

BLACKROCK MUNIHOLDINGS CALIFORNIA QUALITY FUND, INC.

Form N-Q

June 25, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-08573

Name of Fund: BlackRock MuniHoldings California Quality Fund, Inc. (MUC)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniHoldings 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: 07/31/2014

Date of reporting period: 04/30/2014

Item 1 Schedule of Investments

## Schedule of Investments April 30, 2014 (Unaudited)

BlackRock MuniHoldings California Quality Fund, Inc.  
(MUC)

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Municipal Bonds</b>  |              |              |
| <b>California 113.9%</b>  |              |              |
| <b>Corporate 0.4%</b>   |              |              |
| City of Chula Vista California, Refunding RB, San Diego Gas & Electric, Series A, 5.88%, 2/15/34                                      | \$ 2,435     | \$ 2,793,115 |
| <b>County/City/Special District/School District 32.2%</b>   |              |              |
| Centinela Valley Union High School District, GO, Election of 2010, Series A, 5.75%, 8/01/41   | 9,000        | 10,582,110   |
| City of Garden Grove California, COP, Series A, Financing Project (AMBAC), 5.50%, 3/01/26   | 4,040        | 4,055,231    |
| County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 8/01/35   | 3,500        | 4,055,905    |
| County of Orange California Sanitation District, COP, Series A, 5.00%, 2/01/35  | 2,500        | 2,808,225    |
| County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36             | 2,440        | 2,949,204    |
| County of Ventura California Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/33                               | 5,050        | 5,817,751    |
| County of Ventura California Public Financing Authority, Refunding LRB, Series A, 5.00%, 11/01/43                                     | 4,000        | 4,265,120    |
| Culver City Redevelopment Finance Authority California, Refunding, Tax Allocation Bonds, Series A (AGM), 5.60%, 11/01/25              | 3,750        | 3,762,788    |
| Foothill-De Anza Community College District, GO, Election of 2006, Series C, 5.00%, 8/01/40   | 30,000       | 32,638,500   |
| Garden Grove Unified School District, GO, Election of 2010, Series C, 5.25%, 8/01/40  | 5,500        | 6,116,935    |
| Grossmont Healthcare District, GO, Election of 2006, Series B, 6.13%, 7/15/40   | 2,000        | 2,328,000    |
| Kern Community College District, GO, Safety Repair & Improvements, Series C:<br>5.25%, 11/01/32                                       | 5,715        | 6,552,419    |
| 5.75%, 11/01/34   | 12,075       | 14,418,757   |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>California (continued)</b>   |              |              |
| <b>County/City/Special District/School District (concluded)</b>   |              |              |
| Los Alamitos Unified School District, GO, Refunding, School Facilities Improvement, Series E, 5.25%, 8/01/39                          | \$ 3,700     | \$ 4,127,239 |
| Los Angeles Community Redevelopment Agency California, RB, Bunker Hill Project, Series A (AGM), 5.00%, 12/01/27                       | 7,000        | 7,174,090    |
| Los Rios Community College District, GO, Election of 2008, Series A, 5.00%, 8/01/35   | 11,000       | 12,015,740   |
| Oxnard Union High School District, GO, Refunding, Election of 2004, Series A (AGM), 5.00%, 8/01/35                                    | 10,000       | 10,684,700   |
| Redlands Unified School District California, GO, Election of 2008 (AGM), 5.25%, 7/01/33   | 5,000        | 5,643,750    |
| Riverside Community College District, GO, Election of 2004, Series C (AGM), 5.00%, 8/01/32  | 8,750        | 9,698,412    |
| San Diego Regional Building Authority, RB, County Operations Center & Annex, Series A, 5.50%, 2/01/29                                 | 900          | 1,051,587    |
| San Jose California Financing Authority, LRB, Convention Center Expansion & Renovation Project, Series A:<br>5.75%, 5/01/36           | 2,560        | 2,772,301    |
| 5.75%, 5/01/42  | 4,500        | 5,231,565    |
| San Jose California Financing Authority, Refunding LRB, Convention Center Expansion & Renovation Project, Series A,<br>5.00%, 6/01/39 | 23,300       | 25,262,792   |
| Snowline Joint Unified School District, COP, Refunding, Refining Project (AGC), 5.75%, 9/01/38  | 5,635        | 6,518,906    |
| <b>West Contra Costa California Unified School District, GO:</b>  |              |              |
| Election of 2005, Series A (AGM), 5.00%, 8/01/35  | 5,000        | 5,106,900    |
| Election of 2010, Series A (AGM), 5.25%, 8/01/41  | 5,390        | 5,817,211    |
| Election of 2010, Series B, 5.50%, 8/01/39  | 3,195        | 3,572,873    |
| Election of 2012, Series A, 5.50%, 8/01/39  | 2,500        | 2,797,725    |

207,826,736



## Schedule of Investments (continued)

BlackRock MuniHoldings California Quality Fund, Inc.  
(MUC)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value         |
|--|--------------|---------------|
| <b>Municipal Bonds</b>   |              |               |
| <b>California (continued)</b>  |              |               |
| <b>Education 10.0%</b>   |              |               |
| California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38      | \$ 2,000     | \$ 2,262,060  |
| California Municipal Finance Authority, RB, Emerson College, 6.00%, 1/01/42  | 2,750        | 3,117,785     |
| Gavilan Joint Community College District, GO, Election of 2004, Series D: 5.50%, 8/01/31                           | 2,170        | 2,486,126     |
| 5.75%, 8/01/35   | 8,400        | 9,693,936     |
| University of California, RB, Election of 2004, Series D: Limited Project, Series D (NPFGC), 5.00%, 5/15/41        | 13,000       | 14,146,340    |
| Series L, 5.00%, 5/15/36   | 3,030        | 3,310,790     |
| University of California, Refunding RB: General, Series AI, 5.00%, 5/15/38   | 5,000        | 5,495,550     |
| Limited Project, Series G, 5.00%, 5/15/37  | 22,250       | 24,133,017    |
|  |              | 64,645,604    |
| <b>Health 16.3%</b>  |              |               |
| ABAG Finance Authority for Nonprofit Corps., Refunding RB, Sharp Healthcare: Series A, 6.00%, 8/01/30              | 2,305        | 2,771,762     |
| Series B, 6.25%, 8/01/39   | 6,305        | 7,185,115     |
| California Health Facilities Financing Authority, RB: Children s Hospital, Series A, 5.25%, 11/01/41               | 8,620        | 9,208,746     |
| Kaiser Permanente, Series A, 5.25%, 4/01/39  | 7,275        | 7,470,988     |
| Providence Health Services, Series B, 5.50%, 10/01/39  | 4,130        | 4,737,895     |
| Sutter Health, Series A, 5.25%, 11/15/46   | 7,500        | 7,772,400     |
| Sutter Health, Series B, 6.00%, 8/15/42  | 9,655        | 11,437,120    |
| California Health Facilities Financing Authority, Refunding RB: Catholic Healthcare West, Series A, 6.00%, 7/01/34 | 3,700        | 4,174,784     |
| Saint Joseph s Health System, Series A, 5.00%, 7/01/37   | 10,000       | 10,800,600    |
| Stanford Hospital, Series A-3, 5.50%, 11/15/40   | 3,065        | 3,466,025     |
|  | <b>Par</b>   |               |
|  | (000)        | Value         |
| <b>Municipal Bonds</b>   |              |               |
| <b>California (continued)</b>  |              |               |
| <b>Health (concluded)</b>  |              |               |
| California Statewide Communities Development Authority, RB, Kaiser Permanente: Series A, 5.00%, 4/01/42            | \$ 11,500    | \$ 12,225,535 |
| Series B, 5.25%, 3/01/45   | 12,505       | 12,782,861    |
| California Statewide Communities Development Authority, Refunding RB: Kaiser Permanente, Series C, 5.25%, 8/01/31  | 2,500        | 2,619,850     |
| Trinity Health Credit Group Composite Issue, 5.00%, 12/01/41   | 6,235        | 6,589,148     |
| Washington Township Health Care District, GO, Series B, 5.50%, 8/01/38   | 1,625        | 1,875,591     |
|  |              | 105,118,420   |
| <b>State 8.7%</b>  |              |               |
| California State Public Works Board, LRB, Various Capital Projects, Series I, 5.50%, 11/01/33                      | 2,015        | 2,336,634     |
| California State Public Works Board, RB: California State Prisons, Series C, 5.75%, 10/01/31                       | 1,205        | 1,396,993     |
| Department of Education, Riverside Campus Project, Series B, 6.50%, 4/01/34  | 3,670        | 4,349,721     |
| Series B, 5.00%, 10/01/39  | 7,965        | 8,553,693     |
| State of California, GO, Various Purposes: 6.00%, 3/01/33  | 5,000        | 5,992,700     |
| 6.00%, 4/01/35   | 125          | 147,158       |
| 6.00%, 4/01/38   | 28,095       | 33,032,134    |
|  |              | 55,809,033    |

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**Transportation 18.2%**

|  |       |            |
|--|-------|------------|
| City & County of San Francisco California Airports Commission, ARB, Series E, 6.00%, 5/01/39                               | 9,650 | 11,385,070 |
| City & County of San Francisco California Airports Commission, Refunding ARB, AMT:<br>2nd Series 34E (AGM), 5.75%, 5/01/24 | 5,000 | 5,679,300  |
| Series A, 5.00%, 5/01/29   | 6,435 | 7,075,347  |

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BLACKROCK MUNIHOLDINGS CALIFORNIA QUALITY FUND, INC.

APRIL 30, 2014

## Schedule of Investments (continued)

BlackRock MuniHoldings California Quality Fund, Inc.  
(MUC)

(Percentages shown are based on Net Assets)

|  | Par        |               |
|--|------------|---------------|
|  | (000)      | Value         |
| <b>Municipal Bonds</b>   |            |               |
| <b>California (continued)</b>  |            |               |
| <b>Transportation (concluded)</b>  |            |               |
| City of Los Angeles California Department of Airports, ARB, Los Angeles International Airport, Senior Series D, 5.25%, 5/15/29               | \$ 2,590   | \$ 2,979,717  |
| City of Los Angeles California Department of Airports, Refunding ARB, Los Angeles International Airport, Series A: 5.25%, 5/15/39            | 5,835      | 6,573,478     |
| Senior, 5.00%, 5/15/40   | 3,750      | 4,041,863     |
| City of San Jose California, Refunding ARB, Series A-1, AMT: 5.25%, 3/01/23  | 3,785      | 4,330,040     |
| 6.25%, 3/01/34   | 1,400      | 1,602,132     |
| County of Los Angeles Metropolitan Transportation Authority, Refunding RB, Series A (AMBAC), 5.00%, 7/01/35                                  | 9,000      | 9,402,390     |
| County of Orange California, ARB, Series B, 5.75%, 7/01/34   | 6,345      | 7,193,453     |
| County of Sacramento California, ARB: Senior Series A (AGC), 5.50%, 7/01/41  | 8,190      | 9,290,818     |
| Senior Series B, 5.75%, 7/01/39  | 2,650      | 3,022,246     |
| Senior Series B, AMT (AGM), 5.75%, 7/01/28   | 13,275     | 15,196,689    |
| Senior Series B, AMT (AGM), 5.25%, 7/01/33   | 19,530     | 20,642,233    |
| Los Angeles Harbor Department, RB, Series B, 5.25%, 8/01/34  | 5,530      | 6,310,836     |
| San Francisco Bay Area Rapid Transit District, Refunding RB, Series A (NPFGC), 5.00%, 7/01/34  | 2,500      | 2,600,150     |
|  |            | 117,325,762   |
| <b>Utilities 28.1%</b>   |            |               |
| Anaheim Public Financing Authority, RB, Electric System Distribution Facilities, Series A, 5.38%, 10/01/36                                   | 2,200      | 2,534,554     |
| City of Los Angeles California Wastewater System, Refunding RB, Sub-Series A, 5.00%, 6/01/28   | 2,000      | 2,297,620     |
| City of Napa California Water Revenue, RB (AMBAC), 5.00%, 5/01/35  | 9,100      | 9,475,284     |
|  | <b>Par</b> |               |
| <b>Municipal Bonds</b>   |            |               |
| <b>California (continued)</b>  |            |               |
| <b>Utilities (continued)</b>   |            |               |
| City of San Francisco California Public Utilities Commission Water, RB, Series B, 5.00%, 11/01/30  | \$ 10,000  | \$ 11,329,400 |
| County of Sacramento California Sanitation Districts Financing Authority, RB, Sacramento Regional County Sanitation (NPFGC), 5.00%, 12/01/36 | 4,500      | 4,738,005     |
| Dublin-San Ramon Services District, Refunding RB, 6.00%, 8/01/41   | 4,000      | 4,836,200     |
| East Bay Municipal Utility District, RB: Series A (NPFGC), 5.00%, 6/01/32  | 11,935     | 13,170,392    |
| Series A (NPFGC), 5.00%, 6/01/37   | 6,670      | 7,351,941     |
| Sub-Series A (NPFGC), 5.00%, 6/01/35   | 12,070     | 12,561,611    |
| Sub-Series A (AGM), 5.00%, 6/01/37   | 11,190     | 12,334,066    |
| East Bay Municipal Utility District, Refunding RB, Sub-Series A (AMBAC), 5.00%, 6/01/33  | 5,000      | 5,523,950     |
| Eastern Municipal Water District, COP, Series H, 5.00%, 7/01/33  | 2,505      | 2,797,258     |
| El Dorado Irrigation District / El Dorado County Water Agency, Refunding RB, Series A (AGM), 5.25%, 3/01/39                                  | 10,000     | 11,189,000    |
| Imperial Irrigation District, Refunding RB, Electric System, 5.13%, 11/01/38   | 9,500      | 10,331,440    |
| Los Angeles Department of Water & Power, RB, Series A, 5.38%, 7/01/38  | 9,375      | 10,639,687    |
| Los Angeles Department of Water & Power, Refunding RB, Series A, 5.25%, 7/01/39  | 16,000     | 17,592,000    |
| Metropolitan Water District of Southern California, RB, Series A: 5.00%, 7/01/35   | 12,870     | 13,445,418    |
| 5.00%, 7/01/37   | 5,500      | 6,009,795     |
| Metropolitan Water District of Southern California, Refunding RB, Series C, 5.00%, 7/01/35   | 2,515      | 2,825,477     |
| San Diego Public Facilities Financing Authority Sewer, Refunding RB, Senior Series A: 5.25%, 5/15/34   | 1,060      | 1,206,937     |





## Schedule of Investments (continued)

BlackRock MuniHoldings California Quality Fund, Inc.  
(MUC)

(Percentages shown are based on Net Assets)

|   | Par       |                    |
|---|-----------|--------------------|
|   | (000)     | Value              |
| <b>Municipal Bonds</b>  |           |                    |
| <b>California (concluded)</b>   |           |                    |
| <b>Utilities (concluded)</b>  |           |                    |
| San Diego Public Facilities Financing Authority Sewer, Refunding RB, Senior Series A (concluded): |           |                    |
| 5.25%, 5/15/39  | \$ 10,000 | \$ 11,232,900      |
| San Juan Water District, Refunding RB, San Juan & Citrus Heights, 5.25%, 2/01/33                  | 7,325     | 8,162,101          |
|   |           | 181,585,036        |
| <b>Total Municipal Bonds 113.9%</b>   |           | <b>735,103,706</b> |

**Municipal Bonds Transferred to****Tender Option Bond (TOB) Trusts (a)****California 39.0%****County/City/Special District/School District 21.3%**

|   |        |            |
|---|--------|------------|
| County of Alameda California Joint Powers Authority, Refunding LRB (AGM), 5.00%, 12/01/34   | 13,180 | 14,545,975 |
| County of Los Angeles California Sanitation Districts Financing Authority, Refunding RB, Capital Project 14 (BHAC), 5.00%, 10/01/34 | 7,917  | 8,332,062  |
| Desert Community College District California, GO, Series C (AGM), 5.00%, 8/01/37  | 16,530 | 18,321,687 |
| Foothill-De Anza Community College District, GO, Series C, 5.00%, 8/01/40   | 10,000 | 10,879,500 |
| Los Angeles Community College District California, GO:  |        |            |
| Election of 2001, Series A (NPFGC), 5.00%, 8/01/32  | 6,647  | 7,367,954  |
| Election of 2001, Series E-1, 5.00%, 8/01/33  | 11,770 | 13,160,390 |
| Election of 2003, Series E (AGM), 5.00%, 8/01/31  | 11,216 | 12,072,739 |
| Election of 2003, Series F-1, 5.00%, 8/01/33  | 10,000 | 11,181,300 |
| Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A, 6.00%, 8/01/33                        | 9,596  | 11,398,090 |
| Poway Unified School District, GO, Election of 2002, Improvement District 02, Series 1-B (AGM), 5.00%, 8/01/30                      | 10,000 | 10,763,500 |

**Municipal Bonds Transferred to****Par****Tender Option Bond (TOB) Trusts (a)****(000)****Value****California (concluded)****County/City/Special District/School District (concluded)**

|  |           |               |
|--|-----------|---------------|
| San Bernardino Community College District California, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31 | \$ 17,770 | \$ 19,126,739 |
|--|-----------|---------------|

137,149,936

**Education 4.9%**

|  |        |            |
|--|--------|------------|
| Riverside Community College District, GO, Election of 2004, Series C (NPFGC), 5.00%, 8/01/32 | 8,910  | 9,875,755  |
| University of California, RB:  |        |            |
| Limited Project, Series D (AGM), 5.00%, 5/15/41  | 8,000  | 8,705,440  |
| Series O, 5.75%, 5/15/34   | 11,190 | 13,040,975 |

31,622,170

**Transportation 5.3%**

|  |        |            |
|--|--------|------------|
| San Francisco Bay Area Rapid Transit District, Refunding RB, Drivers, Series 2641Z (NPFGC), 5.00%, 1/01/24 | 23,100 | 24,039,015 |
| San Mateo County Transportation Authority, Refunding RB, Series A (NPFGC), 5.00%, 6/01/32                  | 10,000 | 10,407,300 |

34,446,315

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|   |               |        |             |
|---|---------------|--------|-------------|
| <b>Utilities</b>  | <b>7.5%</b>   |        |             |
| County of San Diego California Water Authority, COP, Refunding, Series A (AGM), 5.00%, 5/01/33  |               | 16,740 | 18,615,382  |
| East Bay Municipal Utility District, Refunding RB, Sub-Series A (AMBAC), 5.00%, 6/01/37         |               | 14,510 | 16,104,794  |
| Los Angeles Department of Water & Power, RB, Power System, Sub-Series A-2 (AGM), 5.00%, 7/01/35 |               | 7,500  | 8,121,075   |
| Rancho Water District Financing Authority, Refunding RB, Series A (AGM), 5.00%, 8/01/34         |               | 5,008  | 5,600,078   |
|   |               |        | 48,441,329  |
| <b>Total Municipal Bonds Transferred to</b>   |               |        |             |
| <b>Tender Option Bond (TOB) Trusts</b>  | <b>39.0%</b>  |        | 251,659,750 |
| <b>Total Long-Term Investments</b>  |               |        |             |
| <b>(Cost \$921,095,872)</b>   | <b>152.9%</b> |        | 986,763,456 |

Schedule of Investments (continued)

BlackRock MuniHoldings California Quality Fund, Inc.  
(MUC)

(Percentages shown are based on Net Assets)

|  |               |                |
|--|---------------|----------------|
| <b>Short-Term Securities</b> 0.8%                      | <b>Shares</b> | <b>Value</b>   |
| BIF California Municipal Money Fund, 0.00% (b)(c)      | 5,109,337     | \$ 5,109,337   |
| <b>Total Short-Term Securities</b>                     |               |                |
| (Cost \$5,109,337) 0.8%                                |               | 5,109,337      |
|  |               | <b>Value</b>   |
| <b>Total Investments (Cost \$926,205,209*)</b> 153.7%  |               | \$ 991,872,793 |
| <b>Other Assets Less Liabilities</b> 4.3%              |               | 27,480,174     |
| <b>Liability for TOB Trust Certificates, Including</b> |               |                |
| <b>Interest Expense and Fees Payable</b> (18.6%)       |               | (120,032,602)  |
| <b>VMTP Shares, at Liquidation Value</b> (39.4%)       |               | (254,000,000)  |
| <b>Net Assets Applicable to Common Shares</b> 100.0%   |               | \$ 645,320,365 |

\* As of April 30, 2014, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

|                               |                |
|-------------------------------|----------------|
| Tax cost                      | \$ 806,469,478 |
| Gross unrealized appreciation | \$ 66,338,671  |
| Gross unrealized depreciation | (939,826)      |
| Net unrealized appreciation   | \$ 65,398,845  |

Notes to Schedule of Investments

- (a) Represent bonds transferred to a TOB. In exchange for which the Fund acquired residual interest certificates. These bonds serve as collateral in a financing transaction.
- (b) Investments in issuers considered to be an affiliate of the Fund during the period ended April 30, 2014, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                           | Shares Held<br>at July 31,<br>2013 | Net<br>Activity | Shares Held<br>at April 30,<br>2014 | Income |
|-------------------------------------|------------------------------------|-----------------|-------------------------------------|--------|
| BIF California Municipal Money Fund | 501,963                            | 4,607,374       | 5,109,337                           | \$ 204 |

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

Portfolio Abbreviations

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|              |   |
|--------------|---|
| <b>AGC</b>   | Assured Guarantee 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>COP</b>   | Certificates of Participation           |
| <b>GO</b>    | General Obligation Bonds                |
| <b>LRB</b>   | Lease Revenue Bonds                     |
| <b>NPFGC</b> | National Public Finance Guarantee Corp. |
| <b>RB</b>    | Revenue Bonds                           |

BLACKROCK MUNIHOLDINGS CALIFORNIA QUALITY FUND, INC.

APRIL 30, 2014

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## Schedule of Investments (continued)

BlackRock MuniHoldings California Quality Fund, Inc.  
(MUC)

Financial futures contracts outstanding as of April 30, 2014 were as follows:

| Contracts Sold | Issue                      | Exchange               | Expiration | Notional Value | Unrealized Appreciation |
|----------------|----------------------------|------------------------|------------|----------------|-------------------------|
| (600)          | 10-Year U.S. Treasury Note | Chicago Board of Trade | June 2014  | \$ 74,653,125  | \$ 95,373               |

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

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

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

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

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

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

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

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of April 30, 2014:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 986,763,456 |         | \$ 986,763,456 |
| Short-Term Securities              | \$ 5,109,337 |                |         | 5,109,337      |
| <b>Total</b>                       | \$ 5,109,337 | \$ 986,763,456 |         | \$ 991,872,793 |

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



## Schedule of Investments (concluded)

BlackRock MuniHoldings California Quality Fund, Inc.  
(MUC)

|   | Level 1   | Level 2 | Level 3 | Total     |
|---|-----------|---------|---------|-----------|
| Derivative Financial Instruments <sup>2</sup> |           |         |         |           |
| <b>Assets:</b>                                |           |         |         |           |
| Interest rate contracts                       | \$ 95,373 |         |         | \$ 95,373 |

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

The carrying amount for certain of the Fund's assets and/or liabilities approximates fair value for financial reporting purposes. As of April 30, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1    | Level 2          | Level 3 | Total            |
|--|------------|------------------|---------|------------------|
| <b>Assets:</b>                               |            |                  |         |                  |
| Cash pledged for financial futures contracts | \$ 792,000 |                  |         | \$ 792,000       |
| <b>Liabilities:</b>                          |            |                  |         |                  |
| TOB trust certificates                       |            | \$ (120,004,470) |         | (120,004,470)    |
| VMTP Shares                                  |            | (254,000,000)    |         | (254,000,000)    |
| <b>Total</b>                                 | \$ 792,000 | \$ (374,004,470) |         | \$ (373,212,470) |

There were no transfers between levels during the period ended April 30, 2014.

Item 2 Controls and Procedures

- 2(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.
- 2(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 Exhibits

Certifications Attached hereto



Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock MuniHoldings California Quality Fund, Inc.

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

Date: June 23, 2014

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

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

Date: June 23, 2014

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

Date: June 23, 2014