asset value, beginning of period	\$ 14.66	\$ 13.43	\$ 13.86	\$ 14.63	\$ 15.09	\$ 14.82
Net investment income <sup>1</sup>	0.91	0.87	0.86	0.68	0.92	0.96
Net realized and unrealized gain (loss)	(0.37)	1.15	(0.51)	(0.75)	(0.42)	0.35
Dividends to AMPS Shareholders from net investment income	(0.02)	(0.03)	(0.12)	(0.20)	(0.28)	(0.24)
Net increase (decrease) from investment operations	0.52	1.99	0.23	(0.27)	0.22	1.07
Dividends to Common Shareholders from net investment income	(0.87)	(0.76)	(0.66)	(0.50)	(0.68)	(0.80)
Capital changes with respect to issuance of AMPS						(0.00) <sup>2</sup>
Net asset value, end of period	\$ 14.31	\$ 14.66	\$ 13.43	\$ 13.86	\$ 14.63	\$ 15.09
Market price, end of period	\$ 13.00	\$ 14.02	\$ 12.08	\$ 12.33	\$ 13.16	\$ 14.64

<b>Total Investment Return<sup>3</sup></b>						
Based on net asset value	4.21%	15.69%	3.03%	(1.54)% <sup>4</sup>	1.76%	7.57%
Based on market price	(1.01)%	23.00%	4.17%	(2.63)% <sup>4</sup>	(5.65)%	9.22%

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

Total expenses <sup>5</sup>	1.50%	1.11%	1.40%	1.38% <sup>6</sup>	1.53%	1.60%
Total expenses after fees waived and paid indirectly <sup>5</sup>	1.49%	1.10%	1.38%	1.36% <sup>6</sup>	1.53%	1.59%
Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>5,7</sup>	1.15%	0.95%	1.02%	1.04% <sup>6</sup>	1.03%	1.03%
Net investment income <sup>5</sup>	6.49%	6.10%	6.60%	6.15% <sup>6</sup>	6.22%	6.46%
Dividends to AMPS Shareholders	0.16%	0.20%	0.91%	1.78% <sup>6</sup>	1.87%	1.62%
Net investment income to Common Shareholders	6.33%	5.90%	5.69%	4.37% <sup>6</sup>	4.35%	4.84%

**Supplemental Data**

Net assets applicable to Common Shareholders, end of period (000)	\$ 491,798	\$ 503,869	\$ 461,505	\$ 476,235	\$ 502,855	\$ 518,667
AMPS outstanding at \$25,000 liquidation preference, end of period (000)		\$ 166,525	\$ 166,525	\$ 192,300	\$ 275,000	\$ 275,000
VRDP Shares outstanding at \$100,000 liquidation value, end of period (000)	\$ 166,500					
Portfolio turnover	26%	30%	25%	25%	25%	27%
Asset coverage per AMPS at \$25,000 liquidation preference, end of period		\$ 100,648	\$ 94,289	\$ 86,933	\$ 70,733	\$ 72,170
Asset coverage per VRDP Share at \$100,000 liquidation value, end of period	\$ 395,374					

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

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- <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 AMPS Shareholders.
- <sup>6</sup> Annualized.
- <sup>7</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VRDP Shares. See Note 1 and Note 7 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VRDP Shares, respectively.

See Notes to Financial Statements.

## Financial Highlights

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

	Year Ended July 31,			Period November 1, 2007 to July 31, 2008	Year Ended October 31,	
	2011	2010	2009		2007	2006
<b>Per Share Operating Performance</b>						
Net asset value, beginning of period	\$ 13.82	\$ 12.87	\$ 13.24	\$ 14.13	\$ 14.60	\$ 14.54
Net investment income <sup>1</sup>	0.86	0.91	0.93	0.70	0.97	0.97
Net realized and unrealized gain (loss)	(0.26)	0.90	(0.49)	(0.88)	(0.47)	0.13
Dividends to AMPS Shareholders from net investment income	(0.03)	(0.04)	(0.14)	(0.21)	(0.29)	(0.26)
Net increase (decrease) from investment operations	0.57	1.77	0.30	(0.39)	0.21	0.84
Dividends to Common Shareholders from net investment income	(0.86)	(0.82)	(0.67)	(0.50)	(0.68)	(0.78)
Capital charges with respect to issuance of AMPS						(0.00) <sup>2</sup>
Net asset value, end of period	\$ 13.53	\$ 13.82	\$ 12.87	\$ 13.24	\$ 14.13	\$ 14.60
Market price, end of period	\$ 12.28	\$ 13.67	\$ 11.58	\$ 11.63	\$ 12.61	\$ 13.97
<b>Total Investment Return<sup>3</sup></b>						
Based on net asset value	4.74%	14.62%	3.81%	(2.48)% <sup>4</sup>	1.78%	6.09%
Based on market price	(3.89)%	26.01%	6.34%	(4.01)% <sup>4</sup>	(5.07)%	2.42%
<b>Ratio to Average Net Assets Applicable to Common Shareholders</b>						
Total expenses <sup>5</sup>	1.32%	1.08%	1.28%	1.48% <sup>6</sup>	1.69%	1.65%
Total expenses after fees waived <sup>5</sup>	1.31%	1.07%	1.26%	1.45% <sup>6</sup>	1.68%	1.64%
Total expenses after fees waived and excluding interest expense, fees and amortization of offering costs <sup>5,7</sup>	1.21%	1.03%	1.12%	1.14% <sup>6</sup>	1.14%	1.13%
Net investment income <sup>5</sup>	6.46%	6.74%	7.43%	6.61% <sup>6</sup>	6.77%	6.72%
Dividends to AMPS Shareholders	0.23%	0.28%	1.15%	1.98% <sup>6</sup>	2.05%	1.78%
Net investment income to Common Shareholders	6.23%	6.46%	6.28%	4.63% <sup>6</sup>	4.72%	4.94%
<b>Supplemental Data</b>						
Net assets applicable to Common Shareholders, end of period (000)	\$ 163,276	\$ 166,773	\$ 155,360	\$ 159,759	\$ 170,559	\$ 176,216
AMPS outstanding at \$25,000 liquidation preference, end of period (000)		\$ 87,350	\$ 87,350	\$ 87,350	\$ 99,000	\$ 99,000
VRDP Shares outstanding at \$100,000 liquidation value, end of period (000)	\$ 87,300					
Portfolio turnover	18%	18%	9%	20%	10%	14%
Asset coverage per AMPS at \$25,000 liquidation preference, end of period		\$ 72,733	\$ 69,467	\$ 70,730	\$ 68,076	\$ 69,507
Asset coverage per VRDP Share at \$100,000 liquidation value, end of period	\$ 287,029					

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

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- <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 AMPS Shareholders.
- <sup>6</sup> Annualized.
- <sup>7</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VRDP Shares. See Note 1 and Note 7 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VRDP Shares, respectively.

See Notes to Financial Statements.

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## Financial Highlights

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

	Year Ended July 31,			Period November 1, 2007 to July 31, 2008	Year Ended October 31,	
	2011	2010	2009		2007	2006
<b>Per Share Operating Performance</b>						
Net asset value, beginning of period	\$ 13.89	\$ 12.65	\$ 13.16	\$ 13.94	\$ 14.40	\$ 14.26
Net investment income <sup>1</sup>	0.87	0.90	0.87	0.66	0.84	0.92
Net realized and unrealized gain (loss)	(0.44)	1.08	(0.61)	(0.77)	(0.38)	0.23
Dividends to AMPS Shareholders from net investment income	(0.03)	(0.04)	(0.13)	(0.19)	(0.27)	(0.24)
Net increase (decrease) from investment operations	0.40	1.94	0.13	(0.30)	0.19	0.91
Dividends to Common Shareholders from net investment income	(0.85)	(0.70)	(0.64)	(0.48)	(0.65)	(0.77)
Capital charges with respect to issuance of AMPS						(0.00) <sup>2</sup>
Net asset value, end of period	\$ 13.44	\$ 13.89	\$ 12.65	\$ 13.16	\$ 13.94	\$ 14.40
Market price, end of period	\$ 12.60	\$ 13.57	\$ 11.36	\$ 11.80	\$ 12.80	\$ 14.10
<b>Total Investment Return<sup>3</sup></b>						
Based on net asset value	3.36%	16.15%	2.29%	(1.86)% <sup>4</sup>	1.66%	6.71%
Based on market price	(0.81)%	26.36%	2.44%	(4.16)% <sup>4</sup>	(4.67)%	13.13%
<b>Ratio to Average Net Asset Applicable to Common Shareholders</b>						
Total expenses <sup>5</sup>	1.34%	1.11%	1.34%	1.48% <sup>6</sup>	1.64%	1.56%
Total expenses after fees waived <sup>5</sup>	1.33%	1.10%	1.32%	1.46% <sup>6</sup>	1.63%	1.56%
Total expenses after fees waived and excluding interest expense, fees and amortization of offering costs <sup>5,7</sup>	1.14%	1.00%	1.06%	1.04% <sup>6</sup>	1.04%	1.03%
Net investment income <sup>5</sup>	6.55%	6.69%	7.11%	6.36% <sup>6</sup>	5.96%	6.50%
Dividends to AMPS Shareholders	0.21%	0.27%	1.09%	1.82% <sup>6</sup>	1.88%	1.68%
Net investment income to Common Shareholders	6.34%	6.42%	6.02%	4.54% <sup>6</sup>	4.08%	4.82%
<b>Supplemental Data</b>						
Net assets applicable to Common Shareholders, end of period (000)	\$ 530,058	\$ 547,812	\$ 499,093	\$ 518,912	\$ 549,910	\$ 567,954
AMPS outstanding at \$25,000 liquidation preference, end of period (000)		\$ 247,700	\$ 247,700	\$ 259,475	\$ 304,000	\$ 304,000
VRDP Shares outstanding at \$100,000 liquidation preference, end of period (000)	\$ 247,700					
Portfolio turnover	18%	7%	22%	17%	25%	43%
Asset coverage per AMPS at \$25,000 liquidation preference, end of period		\$ 80,293	\$ 75,376	\$ 75,011	\$ 70,242	\$ 71,725
Asset coverage per VRDP Share at \$100,000 liquidation value, end of period	\$ 313,992					

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



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- <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 AMPS Shareholders.
- <sup>6</sup> Annualized.
- <sup>7</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VRDP shares. See Note 1 and Note 7 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VRDP shares, respectively.

See Notes to Financial Statements.

## Financial Highlights

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

	Year Ended July 31,			Period November 1, 2007 to July 31, 2008	Year Ended October 31,	
	2011	2010	2009	2007	2006	
<b>Per Share Operating Performance</b>						
Net asset value, beginning of period	\$ 13.67	\$ 12.27	\$ 12.86	\$ 14.57	\$ 15.30	\$ 15.27
Net investment income <sup>1</sup>	0.89	0.89	0.87	0.70	1.04	0.98
Net realized and unrealized gain (loss)	(0.48)	1.31	(0.66)	(1.69)	(0.79)	0.46
Dividends and distributions to AMPS Shareholders from:						
Net investment income	(0.03)	(0.03)	(0.12)	(0.22)	(0.31)	(0.25)
Net realized gain						(0.04)
Net increase (decrease) from investment operations	0.38	2.17	0.09	(1.21)	(0.06)	1.15
Dividends and distributions to Common Shareholders from:						
Net investment income	(0.86)	(0.77)	(0.68)	(0.50)	(0.67)	(0.78)
Net realized gain						(0.34)
Total dividends and distributions to Common Shareholders	(0.86)	(0.77)	(0.68)	(0.50)	(0.67)	(1.12)
Net asset value, end of period	\$ 13.19	\$ 13.67	\$ 12.27	\$ 12.86	\$ 14.57	\$ 15.30
Market price, end of period	\$ 12.17	\$ 14.17	\$ 12.12	\$ 12.22	\$ 13.04	\$ 14.36
<b>Total Investment Return<sup>2</sup></b>						
Based on net asset value	3.22%	18.19%	1.70%	(8.22)% <sup>3</sup>	(0.06)%	8.09%
Based on market price	(8.12)%	24.03%	5.72%	(2.55)% <sup>3</sup>	(4.70)%	5.38%
<b>Ratio to Average Net Assets Applicable to Common Shareholders</b>						
Total expenses <sup>4</sup>	1.32%	1.11%	1.46%	1.64% <sup>5</sup>	1.71%	1.67%
Total expenses after fees waived and paid indirectly <sup>4</sup>	1.32%	1.11%	1.45%	1.63% <sup>5</sup>	1.71%	1.67%
Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>4,6</sup>	1.12%	0.97%	1.06%	1.06% <sup>5</sup>	1.03%	1.02%
Net investment income <sup>4</sup>	6.85%	6.73%	7.52%	6.51% <sup>5</sup>	6.94%	6.52%
Dividends to AMPS Shareholders	0.22%	0.26%	1.04%	2.03% <sup>5</sup>	2.06%	1.67%
Net investment income to Common Shareholders	6.63%	6.47%	6.48%	4.48% <sup>5</sup>	4.88%	4.85%
<b>Supplemental Data</b>						
Net assets applicable to Common Shareholders, end of period (000)	\$ 890,985	\$ 920,234	\$ 825,622	\$ 865,447	\$ 980,741	\$ 1,030,048
AMPS outstanding at \$25,000 liquidation preference, end of period (000)		\$ 356,450	\$ 358,625	\$ 377,175	\$ 570,000	\$ 570,000
VRDP Shares outstanding at \$100,000 liquidation value, end of period (000)	\$ 356,400					
Portfolio turnover	12%	13%	30%	70%	117%	95%
Asset coverage per AMPS at \$25,000 liquidation preference, end of period		\$ 89,545	\$ 82,559	\$ 82,381	\$ 68,039	\$ 70,198
Asset coverage per VRDP Share at \$100,000 liquidation value, end of period	\$ 349,996					

- <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 AMPS Shareholders.
- <sup>5</sup> Annualized.
- <sup>6</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VRDP shares. See Note 1 and Note 7 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VRDP shares, respectively.

See Notes to Financial Statements.

## Notes to Financial Statements

### 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 Michigan Quality Fund II, Inc. ( MYM ), formerly BlackRock MuniYield Michigan Insured Fund II, Inc., BlackRock MuniYield New York Quality Fund, Inc. ( MYN ), formerly BlackRock MuniYield New York Insured Fund, Inc. and BlackRock MuniYield Quality Fund III, Inc. ( MYI ), formerly BlackRock MuniYield Insured Fund, Inc., (collectively, the Funds ), 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 NAV of their Common Shares on a daily basis.

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

**Valuation:** US GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. 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. Investments in open-end registered investment companies are valued at net asset value each business day. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value.

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.

**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.

**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 in the Schedules of Investments.

**Municipal Bonds Transferred to TOBs:** 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 bond, a substantial downgrade in credit

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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 year ended July 31, 2011, no TOBs that the Funds participated in were terminated without the consent of the Funds.

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 TOB trust certificates under other liabilities 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

## Notes to Financial Statements (continued)

expenses related to remarketing, administration and trustee services to a TOB are shown as interest expense, fees and amortization of offering costs 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 July 31, 2011, the aggregate value of the underlying municipal bonds transferred to TOBs, the related liability for TOB trust certificates and the range of interest rates on the liability for TOB trust certificates were as follows:

	Underlying Municipal Bonds Transferred to TOBs	Liability for TOB Trust Certificates	Range of Interest Rates	
MUE	\$ 120,131,871	\$ 62,182,934	0.08%	0.22%
MCA	\$ 352,681,488	\$ 179,422,414	0.08%	0.22%
MYM	\$ 17,612,170	\$ 9,030,000	0.11%	0.21%
MYN	\$ 152,028,813	\$ 78,614,804	0.08%	0.22%
MYI	\$ 421,170,074	\$ 216,503,397	0.08%	0.22%

For the year ended July 31, 2011, the Funds' average TOB trust certificates outstanding and the daily weighted average interest rate, including fees, were as follows:

	Average TOB Trust Certificates Outstanding	Daily Weighted Average Interest Rate
MUE	\$ 62,340,516	0.72%
MCA	\$ 180,828,284	0.75%
MYM	\$ 9,030,000	0.66%
MYN	\$ 78,614,804	0.73%
MYI	\$ 196,251,853	0.70%

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 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 to such transactions 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. Dividend income is recorded on the ex-dividend dates. 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 dates. 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 AMPS and VRDP 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.

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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, 2011. The statutes of limitations on each Fund's 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.

**Recent Accounting Standard:** In May 2011, the Financial Accounting Standards Board issued amended guidance to improve disclosure about fair value measurements which will require the following disclosures for fair value measurements categorized as Level 3: quantitative information about the unobservable inputs and assumptions used in the fair value measurement, a description of the valuation policies and procedures and a narrative description of sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, the amounts and reasons for all transfers in and out of Level 1 and Level 2 will be required to be disclosed. The amended guidance is effective for financial statements for fiscal years beginning after December 15, 2011, and interim periods within those fiscal years. Management is evaluating the impact of this guidance on the Funds' financial statements and disclosures.

**Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan:** Under the deferred compensation plan approved by each Fund's Board, independent 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.

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.

