

BLACKROCK MUNIYIELD CALIFORNIA QUALITY FUND, INC
Form N-CSR
October 03, 2012
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 52nd Street, New York, NY 10055

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

Date of fiscal year end: 07/31/2012

Date of reporting period: 07/31/2012

Item 1 – Report to Stockholders

July 31, 2012

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

About this time one year ago, financial markets fell into turmoil, triggered by Standard & Poor's historic downgrade of US government debt. Since then, asset prices have continued to move broadly in risk-on rallies and risk-off retreats driven by macro-level concerns, primarily the sovereign debt crisis in Europe and uncertainty about global economic growth.

Equity markets crumbled in the third quarter of 2011 as fearful investors fled riskier assets in favor of traditionally safe investments including US Treasuries and gold. In October, however, improving economic data and more concerted efforts among European leaders toward stemming the region's debt crisis drew investors back to the markets. Improving sentiment carried over into early 2012 as investors saw some relief from the world's financial woes. Volatility abated and risk assets (including stocks, commodities and high yield bonds) moved boldly higher through the first two months of 2012 while climbing Treasury yields pressured higher-quality fixed income assets.

Markets reversed course in the spring when Europe's debt problems boiled over once again. High levels of volatility returned as political instability in Greece threatened the country's membership in the euro zone. Spain faced severe deficit issues while the nation's banks clamored for liquidity. Yields on Spanish and Italian government debt rose to levels deemed unsustainable. European leaders conferred and debated vehemently over the need for fiscal integration among the 17 nations comprising the euro currency bloc as a means to resolve the crisis for the long term.

Alongside the drama in Europe, investors were discouraged by gloomy economic reports from various parts of the world. A slowdown in China, a key powerhouse for global growth, became particularly worrisome. In the United States, disappointing jobs reports dealt a crushing blow to sentiment. Risk assets sold off in the second quarter as investors again retreated to safe haven assets.

The summer brought a modest rebound in most asset classes. However, financial markets continued to swing sharply in both directions as investors reacted to mixed economic data as well as comments and policy actions or lack of action from central banks around the globe.

On the whole, higher quality investments outperformed riskier asset classes for the 12 months ended July 31, 2012 as investors continued to focus on safety. US Treasury bonds delivered the strongest returns, followed by tax-exempt municipal bonds. Some higher-risk investments, including US large-cap stocks and corporate bonds, managed to post gains for the one-year period, and while US small-cap stocks generated a slight gain for the 12-month period, they posted a marginal loss for the last 6 months. International and emerging equities, which experienced significant downturns in 2011, lagged other asset classes amid ongoing global uncertainty. US large-cap stocks and high yield bonds rallied higher in recent months as many investors increased their appetite for risk. Continued low short-term interest rates kept yields on money market securities near their all-time lows.

We know that investors continue to face a world of uncertainty and highly volatile markets, but we also believe these challenging times present many opportunities. We remain committed to working with you and your financial professional to identify actionable ideas for your portfolio. We encourage you to visit www.blackrock.com/newworld for more information.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

We know that investors continue to face a world of uncertainty and highly volatile markets, but we also believe these challenging times present many opportunities.

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of July 31, 2012

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| | 6-month | 12-month |
|--|---------|----------|
| US large cap equities (S&P 500® Index) | 6.25% | 9.13% |
| US small cap equities (Russell 2000® Index) | (0.03) | 0.19 |
| International equities (MSCI Europe, Australasia, Far East Index) | (1.15) | (11.45) |
| Emerging market equities (MSCI Emerging Markets Index) | (4.83) | (13.93) |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month US Treasury Bill Index) | 0.05 | 0.07 |
| US Treasury securities (BofA Merrill Lynch 10- Year US Treasury Index) | 4.31 | 15.58 |
| US investment grade bonds (Barclays US Aggregate Bond Index) | 2.88 | 7.25 |
| Tax-exempt municipal bonds (S&P Municipal Bond Index) | 3.22 | 10.70 |
| US high yield bonds (Barclays US Corporate High Yield 2% Issuer Capped Index) | 6.05 | 8.00 |

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, 2012

One year ago, the municipal bond market was rebounding from a prolonged weak period stemming from events in the fourth quarter of 2010. Municipals had suffered severe losses in late 2010 amid a steepening US Treasury yield curve, political uncertainty and a flood of inflated headlines about municipal finance troubles. A significant supply-demand imbalance had developed by the end of the year, leading to wider quality spreads and higher yields for municipal bonds heading into 2011.

Having lost confidence in municipals, retail investors retreated from the market, resulting in municipal mutual fund outflows totaling \$35.1 billion from the middle of November 2010 until the trend finally broke in June 2011. However, weak demand in the first half of 2011 was counterbalanced by lower supply. According to Thomson Reuters, total new issuance was down 32% in 2011 as compared to the prior year.

On August 5, 2011, Standard & Poor's (S&P) downgraded the US government's credit rating from AAA to AA+. While this led to the downgrade of approximately 11,000 municipal issues directly tied to the US debt rating, this represented a very small fraction of the municipal market and said nothing about the individual municipal credits themselves. In fact, demand for municipal bonds increased as severe volatility in US equities drove investors to more stable asset classes. The municipal market benefited from an exuberant Treasury market and continued muted new issuance. As supply remained constrained, demand from both traditional and non-traditional buyers was strong, pushing long-term municipal bond yields lower and sparking a curve-flattening trend that continued through year end. Ultimately, 2011 was one of the strongest performance years in municipal market history. The S&P Municipal Bond Index returned 10.62% in 2011, making municipal bonds a top-performing fixed income asset class for the year.

Strong demand carried over into 2012 as investors continued to search for yield in a low-rate environment. Municipal market supply-and-demand technicals typically strengthen considerably upon the conclusion of tax season as net negative supply takes hold. This theme remained intact for 2012. In the spring, a resurgence of concerns about Europe's financial crisis and weakening US economic data drove municipal bond yields lower and prices higher as investors were drawn to the asset class for its relatively low volatility in addition to the income and capital preservation it offers. The S&P Municipal Bond Index has gained 5.75% year-to-date.

Overall, the municipal yield curve flattened during the period from July 29, 2011 to July 31, 2012. As measured by Thomson Municipal Market Data, yields declined by 151 basis points (bps) to 2.84% on AAA-rated 30-year municipal bonds and by 101 bps to 1.66% on 10-year bonds, while yields on 5-year issues fell 51 bps to 0.65%. While the entire municipal curve flattened over the 12-month time period, the spread between 2- and 30-year maturities tightened by 140 bps, and in the 2- to 10-year range, the spread tightened by 90 bps.

The fundamental picture for municipalities continues to improve. Austerity has been the general theme across the country as states set their budgets, although a small number of states continue to rely on a kick-the-can approach to close their budget gaps, using aggressive revenue projections and accounting gimmicks. It has been over a year and a half since the fiscal problems plaguing state and local governments first became highly publicized. Thus far, the prophecy of widespread defaults across the municipal market has not materialized. Through the first half of 2012, approximately \$1.07 billion in par value of municipal bonds have entered into debt service default for the first time. This represents only 0.540% of total issuance for that period and 0.029% of total municipal bonds outstanding, as compared to 0.065% for the full year 2011. (Data provided by Bank of America Merrill Lynch.) BlackRock maintains the view that municipal bond defaults will remain in the periphery and the overall market is fundamentally sound. We continue to recognize that careful credit research and security selection remain imperative amid uncertainty in this economic environment.

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

Fund Summary as of July 31, 2012

BlackRock MuniHoldings Quality Fund II, Inc.

Fund Overview

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

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

Performance

For the 12 months ended July 31, 2012, the Fund returned 32.85% based on market price and 23.64% 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 29.37% based on market price and 20.77% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium 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 long duration posture (greater sensitivity to interest rates) contributed positively to performance as the yield curve flattened (i.e., longer-term interest rates fell more than shorter rates) and bond prices moved higher on the long end of the municipal curve. The Fund s longer-dated holdings in the health, transportation and utilities sectors experienced the best price appreciation. The Fund used US Treasury financial futures contracts as a means of hedging interest rate risk. These positions had a slight negative impact on results as interest rates declined over the period.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions.

These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

| | |
|--|-------------------|
| Symbol on New York Stock Exchange (NYSE) | MUE |
| Initial Offering Date | February 26, 1999 |
| Yield on Closing Market Price as of July 31, 2012 (\$15.55) ¹ | 5.67% |
| Tax Equivalent Yield ² | 8.72% |
| Current Monthly Distribution per Common Share ³ | \$0.0735 |
| Current Annualized Distribution per Common Share ³ | \$0.8820 |
| Economic Leverage as of July 31, 2012 ⁴ | 39% |

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

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

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

⁴ Represents Variable Rate Muni Term Preferred Shares (VMTP Shares) and tender option bond trusts (TOBs) as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VMTP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

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

| | 7/31/12 | 7/31/11 | Change | High | Low |
|-----------------|----------|----------|--------|----------|----------|
| Market Price | \$ 15.55 | \$ 12.46 | 24.80% | \$ 15.55 | \$ 11.45 |
| Net Asset Value | \$ 15.18 | \$ 13.07 | 16.14% | \$ 15.25 | \$ 13.07 |

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

Sector Allocations

| | 7/31/12 | 7/31/11 |
|--|---------|---------|
| County/City/Special District/School District | 28% | 26% |
| Transportation | 21 | 19 |
| Utilities | 17 | 23 |
| State | 15 | 9 |
| Health | 10 | 9 |
| Education | 6 | 2 |
| Housing | 2 | 2 |
| Tobacco | 1 | 1 |
| Corporate | | 9 |

Credit Quality Allocations⁵

| | 7/31/12 | 7/31/11 |
|---------|---------|---------|
| AAA/Aaa | 16% | 16% |
| AA/Aa | 63 | 62 |
| A | 20 | 18 |
| BBB/Baa | 1 | 3 |
| BB/Ba | | 1 |

⁵ Using the higher of S&P's or Moody's Investors Service (Moody's) ratings.

Fund Summary as of July 31, 2012

BlackRock MuniYield California Quality Fund, Inc.

Fund Overview

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

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

Performance

For the 12 months ended July 31, 2012, the Fund returned 35.48% based on market price and 23.15% based on NAV. For the same period, the closed-end Lipper California Municipal Debt Funds category posted an average return of 30.47% based on market price and 21.65% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund s long duration posture (sensitivity to interest rate movements) had a positive impact on performance as interest rates generally declined amid the investor flight-to-quality in the US Treasury market. Leverage achieved through the use of tender option bonds while the municipal yield curve was historically steep boosted returns. The Fund s holdings of higher quality essential service revenue bonds contributed positively, as did holdings of select general obligation bonds and school district credits with stronger underlying fundamentals. Investments in the health, education, transportation and utilities sectors were particularly strong contributors. Additionally, purchases of zero-coupon bonds deemed undervalued added to the Fund s total return. The Fund used US Treasury financial futures contracts to hedge against rising interest rates. These positions had a modestly negative impact on returns as interest rates declined over the period.

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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, 2012 (\$16.59) ¹ | 5.50% |
| Tax Equivalent Yield ² | 8.46% |
| Current Monthly Distribution per Common Share ³ | \$0.0760 |
| Current Annualized Distribution per Common Share ³ | \$0.9120 |
| Economic Leverage as of July 31, 2012 ⁴ | 39% |

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

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

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

⁴ 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:

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| | 7/31/12 | 7/31/11 | Change | High | Low |
|-----------------|----------|----------|--------|----------|----------|
| Market Price | \$ 16.59 | \$ 13.00 | 27.62% | \$ 16.59 | \$ 12.60 |
| Net Asset Value | \$ 16.60 | \$ 14.31 | 16.00% | \$ 16.65 | \$ 14.31 |

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

Sector Allocations

| | 7/31/12 | 7/31/11 |
|--|---------|---------|
| County/City/Special District/School District | 42% | 45% |
| Utilities | 26 | 28 |
| Education | 10 | 10 |
| Health | 10 | 4 |
| Transportation | 8 | 8 |
| State | 4 | 1 |
| Corporate | | 4 |

Credit Quality Allocations⁵

| | 7/31/12 | 7/31/11 |
|---------|---------|---------|
| AAA/Aaa | 11% | 11% |
| AA/Aa | 76 | 79 |
| A | 13 | 10 |

⁵ Using the higher of S&P's or Moody's ratings.

Fund Summary as of July 31, 2012

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

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

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

Performance

For the 12 months ended July 31, 2012, the Fund returned 25.76% based on market price and 19.01% based on NAV. For the same period, the closed-end Lipper Michigan Municipal Debt Funds category posted an average return of 23.86% based on market price and 17.29% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. Over the one-year period, the Fund benefited from the declining interest rate environment (bond prices rise as interest rates fall), the flattening of the yield curve (long interest rates fell more than short and intermediate rates) and tightening of credit spreads. The Fund s exposure to zero-coupon bonds and the health sector had a positive impact on performance as these holdings derived the greatest benefit from the decline in interest rates and spread tightening during the period. The Fund s strategy for hedging interest rate risk was a modest detractor from performance as the Fund held a short position in US Treasury futures while rates generally declined.

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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, 2012 (\$14.52) ¹ | 5.70% |
| Tax Equivalent Yield ² | 8.77% |
| Current Monthly Distribution per Common Share ³ | \$ 0.0690 |
| Current Annualized Distribution per Common Share ³ | \$ 0.8280 |
| Economic Leverage as of July 31, 2012 ⁴ | 36% |

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

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

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

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

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

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| | 7/31/12 | 7/31/11 | Change | High | Low |
|-----------------|----------|----------|--------|----------|----------|
| Market Price | \$ 14.52 | \$ 12.28 | 18.24% | \$ 15.80 | \$ 12.17 |
| Net Asset Value | \$ 15.14 | \$ 13.53 | 11.90% | \$ 15.18 | \$ 13.53 |

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

Sector Allocations

| | 7/31/12 | 7/31/11 |
|--|---------|---------|
| County/City/Special District/School District | 27% | 23% |
| Health | 18 | 14 |
| Utilities | 14 | 17 |
| State | 14 | 11 |
| Education | 12 | 9 |
| Transportation | 8 | 11 |
| Housing | 4 | 4 |
| Corporate | 3 | 11 |

Credit Quality Allocations⁵

| | 7/31/12 | 7/31/11 |
|-----------|---------|----------------|
| AAA/Aaa | 1% | 2% |
| AA/Aa | 74 | 69 |
| A | 20 | 24 |
| BBB/Baa | 4 | 3 |
| Not Rated | 1 | 2 ₆ |

⁵ Using the higher of S&P's or Moody's ratings.

⁶ 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 \$5,295,911, representing 2% of the Fund's long-term investments.

Fund Summary as of July 31, 2012

BlackRock MuniYield New York Quality Fund, Inc.

Fund Overview

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

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

Performance

For the 12 months ended July 31, 2012, the Fund returned 27.38% based on market price and 19.10% based on NAV. For the same period, the closed-end Lipper New York Municipal Debt Funds category posted an average return 23.42% based on market price and 16.21% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium 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 long duration posture (greater sensitivity to interest rates) contributed positively to performance as interest rates declined over the period. The Fund s holdings were concentrated on the long end of the yield curve, which benefited performance as the curve flattened and long-term interest rates declined more than rates on shorter-dated securities. Also having a positive impact were the Fund s heavy exposures to health and transportation, which were among the better performing sectors for the period. The Fund s lower quality holdings also enhanced results as credit spreads narrowed during the period. Conversely, the Fund s most significant credit exposure was in the tax-backed sector, which was one of the weaker performing sectors for the period. The strongest performing sector during the period was tobacco, to which the Fund held limited exposure.

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, 2012 (\$15.11) ¹ | 5.64% |
| Tax Equivalent Yield ² | 8.68% |
| Current Monthly Distribution per Common Share ³ | \$0.0710 |
| Current Annualized Distribution per Common Share ³ | \$0.8520 |
| Economic Leverage as of July 31, 2012 ⁴ | 38% |

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

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

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

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

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

| | 7/31/12 | 7/31/11 | Change | High | Low |
|-----------------|----------|----------|--------|----------|----------|
| Market Price | \$ 15.11 | \$ 12.60 | 19.92% | \$ 15.12 | \$ 12.10 |
| Net Asset Value | \$ 15.07 | \$ 13.44 | 12.13% | \$ 15.12 | \$ 13.44 |

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

Sector Allocations

| | 7/31/12 | 7/31/11 |
|--|---------|---------|
| County/City/Special District/School District | 30% | 28% |
| Transportation | 26 | 29 |
| Education | 13 | 11 |
| State | 10 | 11 |
| Utilities | 9 | 8 |
| Health | 6 | 5 |
| Housing | 3 | 3 |
| Corporate | 2 | 4 |
| Tobacco | 1 | 1 |

Credit Quality Allocations⁵

| | 7/31/12 | 7/31/11 |
|------------------------|---------|---------|
| AAA/Aaa | 13% | 12% |
| AA/Aa | 48 | 54 |
| A | 29 | 21 |
| BBB/Baa | 9 | 10 |
| BB/Ba | 1 | 2 |
| Not Rated ⁶ | | 1 |

⁵ Using the higher of S&P's or Moody's ratings.

⁶ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2012 and July 31, 2011, the market value of these securities was \$3,070,810, representing less than 1%, and \$3,909,236, representing 1%, respectively, of the Fund's long-term investments.

Fund Summary as of July 31, 2012

BlackRock MuniYield Quality Fund III, Inc.

Fund Overview

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

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

Performance

For the 12 months ended July 31, 2012, the Fund returned 38.08% based on market price and 23.45% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 29.37% based on market price and 20.77% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium 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. Over the one-year period, the Fund benefited from the declining interest rate environment (bond prices rise as interest rates fall), the flattening of the yield curve (long interest rates fell more than short and intermediate rates) and tightening of credit spreads. The Fund s exposure to zero-coupon bonds and the health sector had a positive impact on performance as these holdings derived the greatest benefit from the decline in interest rates and spread tightening during the period. The Fund s strategy for hedging interest rate risk was a modest detractor from performance as the Fund held a short position in US Treasury futures while rates generally declined.

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, 2012 (\$15.81) ¹ | 5.46% |
| Tax Equivalent Yield ² | 8.40% |
| Current Monthly Distribution per Common Share ³ | \$0.0720 |
| Current Annualized Distribution per Common Share ³ | \$0.8640 |
| Economic Leverage as of July 31, 2012 ⁴ | 37% |

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

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

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

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

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

| 7/31/12 | 7/31/11 | Change | High | Low |
|---------|---------|--------|------|-----|
|---------|---------|--------|------|-----|

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| | | | | | |
|-----------------|----------|----------|--------|----------|----------|
| Market Price | \$ 15.81 | \$ 12.17 | 29.91% | \$ 15.82 | \$ 11.86 |
| Net Asset Value | \$ 15.32 | \$ 13.19 | 16.15% | \$ 15.36 | \$ 13.19 |

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

Sector Allocations

| | 7/31/12 | 7/31/11 |
|--|---------|---------|
| Transportation | 27% | 27% |
| State | 23 | 10 |
| Utilities | 16 | 17 |
| County/City/Special District/School District | 12 | 24 |
| Health | 9 | 7 |
| Education | 8 | 9 |
| Housing | 4 | 5 |
| Corporate | 1 | 1 |

Credit Quality Allocations⁵

| | 7/31/12 | 7/31/11 |
|-----------|---------|----------------|
| AAA/Aaa | 11% | 7% |
| AA/Aa | 64 | 65 |
| A | 22 | 21 |
| BBB/Baa | 3 | 3 |
| Not Rated | | 4 ₆ |

⁵ Using the higher of S&P's or Moody's ratings.

⁶ 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 obtain leverage, the Funds issue Variable Rate Demand Preferred Shares (VRDP Shares) or Variable Rate Muni Term Preferred Shares (VMTP Shares) and previously issued and had outstanding Auction Market Preferred Shares (AMPS) (VRDP Shares, VMTP Shares, and as applicable AMPS, are collectively referred to as Preferred Shares). Preferred Shares pay dividends at prevailing short-term interest rates, and the Funds invest the proceeds in long-term municipal bonds. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's shareholders will benefit from the incremental net income.

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

To illustrate these concepts, assume a Fund's Common Shares capitalization is \$100 million and it issues Preferred Shares for an additional \$50 million, creating a total value of \$150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays dividends on the \$50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with assets received from Preferred Shares issuance earn income based on long-term interest rates. In this case, the dividends paid to holders of Preferred Shares (Preferred Shareholders) are significantly lower than the income earned on the Fund's long-term investments, and therefore the Common Shareholders are the beneficiaries of the incremental net income.

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

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

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

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

Under the Investment Company Act of 1940, as amended (the 1940 Act), the Funds are permitted to issue senior securities in the form of equity securities (e.g., Preferred Shares) up to 50% of their total managed assets (each Fund's total assets less the sum of its accrued liabilities). In addition, each Fund voluntarily limits its economic leverage to 45% of its total managed assets. As of July 31, 2012, the Funds had economic leverage from Preferred Shares and/or TOBs as a percentage of their total managed assets as follows:

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

Derivative Financial Instruments

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

Schedule of Investments July 31, 2012

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

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Alabama 2.1% | | |
| Birmingham Special Care Facilities Financing Authority, RB, Children's Hospital (AGC), 6.00%, 6/01/39 | \$ 5,225 | \$ 6,100,971 |
| Selma IDB, RB, International Paper Co. Project, Series A, 5.38%, 12/01/35 | 940 | 1,024,121 |
| | | 7,125,092 |
| Arizona 2.8% | | |
| Arizona Board of Regents, Refunding COP, University of Arizona, Series C, 5.00%, 6/01/28 | 4,180 | 4,821,756 |
| Arizona Board of Regents, Refunding RB, Arizona State University System, Series A: 5.00%, 6/01/42 | 1,705 | 1,954,339 |
| 5.00%, 7/01/42 | 2,460 | 2,806,712 |
| | | 9,582,807 |
| California 17.1% | | |
| California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38 | 5,050 | 6,031,114 |
| California Health Facilities Financing Authority, RB: Stanford Hospital and Clinics, Series A, 5.00%, 8/15/42 | 2,770 | 3,059,853 |
| Sutter Health, Series B, 6.00%, 8/15/42 | 2,865 | 3,440,865 |
| California Statewide Communities Development Authority, RB, Kaiser Permanente, Series A, 5.00%, 4/01/42 | 2,345 | 2,566,790 |
| City of San Jose California Airport, Refunding RB, Series A-1, AMT, 5.50%, 3/01/30 | 4,045 | 4,560,293 |
| City of Sunnyvale California, Refunding RB, 5.25%, 4/01/40 | 2,800 | 3,230,584 |
| County of Sacramento California, ARB, Senior Series A (AGC), 5.50%, 7/01/41 | 3,500 | 3,934,700 |
| Emery Unified School District, GO, Election of 2010, Series A (AGM), 5.50%, 8/01/35 | 1,875 | 2,170,219 |
| Los Angeles Community College District California, GO: Election of 2001, Series A (NPFGC), 5.00%, 8/01/32 | 5,000 | 5,636,700 |
| Election of 2008, Series C, 5.25%, 8/01/39 | 2,500 | 2,914,850 |
| Oceanside Unified School District California, GO, Series A (AGC), 5.25%, 8/01/33 (a) | 1,675 | 1,880,539 |
| Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/34 | 2,670 | 3,179,142 |
| San Bernardino Community College District, GO, Election of 2002, Series A, 6.25%, 8/01/33 | 2,165 | 2,600,057 |
| San Francisco City & County Airports Commission, RB, Specialty Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20 | 1,250 | 1,253,712 |
| | | |
| Municipal Bonds | | |
| California (concluded) | | |
| State of California, GO, Refunding: Various Purpose, 5.00%, 9/01/41 | \$ 5,760 | \$ 6,281,971 |
| | 10 | 10,017 |

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Veterans, Series BZ, AMT (NPFGC), 5.35%,
12/01/21

| | | |
|--|-------|------------|
| University of California, Refunding RB, Limited Project, Series G, 5.00%, 5/15/37 (a) | 1,500 | 1,733,490 |
| Ventura County Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/33 | 3,175 | 3,776,631 |
| | | 58,261,527 |

Colorado 1.1%

| | | |
|---|-------|-----------|
| Colorado Health Facilities Authority, RB, Hospital, NCMC, Inc. Project, Series B (AGM), 6.00%, 5/15/26 | 3,300 | 3,909,609 |
|---|-------|-----------|

Florida 9.2%

| | | |
|---|-------|------------|
| City of Jacksonville Florida, RB, Series A, 5.25%, 10/01/26 | 2,000 | 2,403,880 |
| County of Lee Florida, Refunding ARB, Series A, AMT, 5.38%, 10/01/32 | 2,500 | 2,752,575 |
| County of Miami-Dade Florida, Refunding RB, Miami International Airport, Series A, AMT (AGM): 5.25%, 10/01/41 | 4,610 | 4,937,495 |
| 5.50%, 10/01/41 | 4,180 | 4,543,200 |
| Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34 | 7,600 | 8,791,604 |
| Tohopekaliga Water Authority, Refunding RB, Series A, 5.25%, 10/01/36 | 6,965 | 8,055,301 |
| | | 31,484,055 |

Idaho 0.1%

| | | |
|---|-----|---------|
| Idaho Housing & Finance Association, RB, S/F Mortgage, Series E, AMT, 6.00%, 1/01/32 | 230 | 230,375 |
|---|-----|---------|

Illinois 13.1%

| | | |
|--|-------|-----------|
| Chicago Board of Education Illinois, GO, Series A, 5.50%, 12/01/39 | 3,405 | 3,969,617 |
| Chicago Board of Education Illinois, GO, Refunding, Chicago School Reform Board, Series A (NPFGC), 5.50%, 12/01/26 | 895 | 1,112,915 |
| Chicago Transit Authority, RB: Federal Transit Administration Section 5309, Series A (AGC), 6.00%, 6/01/26 | 3,400 | 4,021,418 |
| Sales Tax Receipts, 5.25%, 12/01/36 | 1,060 | 1,211,103 |
| Sales Tax Receipts, 5.25%, 12/01/40 | 3,135 | 3,576,502 |

Portfolio Abbreviations

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

| | |
|--------------|---|
| ACA | American Capital Access Corp. |
| AGC | Assured Guaranty Corp. |
| AGM | Assured Guaranty Municipal Corp. |
| AMBAC | American Municipal Bond Assurance Corp. |
| AMT | Alternative Minimum Tax (subject to) |
| ARB | Airport Revenue Bonds |
| BHAC | Berkshire Hathaway Assurance Corp. |
| BOCES | Board of Cooperative Educational Services |
| CAB | Capital Appreciation Bonds |
| COP | Certificates of Participation |
| EDA | Economic Development Authority |
| ERB | Education Revenue Bonds |
| EDC | Economic Development Corp. |
| FHA | Federal Housing Administration |
| GAB | Grant Anticipation Bonds |
| GO | General Obligation Bonds |

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| | |
|----------------|---|
| HDA | Housing Development Authority |
| HFA | Housing Finance Agency |
| IDB | Industrial Development Board |
| IDRB | Industrial Development Revenue Bonds |
| ISD | Independent School District |
| LRB | Lease Revenue Bonds |
| MRB | Mortgage Revenue Bonds |
| NPFGC | National Public Finance Guarantee Corp. |
| PILOT | Payment in Lieu of Taxes |
| PSF-GTD | Permanent School Fund Guaranteed |
| Q-SBLF | Qualified School Bond Loan Fund |
| RB | Revenue Bonds |
| S/F | Single-Family |
| SONYMA | State of New York Mortgage Agency |
| Syncora | Syncora Guarantee |

See Notes to Financial Statements.

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Schedule of Investments (continued)

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

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Illinois (concluded) | | |
| City of Chicago Illinois, ARB, O Hare International Airport, General, Third Lien: | | |
| Series A, 5.75%, 1/01/39 | \$ 2,000 | \$ 2,357,480 |
| Series C, 6.50%, 1/01/41 | 9,085 | 11,153,473 |
| City of Chicago Illinois, Refunding ARB, O Hare International Airport, General, Third Lien, Series C (AGM), 5.25%, 1/01/35 | 1,695 | 1,897,807 |
| City of Chicago Illinois, Refunding RB, Sales Tax, Series A, 5.25%, 1/01/38 | 1,310 | 1,503,854 |
| Cook County Forest Preserve District, GO, Series C, 5.00%, 12/15/32 | 965 | 1,100,476 |
| Cook County Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/32 | 455 | 518,877 |
| Metropolitan Pier & Exposition Authority, Refunding RB, McCormick Place Project, Series B, 5.00%, 12/15/28 | 3,400 | 3,936,248 |
| Railsplitter Tobacco Settlement Authority, RB: | | |
| 5.50%, 6/01/23 | 2,350 | 2,742,262 |
| 6.00%, 6/01/28 | 670 | 779,686 |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/28 | 4,000 | 4,641,200 |
| | | 44,522,918 |
| Indiana 2.8% | | |
| Indiana Municipal Power Agency, RB, Series A (NPFGC), 5.00%, 1/01/42 | 6,300 | 6,784,974 |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38 | 2,370 | 2,689,760 |
| | | 9,474,734 |
| Kansas 0.3% | | |
| Sedgwick & Shawnee Counties Kansas, MRB, Series A-2, AMT (Ginnie Mae), 6.20%, 12/01/33 | 1,035 | 1,081,575 |
| Kentucky 3.7% | | |
| Kentucky Turnpike Authority, RB, Economic Development Road, Revitalization Projects, Series A, 5.00%, 7/01/28 | 10,430 | 12,676,726 |
| Massachusetts 0.4% | | |
| Massachusetts Development Finance Agency, RB, Wellesley College, Series J, 5.00%, 7/01/42 | 1,125 | 1,314,630 |
| Michigan 5.6% | | |
| City of Detroit Michigan, RB, Series B: | | |
| Second Lien (NPFGC), 5.50%, 7/01/29 | 4,170 | 4,614,439 |
| Senior Lien (AGM), 7.50%, 7/01/33 | 1,330 | 1,671,943 |
| City of Detroit Michigan, Refunding RB, Senior Lien, Series C-1 (AGM), 7.00%, 7/01/27 | 4,180 | 5,012,029 |
| Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41 | 3,420 | 3,867,575 |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39 | 3,115 | 4,018,070 |
| | | 19,184,056 |

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| | | |
|---|------------------|--------------|
| Minnesota 0.7% | | |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38 | 1,975 | 2,367,136 |
| Nevada 2.5% | | |
| County of Clark Nevada, RB: | | |
| Las Vegas-McCarran International Airport, Series A (AGM), 5.25%, 7/01/39 | 6,510 | 7,297,970 |
| Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/36 | 1,300 | 1,376,232 |
| | | 8,674,202 |
| | Par (000) | Value |
| Municipal Bonds | | |
| New Jersey 6.1% | | |
| New Jersey EDA, RB, Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/33 | \$ 7,775 | \$ 8,322,982 |
| New Jersey Health Care Facilities Financing Authority, RB, Virtua Health (AGC), 5.50%, 7/01/38 | 3,400 | 3,783,520 |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System: | | |
| Series A, 5.50%, 6/15/41 | 3,030 | 3,541,525 |
| Series A (AGC), 5.63%, 12/15/28 | 2,930 | 3,466,629 |
| Series B, 5.25%, 6/15/36 | 1,500 | 1,728,315 |
| | | 20,842,971 |
| New York 9.3% | | |
| Hudson New York Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47 | 940 | 1,101,746 |
| Metropolitan Transportation Authority, RB, Series E, 5.00%, 11/15/42 | 810 | 910,448 |
| New York City Municipal Water Finance Authority, Refunding RB: | | |
| Fiscal 2009, Series EE, 5.25%, 6/15/40 | 6,930 | 7,993,824 |
| Second General Resolution, Series EE, 5.38%, 6/15/43 | 2,220 | 2,611,319 |
| New York City Transitional Finance Authority, RB: | | |
| Future Tax Secured, Sub-Series C, 5.00%, 11/01/39 | 2,760 | 3,147,670 |
| Sub-Series S-2A, 5.00%, 7/15/30 | 4,045 | 4,710,686 |
| New York State Dormitory Authority, RB, Series B: | | |
| 5.00%, 3/15/37 | 5,750 | 6,657,925 |
| 5.00%, 3/15/42 | 2,365 | 2,721,429 |
| New York State Thruway Authority, RB, Series I, 5.00%, 1/01/37 | 1,740 | 1,970,185 |
| | | 31,825,232 |
| North Carolina 1.9% | | |
| North Carolina HFA, RB, Home Ownership, Series 14A, AMT (AMBAC), 5.35%, 1/01/22 | 865 | 865,000 |
| North Carolina Medical Care Commission, RB, Duke University Health System, Series A, 5.00%, 6/01/32 | 3,400 | 3,918,874 |
| North Carolina Medical Care Commission, Refunding RB, WakeMed, Series A, 5.00%, 10/01/31 | 1,420 | 1,611,231 |
| | | 6,395,105 |
| Pennsylvania 0.7% | | |
| Philadelphia Hospitals & Higher Education Facilities Authority, Refunding RB, Children's Hospital, Series D, 5.00%, 7/01/32 | 1,940 | 2,238,256 |
| Puerto Rico 1.2% | | |
| Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.38%, 8/01/39 | 3,500 | 4,146,205 |
| South Carolina 3.9% | | |
| City of North Charleston South Carolina, RB, 5.00%, 6/01/35 | 2,265 | 2,553,538 |

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South Carolina State Public Service Authority,
Refunding RB, Series A:

| | | |
|-------------------------------|-------|------------|
| Santee Cooper, 5.50%, 1/01/38 | 2,500 | 2,978,325 |
| (AMBAC), 5.00%, 1/01/42 | 7,000 | 7,883,400 |
| | | 13,415,263 |

Texas 21.2%

| | | |
|--|-------|-----------|
| City of Austin Texas, Refunding RB, Series A (AGM), 5.00%, 11/15/28 | 1,300 | 1,528,072 |
| City of Houston Texas, Refunding RB, Combined, First Lien, Series A (AGC), 6.00%, 11/15/35 | 6,700 | 8,169,645 |
| Dallas Area Rapid Transit, Refunding RB, Senior Lien, 5.25%, 12/01/38 | 5,655 | 6,408,133 |
| Harris County Health Facilities Development Corp., Refunding RB, Memorial Hermann Healthcare System, Series B, 7.25%, 12/01/35 | 1,000 | 1,214,470 |
| Katy ISD Texas, GO, Refunding, School Building, Series A (PSF-GTD), 5.00%, 2/15/42 | 1,890 | 2,204,949 |

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 |
|---|--------------|--------------|
| Municipal Bonds | | |
| Texas (concluded) | | |
| Lamar Texas Consolidated ISD, GO, Refunding, School House, Series A, 5.00%, 2/15/45 | \$ 2,055 | \$ 2,382,628 |
| North Texas Tollway Authority, RB, Special Projects System, Series A, 5.50%, 9/01/41 | 7,000 | 8,314,810 |
| North Texas Tollway Authority, Refunding RB, First Tier System: | | |
| Series A (NPFGC), 5.63%, 1/01/33 | 10,975 | 12,248,210 |
| Series A (NPFGC), 5.75%, 1/01/40 | 11,575 | 12,958,560 |
| Series B (NPFGC), 5.75%, 1/01/40 | 1,000 | 1,119,530 |
| Series K-2 (AGC), 6.00%, 1/01/38 | 1,000 | 1,158,090 |
| Tarrant County Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC), 6.50%, 7/01/37 | 3,000 | 3,503,760 |
| Texas State Turnpike Authority, RB, First Tier, Series A (AMBAC), 5.00%, 8/15/42 | 3,295 | 3,295,857 |
| Texas Tech University, Refunding RB, Improvement Financing, 14th Series A, 5.00%, 8/15/29 | 2,000 | 2,379,100 |
| University of Texas System, Refunding RB, Financing System, Series B, 5.00%, 8/15/43 | 4,575 | 5,376,037 |
| | | 72,261,851 |
| Virginia 1.9% | | |
| Virginia Public School Authority, RB, School Financing, 6.50%, 12/01/35 | 2,195 | 2,736,836 |
| Virginia Resources Authority, RB, 5.00%, 11/01/42 | 3,110 | 3,628,312 |
| | | 6,365,148 |
| Washington 2.7% | | |
| City of Seattle Washington, Refunding RB, Series A, 5.25%, 2/01/36 | 2,400 | 2,804,472 |
| State of Washington, GO: | | |
| Motor Vehicle Tax, Senior 520, 5.00%, 6/01/41 | 3,600 | 4,100,976 |
| Various Purpose, Series B, 5.25%, 2/01/36 | 1,865 | 2,190,014 |
| | | 9,095,462 |
| Wisconsin 1.0% | | |
| Wisconsin Health & Educational Facilities Authority, RB, Ascension Health, Series D, 5.00%, 11/15/41 | 3,125 | 3,470,281 |
| Total Municipal Bonds 111.4% | | 379,945,216 |
| Municipal Bonds Transferred to Tender Option Bond Trusts (b) | | |
| Alabama 1.2% | | |
| Mobile Board of Water & Sewer Commissioners, RB (NPFGC), 5.00%, 1/01/31 | 3,750 | 3,981,713 |
| California 1.7% | | |
| Sequoia Union High School District California, GO, Refunding, Election of 2004, Series B (AGM), 5.50%, 7/01/35 | 5,189 | 5,679,055 |
| Colorado 2.9% | | |
| Colorado Health Facilities Authority, RB, Catholic Health, Series C-3 (AGM), 5.10%, 10/01/41 | 9,410 | 10,050,445 |

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| | | |
|---|------------------|--------------|
| District of Columbia 0.6% | | |
| District of Columbia Water & Sewer Authority, Refunding RB, Series A, 6.00%, 10/01/35 | 1,700 | 2,069,739 |
| Florida 7.5% | | |
| City of St. Petersburg Florida, Refunding RB (NPFGC), 5.00%, 10/01/35 | 6,493 | 7,106,245 |
| County of Miami-Dade Florida, GO, Building Better Communities Program, Series B-1, 6.00%, 7/01/38 | 12,500 | 14,563,000 |
| Municipal Bonds Transferred to Tender Option Bond Trusts (b) | Par (000) | Value |
| Florida (concluded) | | |
| County of Miami-Dade Florida, RB, Transit System, Sales Surtax, 5.00%, 7/01/42 (a) | \$ 1,650 | \$ 1,851,415 |
| Lee County Housing Finance Authority, RB, Multi-County Program, Series A-2, AMT (Ginnie Mae), 6.00%, 9/01/40 | 2,055 | 2,190,651 |
| | | 25,711,311 |
| Georgia 2.0% | | |
| Augusta-Richmond County Georgia, Water & Sewer, RB (AGM), 5.25%, 10/01/34 | 6,290 | 6,786,218 |
| Illinois 6.8% | | |
| City of Chicago Illinois, ARB, O Hare International Airport, Series A, 5.00%, 1/01/38 | 15,000 | 16,090,200 |
| City of Chicago Illinois, Refunding RB: Water System, 5.00%, 11/01/42 | 2,439 | 2,776,436 |
| Water System, Second Lien (AGM), 5.25%, 11/01/33 | 3,969 | 4,452,512 |
| | | 23,319,148 |
| Kentucky 0.8% | | |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27 | 2,304 | 2,675,502 |
| Massachusetts 3.3% | | |
| Massachusetts School Building Authority, RB: Dedicated Sales Tax, Senior Series B, 5.00%, 10/15/41 | 5,080 | 5,869,635 |
| Series A (AGM), 5.00%, 8/15/30 | 4,994 | 5,527,109 |
| | | 11,396,744 |
| Nevada 6.6% | | |
| Clark County Water Reclamation District, GO: Limited Tax, 6.00%, 7/01/38 | 10,000 | 12,334,400 |
| Series B, 5.50%, 7/01/29 | 8,247 | 10,220,218 |
| | | 22,554,618 |
| New Jersey 1.2% | | |
| New Jersey State Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29 | 3,861 | 4,264,300 |
| New York 10.0% | | |
| New York City Municipal Water Finance Authority, Refunding RB, Series FF, 5.00%, 6/15/45 | 5,958 | 6,832,422 |
| New York City Transitional Finance Authority, RB: Building Aid Revenue, Fiscal 2009, Series S-3, 5.25%, 1/15/39 | 2,300 | 2,598,206 |
| Future Tax Secured, Sub-Series E-1, 5.00%, 2/01/42 | 2,919 | 3,370,259 |
| New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Construction, 5.25%, 12/15/43 | 7,515 | 8,668,177 |
| New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 | 4,400 | 5,205,860 |
| Sales Tax Asset Receivable Corp., Refunding RB, Series A (AMBAC), 5.25%, 10/15/27 | 6,751 | 7,399,019 |

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| | | |
|---|-------|------------|
| | | 34,073,943 |
| Puerto Rico 1.0% | | |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, Sales Tax, Series C, 5.25%, 8/01/40 | 3,020 | 3,353,665 |
| Texas 1.7% | | |
| Waco Educational Finance Corp., Refunding RB, Baylor University, 5.00%, 3/01/43 | 4,995 | 5,727,467 |
| Utah 0.8% | | |
| City of Riverton Utah Hospital, RB, IHC Health Services Inc., 5.00%, 8/15/41 | 2,504 | 2,736,921 |

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)

| Municipal Bonds Transferred to Tender Option Bond Trusts (b) | Par (000) | Value |
|--|--------------|----------------|
| Washington 3.9% | | |
| City of Bellevue Washington, GO, Refunding (NPFGC), 5.50%, 12/01/14 (c) | \$ 6,883 | \$ 7,700,643 |
| University of Washington, Refunding RB, Series A, 5.00%, 7/01/41 | 4,694 | 5,472,148 |
| | | 13,172,791 |
| Total Municipal Bonds Transferred to Tender Option Bond Trusts 52.0% | | 177,553,580 |
| Total Investments (Cost \$506,170,498) 163.4% | | 557,498,796 |
| Other Assets Less Liabilities 1.1% | | 3,602,773 |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (26.1)% | | (88,957,167) |
| VMTP Shares, at Liquidation Value (38.4)% | | (131,000,000) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 341,144,402 |

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

| Counterparty | Value | Unrealized Appreciation (Depreciation) |
|-----------------------|--------------|--|
| JPMorgan Chase & Co. | \$ 1,851,415 | \$ 17,242 |
| Pershing LLC | \$ 1,733,490 | \$ (3,681) |
| Stifel Nicolaus & Co. | \$ 1,880,539 | \$ 220,134 |

(b) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

(c) 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.

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

| Affiliate | Shares Held at July 31, 2011 | Net Activity | Shares Held at July 31, 2012 | Income |
|-----------------------------------|------------------------------------|-----------------|------------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 13,223,965 | (13,223,965) | | \$ 1,465 |

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

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

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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)

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

The following table summarizes the Fund's investments categorized in the disclosure hierarchy as of July 31, 2012:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|---------|----------------|---------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 557,498,796 | | \$ 557,498,796 |

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

Certain of the Fund's liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of July 31, 2012, such liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------|---------|------------------|---------|------------------|
| Liabilities: | | | | |
| Bank overdraft | | \$ (1,860,269) | | \$ (1,860,269) |
| TOB trust certificates | | (88,920,856) | | (88,920,856) |
| VMTP Shares | | (131,000,000) | | (131,000,000) |
| Total | | \$ (221,781,125) | | \$ (221,781,125) |

There were no transfers between levels during the year ended July 31, 2012.

See Notes to Financial Statements.

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Schedule of Investments July 31, 2012

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

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| California 87.1% | | |
| Corporate 0.5% | | |
| City of Chula Vista California, Refunding RB, San Diego Gas & Electric, Series A, 5.88%, 2/15/34 | \$ 2,435 | \$ 2,874,396 |
| County/City/Special District/School District 30.7% | | |
| Bay Area Governments Association, Refunding RB, California Redevelopment Agency Pool, Series A (AGM), 6.00%, 12/15/24 | 255 | 259,710 |
| California State Public Works Board, RB, Various Capital Projects, Sub-Series I-1, 6.13%, 11/01/29 | 3,110 | 3,723,167 |
| Chabot-Las Positas Community College District, GO, CAB, Series C (AMBAC), 5.31%, 8/01/37 (a) | 10,000 | 2,699,700 |
| County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 8/01/35 | 2,000 | 2,344,220 |
| Desert Community College District, GO, CAB, Election of 2004, Series C (AGM), 5.48%, 8/01/46 (a) | 5,000 | 794,550 |
| Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/28 | 2,500 | 2,694,925 |
| Fremont Unified School District Alameda County California, GO, Series A (NPFGC), 5.50%, 8/01/12 (b) | 10,755 | 10,862,550 |
| Grossmont Healthcare District, GO, Election of 2006, Series B, 6.13%, 7/15/40 | 2,500 | 3,068,075 |
| Grossmont Union High School District, GO, Election of 2008, Series C, 5.50%, 8/01/33 | 1,855 | 2,229,766 |
| Los Angeles Community Redevelopment Agency California, RB, Bunker Hill Project, Series A (AGM), 5.00%, 12/01/27 | 7,000 | 7,547,680 |
| Los Angeles County Metropolitan Transportation Authority, Refunding RB, Proposition A, First Tier, Senior Series A (AMBAC), 5.00%, 7/01/27 | 4,000 | 4,410,080 |
| Los Angeles Municipal Improvement Corp., Refunding RB, Real Property, Series B (AGC), 5.50%, 4/01/39 | 2,025 | 2,277,943 |
| Merced Union High School District, GO, CAB, Election of 2008, Series C (a): | | |
| 5.17%, 8/01/33 | 2,500 | 855,900 |
| 5.22%, 8/01/36 | 4,000 | 1,160,240 |
| Ohlone Community College District, GO, Election of 2010, Series A, 5.25%, 8/01/41 | 8,140 | 9,415,294 |
| Orange County Sanitation District, COP, Series A, 5.00%, 2/01/35 | 2,500 | 2,816,875 |
| Orange County Water District, COP, Refunding, 5.25%, 8/15/34 | 9,045 | 10,520,782 |
| Orchard School District California, GO, Election of 2001, Series A (AGC), 5.00%, 8/01/34 | 7,490 | 8,439,582 |
| Oxnard Union High School District California, GO, Refunding, Series A (NPFGC), 6.20%, 8/01/30 | 9,645 | 10,776,069 |
| Pittsburg Unified School District, GO, Election of 2006, Series B (AGM): | | |
| 5.50%, 8/01/34 | 2,000 | 2,284,480 |
| 5.63%, 8/01/39 | 4,500 | 5,136,255 |
| Port of Oakland, Refunding RB, Series M (NPFGC), 5.38%, 11/01/27 | 5,000 | 5,039,250 |
| Redlands Unified School District California, GO, Election of 2008 (AGM), 5.25%, 7/01/33 | 5,000 | 5,605,600 |

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| | | |
|--|--------|------------|
| San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/38 | 4,895 | 5,373,046 |
| San Jose Financing Authority, RB: Civic Center Project, Series B (AMBAC), 5.00%, 6/01/32 | 11,400 | 11,436,366 |
| Convention Center Expansion & Renovation Project, 5.75%, 5/01/36 | 2,570 | 2,882,769 |
| Convention Center Expansion & Renovation Project, 5.75%, 5/01/42 | 4,500 | 5,227,740 |
| San Juan Unified School District, GO, Election of 2002 (AGM), 5.00%, 8/01/34 | 6,475 | 7,316,297 |

| | Par (000) | Value |
|--|--------------|-------|
|--|--------------|-------|

Municipal Bonds
California (continued)
County/City/Special District/School District
(concluded)

| | | |
|--|----------|--------------|
| San Leandro Unified School District California, GO, Election of 2010, Series A, 5.75%, 8/01/41 | \$ 3,000 | \$ 3,570,870 |
| Snowline Joint Unified School District, COP, Refunding, Refining Project (AGC), 5.75%, 9/01/38 | 5,600 | 6,460,160 |
| Walnut Valley Unified School District, GO, Election of 2007, Series B, 5.75%, 8/01/41 | 7,680 | 9,082,291 |
| West Contra Costa Unified School District California, GO: Election of 2010, Series A, 5.25%, 8/01/41 | 6,140 | 6,993,951 |
| Election of 2002, Series B (AGM), 5.00%, 8/01/32 | 6,690 | 6,690,000 |
| Westminster Redevelopment Agency California, Tax Allocation Bonds, Subordinate, Commercial Redevelopment Project No. 1 (AGC), 6.25%, 11/01/39 | 4,300 | 5,225,188 |
| | | 175,221,371 |

Education 5.5%

| | | |
|---|--------|------------|
| Anaheim City School District California, GO, Election of 2010 (AGM), 6.25%, 8/01/40 | 3,750 | 4,600,425 |
| California Municipal Finance Authority, RB, Emerson College, 6.00%, 1/01/42 | 2,500 | 2,949,250 |
| Gavilan Joint Community College District, GO, Election of 2004, Series D: 5.50%, 8/01/31 | 2,165 | 2,632,965 |
| 5.75%, 8/01/35 | 8,400 | 10,217,592 |
| Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C, 4.97%, 8/01/37 (a) | 12,005 | 3,516,745 |
| University of California, Refunding RB, Limited Project, Series G, 5.00%, 5/15/37 (c) | 6,440 | 7,442,450 |
| | | 31,359,427 |

Health 15.3%

| | | |
|--|--------|------------|
| ABAG Finance Authority for Nonprofit Corps, Refunding RB, Sharp Healthcare, Series A, 6.00%, 8/01/30 | 2,270 | 2,795,596 |
| California Health Facilities Financing Authority, RB: Children s Hospital, Series A, 5.25%, 11/01/41 | 8,000 | 8,851,040 |
| Providence Health Services, Series B, 5.50%, 10/01/39 | 4,105 | 4,688,238 |
| Stanford Hospital and Clinics, Series A, 5.00%, 8/15/51 | 6,500 | 7,128,810 |
| Sutter Health, Series A, 5.25%, 11/15/46 | 10,000 | 10,603,200 |
| Sutter Health, Series B, 6.00%, 8/15/42 | 7,715 | 9,265,715 |
| California Health Facilities Financing Authority, Refunding RB, Catholic Healthcare West, Series A: 6.00%, 7/01/34 | 2,130 | 2,519,108 |
| 6.00%, 7/01/39 | 5,500 | 6,489,670 |
| California Statewide Communities Development Authority, RB: | | |

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| | | |
|---|--------|------------|
| Health Facility, Memorial Health Services, Series A, 6.00%, 4/01/13 (b) | 3,685 | 3,827,831 |
| Kaiser Permanente, Series A, 5.00%, 4/01/42 | 15,000 | 16,418,700 |
| Kaiser Permanente, Series B, 5.25%, 3/01/45 | 3,845 | 4,060,359 |
| Sutter Health, Series A, 6.00%, 8/15/42 | 4,085 | 4,906,085 |
| California Statewide Communities Development Authority, Refunding RB, Catholic Healthcare West, Series D (BHAC), 5.50%, 7/01/31 | 865 | 992,968 |
| City of Newport Beach California, RB, Hoag Memorial Hospital Presbyterian, 6.00%, 12/01/40 | 3,825 | 4,707,389 |
| | | 87,254,709 |

See Notes to Financial Statements.

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Schedule of Investments (continued)

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

| | Par (000) | Value |
|---|--------------|------------|
| Municipal Bonds | | |
| California (continued) | | |
| Housing 0.0% | | |
| California Rural Home Mortgage Finance Authority, RB, Mortgage-Backed Securities Program, AMT (Ginnie Mae): | | |
| Series A, 6.35%, 12/01/29 (d) | \$ 60 | \$ 61,570 |
| Series B, 6.25%, 12/01/31 | 50 | 50,514 |
| County of San Bernardino California, Refunding RB, Home Mortgage-Backed Securities, Series A-1, AMT (Ginnie Mae), 6.25%, 12/01/31 | 95 | 103,241 |
| | | 215,325 |
| State 6.4% | | |
| California State Public Works Board, RB, Department of Education, Riverside Campus Project, Series B, 6.50%, 4/01/34 | | |
| | 3,670 | 4,435,782 |
| State of California, GO, Various Purpose: | | |
| 6.00%, 3/01/33 | 7,000 | 8,622,880 |
| 6.00%, 4/01/38 | 16,500 | 19,480,890 |
| 6.00%, 11/01/39 | 3,375 | 4,030,155 |
| | | 36,569,707 |
| Transportation 12.5% | | |
| City of San Jose California Airport, Refunding RB, Series A-1, AMT, 6.25%, 3/01/34 | | |
| | 1,400 | 1,660,442 |
| County of Orange California, RB, Series B, 5.75%, 7/01/34 | | |
| | 5,000 | 5,648,450 |
| County of Sacramento California, RB, Airport System: | | |
| Senior Series B, AMT (AGM), 5.25%, 7/01/33 | 7,550 | 8,154,000 |
| Subordinated and Passenger Facility Charges/Grant, Series C (AGC), 5.75%, 7/01/39 | | |
| | 5,455 | 6,199,225 |
| Los Angeles Department of Airports, RB, Los Angeles International Airport, Senior Series A: | | |
| 5.25%, 5/15/29 | 3,760 | 4,348,440 |
| 5.25%, 5/15/39 | 2,785 | 3,137,999 |
| Los Angeles Harbor Department, RB, Series B: | | |
| 5.25%, 8/01/34 | 5,530 | 6,347,942 |
| 5.25%, 8/01/39 | 2,480 | 2,813,213 |
| San Diego County Regional Airport Authority, RB, Series B, 5.00%, 7/01/40 | | |
| | 6,350 | 6,962,076 |
| San Francisco City & County Airports Commission, RB: | | |
| Series E, 6.00%, 5/01/39 | 9,650 | 11,413,055 |
| Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20 | | |
| | 1,000 | 1,002,970 |
| Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.13%, 1/01/27 | | |
| | 985 | 987,187 |
| San Francisco City & County Airports Commission, Refunding RB, Second Series 34E, AMT (AGM): | | |
| 5.75%, 5/01/24 | 5,000 | 5,822,250 |
| 5.75%, 5/01/25 | 3,500 | 4,040,050 |
| San Joaquin County Transportation Authority, Refunding RB, Limited Tax, Series A, 6.00%, 3/01/36 | | |
| | 2,400 | 2,939,184 |
| | | 71,476,483 |

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| | | |
|--|-------|-----------|
| Utilities 16.2% | | |
| Anaheim Public Financing Authority, RB, Electric System Distribution Facilities, Series A, 5.38%, 10/01/36 | 5,000 | 5,883,450 |
| City of Los Angeles California, Refunding RB, Sub-Series A: | | |
| 5.00%, 6/01/28 | 2,000 | 2,335,040 |
| 5.00%, 6/01/32 | 3,000 | 3,452,130 |
| Dublin-San Ramon Services District, Refunding RB, 6.00%, 8/01/41 | 4,000 | 4,871,000 |
| East Bay Municipal Utility District, RB, Series A (NPFGC), 5.00%, 6/01/37 | 4,000 | 4,571,920 |

| | Par (000) | Value |
|--|----------------------|--------------------|
| Municipal Bonds | | |
| California (concluded) | | |
| Utilities (concluded) | | |
| East Bay Municipal Utility District, Refunding RB, Sub-Series A: | | |
| 5.00%, 6/01/30 | \$ 5,000 | \$ 5,970,400 |
| 5.00%, 6/01/37 | 10,000 | 11,429,800 |
| (AMBAC), 5.00%, 6/01/33 | 3,000 | 3,425,970 |
| Imperial Irrigation District, Refunding RB, Electric System, Series B, 5.13%, 11/01/38 | 5,500 | 6,010,455 |
| Los Angeles Department of Water & Power, Refunding RB, Series A: | | |
| 5.25%, 7/01/39 | 8,000 | 9,362,320 |
| 5.00%, 7/01/41 (c) | 5,760 | 6,569,741 |
| Power System, Sub-Series A-2 (NPFGC), 5.00%, 7/01/27 | 15,000 | 15,525,000 |
| San Diego Public Facilities Financing Authority, Refunding RB, Senior Series A, 5.25%, 5/15/34 | 1,000 | 1,150,480 |
| San Francisco City & County Public Utilities Commission, RB, Sub-Series A, 5.00%, 11/01/34 | 10,000 | 11,688,600 |
| | | 92,246,306 |
| Total Municipal Bonds in California | | 497,217,724 |

| | | |
|---|-------|--------------------|
| Puerto Rico 0.4% | | |
| State 0.4% | | |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, CAB, Senior Series C, 5.43%, 8/01/39 (a) | 8,750 | 2,059,575 |
| Total Municipal Bonds 87.5% | | 499,277,299 |

| | | |
|---|--------|------------|
| Municipal Bonds Transferred to Tender Option Bond Trusts (e) | | |
| California 76.1% | | |
| County/City/Special District/School District 38.1% | | |
| Arcadia Unified School District California, GO, Election of 2006, Series A (AGM), 5.00%, 8/01/37 | 7,925 | 8,521,887 |
| Desert Community College District California, GO, Series C (AGM), 5.00%, 8/01/37 | 12,150 | 13,158,936 |
| Fremont Unified School District Alameda County California, GO, Election of 2002, Series B (AGM), 5.00%, 8/01/30 | 15,997 | 17,708,360 |
| Los Angeles Community College District California, GO: Election of 2001, Series A (AGM), 5.00%, 8/01/32 | 12,000 | 13,528,080 |
| Election of 2001, Series A (NPFGC), 5.00%, 8/01/32 | 26,438 | 29,804,088 |
| Election of 2003, Series E (AGM), 5.00%, 8/01/31 | 7,497 | 8,355,163 |
| Election of 2003, Series F-1, 5.00%, 8/01/33 | 12,000 | 13,554,840 |
| Election of 2008, Series A, 6.00%, 8/01/33 | 9,596 | 11,685,182 |
| Los Angeles County Metropolitan Transportation Authority, Refunding RB, Proposition A, First Tier, | 6,828 | 7,527,814 |

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| | | |
|--|--------|------------|
| Senior Series A (AMBAC), 5.00%, 7/01/35 Los Angeles County Sanitation Districts Financing Authority, Refunding RB, Capital Project 14 (BHAC), 5.00%, 10/01/34 | 4,998 | 5,501,065 |
| Los Angeles Unified School District California, GO, Series I, 5.00%, 1/01/34 | 5,000 | 5,650,300 |
| Ohlone Community College District, GO, Series B (AGM), 5.00%, 8/01/30 | 19,998 | 21,907,760 |
| Poway Unified School District, GO, Election of 2002, Improvement District 02, Series 1-B (AGM), 5.00%, 8/01/30 | 10,000 | 10,878,400 |

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 (e) California (concluded) | Par (000) | Value |
|--|--------------|--------------|
| 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 | \$ 7,550 | \$ 8,459,775 |
| San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/30 | 7,350 | 7,784,826 |
| San Francisco Bay Area Rapid Transit District, Refunding RB, Series A (NPFGC), 5.00%, 7/01/30 | 19,630 | 21,583,185 |
| San Francisco Bay Area Transit Financing Authority, Refunding RB, Series A (NPFGC), 5.00%, 7/01/34 | 10,497 | 11,541,584 |
| | | 217,151,245 |
| Education 11.4% | | |
| California State University, Refunding RB, Systemwide, Series C (NPFGC), 5.00%, 11/01/35 | 20,000 | 22,064,400 |
| Los Rios Community College District, GO, Election of 2008, Series A, 5.00%, 8/01/35 | 11,000 | 12,429,230 |
| University of California, RB: Limited Project, Series D (AGM), 5.00%, 5/15/41 | 8,000 | 8,961,920 |
| Series L, 5.00%, 5/15/40 | 7,398 | 8,297,594 |
| Series O, 5.75%, 5/15/34 | 11,190 | 13,455,565 |
| | | 65,208,709 |
| Transportation 1.0% | | |
| City of Los Angeles California Department of Airports, Refunding RB, Senior, Los Angeles International Airport, Series A, 5.00%, 5/15/40 | 4,999 | 5,611,360 |
| Utilities 25.6% | | |
| City of Napa California, RB (AMBAC), 5.00%, 5/01/35 | 9,070 | 9,837,776 |
| East Bay Municipal Utility District, RB, Sub-Series A (NPFGC), 5.00%, 6/01/35 | 15,000 | 16,525,500 |
| East Bay Municipal Utility District, Refunding RB, Sub-Series A (AMBAC), 5.00%, 6/01/37 | 7,990 | 9,103,247 |
| Los Angeles Department of Water & Power, RB, Power System: Sub-Series A-1 (AGM), 5.00%, 7/01/37 | 13,525 | 15,231,262 |
| Sub-Series A-1 (AMBAC), 5.00%, 7/01/37 | 5,029 | 5,663,788 |
| Sub-Series A-2 (AGM), 5.00%, 7/01/35 | 7,500 | 8,470,350 |
| Metropolitan Water District of Southern California, RB: Series A, 5.00%, 7/01/37 | 15,000 | 17,094,450 |
| Series B-1 (NPFGC), 5.00%, 10/01/33 | 7,175 | 7,573,489 |
| Rancho Water District Financing Authority, Refunding RB, Series A (AGM), 5.00%, 8/01/34 | 9,277 | 10,262,102 |
| San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33 | 8,510 | 9,449,844 |
| San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/31 | 10,000 | 10,564,400 |
| San Francisco City & County Public Utilities Commission, RB, Water System Improvement Program, Sub-Series A, 5.00%, 11/01/37 | 22,997 | 26,406,403 |
| | | 146,182,611 |

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| | |
|---|-------------|
| Total Municipal Bonds Transferred to Tender Option Bond Trusts 76.1% | 434,153,925 |
| Total Long-Term Investments (Cost \$853,456,251) 163.6% | 933,431,224 |

| Short-Term Securities | Shares | Value |
|--|-----------|----------------|
| BIF California Municipal Money Fund, 0.00% (f)(g) | 4,870,908 | \$ 4,870,908 |
| Total Short-Term Securities (Cost \$4,870,908) 0.8% | | 4,870,908 |
| Total Investments (Cost \$858,327,159) 164.4% | | 938,302,132 |
| Liabilities in Excess of Other Assets (0.2)% | | (1,257,439) |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (35.0)% | | (199,985,472) |
| VRDP Shares, at Liquidation Value (29.2)% | | (166,500,000) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 570,559,221 |

- (a) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (b) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (c) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty | Value | Unrealized Appreciation (Depreciation) |
|-------------------|--------------|--|
| Wells Fargo & Co. | \$ 6,569,741 | \$ 13,766 |
| Barclays Plc | \$ 7,442,450 | \$ (15,649) |

- (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 1940 Act, as amended, were as follows:

| Affiliate | Shares Held at July 31, 2011 | Net Activity | Shares Held at July 31, 2012 | Income |
|-------------------------------------|------------------------------|--------------|------------------------------|--------|
| BIF California Municipal Money Fund | 15,276,406 | (10,405,498) | 4,870,908 | |

- (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 or reporting ease.

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

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

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)

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

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

The following table summarizes the Fund's investments categorized in the disclosure hierarchy as of July 31, 2012:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 933,431,224 | | \$ 933,431,224 |
| Short-Term Securities | \$ 4,870,908 | | | 4,870,908 |
| Total | \$ 4,870,908 | \$ 933,431,224 | | \$ 938,302,132 |

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

Certain of the Fund's liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of July 31, 2012, such liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------|---------|------------------|---------|------------------|
| Liabilities: | | | | |
| TOB trust certificates | | \$ (199,873,663) | | \$ (199,873,663) |
| VRDP Shares | | (166,500,000) | | (166,500,000) |
| Total | | \$ (366,373,663) | | \$ (366,373,663) |

There were no transfers between levels during the year ended July 31, 2012.

See Notes to Financial Statements.

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Schedule of Investments July 31, 2012

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

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| Michigan 126.0% | | |
| Corporate 4.2% | | |
| Dickinson County EDC, Michigan, Refunding RB, International Paper Co. Project, Series A, 5.75%, 6/01/16 | \$ 2,500 | \$ 2,508,175 |
| Monroe County EDC, Michigan, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22 | 3,805 | 5,136,674 |
| | | 7,644,849 |
| County/City/Special District/School District 37.6% | | |
| Adrian City School District Michigan, GO (AGM), 5.00%, 5/01/14 (a) | 2,400 | 2,594,832 |
| Anchor Bay School District, GO, Refunding (Q-SBLF): | | |
| 4.13%, 5/01/25 | 2,000 | 2,204,320 |
| 4.25%, 5/01/26 | 1,145 | 1,261,515 |
| 4.38%, 5/01/27 | 640 | 706,067 |
| 4.00%, 5/01/28 | 760 | 806,056 |
| 4.38%, 5/01/28 | 400 | 436,884 |
| 4.00%, 5/01/29 | 380 | 400,056 |
| 4.50%, 5/01/29 | 605 | 662,167 |
| Bay City School District Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/36 | 200 | 211,022 |
| Brighton Area School District, GO, School Building, Series I (Q-SBLF) (c): | | |
| 4.25%, 5/01/37 | 2,280 | 2,337,410 |
| 4.00%, 5/01/42 | 860 | 862,236 |
| Charter Township of Canton Michigan, GO, Capital Improvement (AGM): | | |
| 5.00%, 4/01/25 | 1,250 | 1,380,588 |
| 5.00%, 4/01/26 | 1,250 | 1,373,375 |
| 5.00%, 4/01/27 | 500 | 547,055 |
| City of Jackson, GO, Capital Appreciation Downtown Development (AGM), 4.80%, 6/01/26 (b) | 2,710 | 1,406,056 |
| City of Oak Park Michigan, GO, Street Improvement (NPFGC), 5.00%, 5/01/30 | 600 | 641,796 |
| Comstock Park Public Schools, GO, School Building & Site, Series B (Q-SBLF): | | |
| 5.50%, 5/01/36 | 450 | 517,307 |
| 5.50%, 5/01/41 | 830 | 953,463 |
| County of Genesee Michigan, GO (NPFGC): | | |
| Refunding, Series A, 5.00%, 5/01/19 | 400 | 434,712 |
| Water Supply System, 5.13%, 11/01/33 | 500 | 510,255 |
| County of St. Clair, GO, Limited Tax Refunding, 5.00%, 4/01/28 | 915 | 1,060,046 |
| Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39 | 2,000 | 2,253,880 |
| Detroit City School District Michigan, GO, School Building & Site Improvement (NPFGC) (a): | | |
| Series A, 5.38%, 5/01/13 | 1,480 | 1,537,025 |
| Series B, 5.00%, 5/01/13 | 1,600 | 1,657,152 |
| Eaton Rapids Public Schools Michigan, GO, School Building & Site (AGM), 5.25%, 5/01/14 (a) | 2,000 | 2,172,180 |

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| | | |
|--|-------|-----------|
| Flint EDC, RB, Michigan Department of Human Services Office Building, 5.25%, 10/01/41 | 1,880 | 2,005,208 |
| Fraser Public School District, GO, School Building & Site (AGM), 5.00%, 5/01/25 | 1,255 | 1,372,518 |
| Gibraltar School District Michigan, GO, School Building & Site Improvement (NPFGC) (a): | | |
| 5.00%, 5/01/14 | 3,065 | 3,313,817 |
| 5.00%, 5/01/14 | 585 | 632,812 |

| | Par (000) | Value |
|---|--------------|------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| County/City/Special District/School District (concluded) | | |
| Goodrich Area School District, GO, School Building & Site (Q-SBLF): | | |
| 5.50%, 5/01/32 | \$ 400 | \$ 471,044 |
| 5.50%, 5/01/36 | 800 | 925,528 |
| 5.50%, 5/01/41 | 1,000 | 1,149,570 |
| Grand Rapids Building Authority Michigan, RB, Series A (AMBAC) (a): | | |
| 5.50%, 10/01/12 | 535 | 539,751 |
| 5.50%, 10/01/12 | 130 | 131,154 |
| Gull Lake Community School District, GO, Refunding (AGM), 4.00%, 5/01/26 | 500 | 535,050 |
| Harper Creek Community School District Michigan, GO, Refunding (AGM), 5.00%, 5/01/22 | 1,000 | 1,112,180 |
| Harper Woods School District Michigan, GO, Refunding, School Building & Site (NPFGC), 5.00%, 5/01/34 | 10 | 10,279 |
| Howell Public Schools, Refunding, GO (Q-SBLF), 4.50%, 5/01/29 | 660 | 731,346 |
| Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41 | 2,650 | 2,996,806 |
| Jonesville Community Schools Michigan, GO, Refunding (NPFGC), 5.00%, 5/01/29 | 1,085 | 1,142,407 |
| L Anse Creuse Public Schools Michigan, GO, School Building & Site (AGM): | | |
| 5.00%, 5/01/25 | 1,000 | 1,096,200 |
| 5.00%, 5/01/26 | 1,050 | 1,151,010 |
| 5.00%, 5/01/35 | 2,000 | 2,083,240 |
| Lincoln Consolidated School District Michigan, GO, Refunding (NPFGC), 4.63%, 5/01/28 | 2,325 | 2,457,967 |
| Livonia Public Schools School District Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/24 | 500 | 531,000 |
| Ludington Area School District Michigan, GO (NPFGC), 5.25%, 5/01/23 | 1,440 | 1,507,363 |
| New Lothrop Area Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/35 | 1,200 | 1,259,676 |
| Parchment School District, County of Kalamazoo, State of Michigan, GO, School Building and Site, 5.00%, 5/01/25 | 590 | 687,675 |
| Reed City Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/14 (a) | 1,000 | 1,082,100 |
| Romulus Community Schools, GO, Unlimited Tax, Refunding: | | |
| 4.13%, 5/01/25 | 715 | 779,750 |
| 4.25%, 5/01/26 | 740 | 807,717 |
| 4.25%, 5/01/27 | 725 | 784,392 |
| 4.50%, 5/01/29 | 630 | 687,021 |
| (AGM), 4.00%, 5/01/24 | 500 | 544,925 |
| (AGM), 4.38%, 5/01/28 | 1,335 | 1,448,528 |
| | 1,000 | 1,081,730 |

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| | | |
|--|-------|------------|
| Southfield Public Schools Michigan, GO, School Building & Site, Series B (AGM), 5.00%, 5/01/14 (a) | | |
| Sparta Area Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/14 (a) | 1,000 | 1,080,260 |
| Thornapple Kellogg School District Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/32 | 1,500 | 1,676,895 |
| Van Dyke Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/28 | 750 | 832,830 |
| Zeeland Public Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/29 | 1,230 | 1,300,762 |
| | | 68,877,966 |

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 |
|---|--------------|--------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| Education 12.4% | | |
| Ferris State University, Refunding RB, General (AGM): | | |
| 4.50%, 10/01/23 | \$ 1,360 | \$ 1,503,698 |
| 4.50%, 10/01/24 | 1,595 | 1,751,517 |
| 4.50%, 10/01/25 | 1,405 | 1,534,204 |
| Lake Superior State University, Refunding RB (AGM): | | |
| 4.00%, 11/15/26 | 475 | 497,287 |
| 4.00%, 11/15/27 | 285 | 296,896 |
| 4.00%, 11/15/28 | 190 | 196,707 |
| 4.00%, 11/15/29 | 250 | 257,428 |
| 4.00%, 11/15/30 | 190 | 194,589 |
| Michigan Higher Education Facilities Authority, RB, Limited Obligation, Hillsdale College Project, 5.00%, 3/01/35 | | |
| | 1,030 | 1,046,882 |
| Michigan Higher Education Student Loan Authority, RB, Student Loan (AMBAC): | | |
| Series XVII-I, 5.20%, 3/01/24 | 2,515 | 2,573,071 |
| Series XVII-P, 4.88%, 3/01/30 | 2,700 | 2,748,195 |
| Series XVII-Q, AMT, 5.00%, 3/01/31 | 500 | 515,225 |
| Michigan State University, Refunding RB, General, Series C: | | |
| 5.00%, 2/15/40 | 3,770 | 4,202,607 |
| 5.00%, 2/15/44 | 1,000 | 1,107,000 |
| Michigan Technological University, Refunding RB, General, Series A, 5.00%, 10/01/34 | | |
| | 1,000 | 1,124,220 |
| Saginaw Valley State University Michigan, Refunding RB, General (NPFGC), 5.00%, 7/01/24 | | |
| | 1,450 | 1,498,923 |
| Western Michigan University, Refunding RB, General, 5.25%, 11/15/40 | | |
| | 1,400 | 1,588,034 |
| | | 22,636,483 |
| Health 25.9% | | |
| Dickinson County Healthcare System, Refunding RB (ACA), 5.80%, 11/01/24 | | |
| | 2,170 | 2,170,043 |
| Flint Hospital Building Authority Michigan, Refunding RB, Hurley Medical Center (ACA): | | |
| 6.00%, 7/01/20 | 570 | 581,582 |
| Series A, 5.38%, 7/01/20 | 385 | 385,504 |
| Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36 | | |
| | 2,750 | 3,041,885 |
| Kent Hospital Finance Authority Michigan, Refunding RB, Spectrum Health, Series A, 5.00%, 11/15/29 | | |
| | 3,000 | 3,399,870 |
| Michigan State Finance Authority, Refunding RB, Trinity Health Credit: | | |
| 5.00%, 12/01/31 | 1,900 | 2,169,040 |
| 5.00%, 12/01/35 | 1,900 | 2,118,766 |
| Michigan State Hospital Finance Authority, RB: Ascension Health Senior Credit Group, 5.00%, 11/15/25 | | |
| | 2,300 | 2,611,949 |
| McLaren Health Care, Series C, 5.00%, 8/01/35 | | |
| | 1,585 | 1,727,143 |

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| | | |
|---|-------|-----------|
| MidMichigan Obligation Group, Series A, 5.00%, 4/15/26 | 380 | 396,940 |
| MidMichigan Obligation Group, Series A (AMBAC), 5.50%, 4/15/18 | 1,000 | 1,002,730 |
| Trinity Health Credit, Series A, 5.00%, 12/01/16 (a) | 145 | 171,641 |
| Trinity Health Credit, Series A, 5.00%, 12/01/26 | 855 | 937,849 |

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| Health (concluded) | | |
| Michigan State Hospital Finance Authority, Refunding RB: | | |
| 5.38%, 12/01/12 (a) | \$ 1,000 | \$ 1,017,280 |
| 5.38%, 12/01/12 (a) | 185 | 188,197 |
| 6.25%, 12/01/28 | 570 | 676,824 |
| Hospital, Crittenton, Series A, 5.63%, 3/01/27 | 1,300 | 1,312,519 |
| Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/21 | 400 | 442,852 |
| Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/25 | 2,470 | 2,658,486 |
| Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/37 | 3,340 | 3,508,636 |
| Hospital, Sparrow Obligated, 5.00%, 11/15/31 | 1,595 | 1,693,683 |
| McLaren Health Care, 5.75%, 5/15/38 | 1,500 | 1,677,885 |
| McLaren Health Care, Series A, 5.00%, 6/01/35 | 860 | 944,719 |
| Trinity Health Credit, Series A, 6.13%, 12/01/23 | 940 | 1,134,430 |
| Trinity Health Credit, Series C, 5.38%, 12/01/12 (a) | 1,765 | 1,795,393 |
| Trinity Health Credit, Series C, 4.00%, 12/01/32 | 3,040 | 3,157,709 |
| Trinity Health Credit, Series C, 6.50%, 12/01/33 | 1,400 | 1,692,320 |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39 | 1,000 | 1,289,910 |
| Sturgis Building Authority, RB, Sturgis Hospital Project (NPFGC), 4.75%, 10/01/34 | 3,525 | 3,598,990 |
| | | 47,504,775 |

Housing 3.4%

| | | |
|--|-------|-----------|
| Michigan State HDA, RB: | | |
| Deaconess Tower, AMT (Ginnie Mae), 5.25%, 2/20/48 | 1,000 | 1,038,580 |
| Series A, 4.75%, 12/01/25 | 2,675 | 2,954,698 |
| Series A (NPFGC), 5.30%, 10/01/37 | 20 | 20,017 |
| Michigan State HDA, Refunding RB, Series A, 6.05%, 10/01/41 | 2,000 | 2,211,200 |
| | | 6,224,495 |

State 14.3%

| | | |
|--|-------|-----------|
| Michigan Municipal Bond Authority, Refunding RB, Local Government, Charter County Wayne, Series B (AGC), 5.38%, 11/01/24 | | |
| | 125 | 146,491 |
| Michigan State Building Authority, Refunding RB, Facilities Program: | | |
| Series A, 5.50%, 10/15/45 | 750 | 864,585 |
| Series H (AGM), 5.00%, 10/15/26 | 3,000 | 3,439,650 |
| Series I 6.25%, 10/15/38 | 2,350 | 2,751,098 |
| Series I (AGC), 5.25%, 10/15/24 | 2,000 | 2,395,800 |
| Series I (AGC), 5.25%, 10/15/25 | 1,500 | 1,791,420 |
| Series I (AGC), 5.25%, 10/15/26 | 400 | 476,816 |
| Series II (NPFGC), 5.00%, 10/15/29 | 2,000 | 2,082,960 |
| Michigan State Finance Authority, RB, Local Government Loan Program, Series F, 5.25%, 10/01/41 | | |
| | 2,510 | 2,718,581 |
| Michigan Strategic Fund, Refunding RB, Cadillac Place Office Building Project, 5.25%, 10/15/31 | | |
| | 1,000 | 1,134,970 |

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| | | |
|--|-------|------------|
| State of Michigan, RB, GAB (AGM), 5.25%, 9/15/27 | 3,250 | 3,615,917 |
| State of Michigan Trunk Line Revenue, RB, Fund: | 750 | 884,775 |
| 5.00%, 11/15/29 | 750 | 884,775 |
| 5.00%, 11/15/33 | 1,150 | 1,336,220 |
| 5.00%, 11/15/36 | 2,220 | 2,563,900 |
| | | 26,203,183 |

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 |
|---|--------------|--------------------|
| Municipal Bonds | | |
| Michigan (concluded) | | |
| Transportation 11.0% | | |
| Wayne County Airport Authority, RB, Detroit Metropolitan | | |
| Wayne County Airport, AMT (NPFGC): | | |
| 5.25%, 12/01/25 | \$ 4,475 | \$ 4,700,898 |
| 5.25%, 12/01/26 | 3,700 | 3,872,531 |
| 5.00%, 12/01/34 | 3,550 | 3,606,339 |
| Wayne County Airport Authority, Refunding RB, AMT (AGC): | | |
| 5.75%, 12/01/26 | 3,060 | 3,360,920 |
| 5.38%, 12/01/32 | 4,300 | 4,585,563 |
| | | 20,126,251 |
| Utilities 17.2% | | |
| City of Detroit Michigan, RB: | | |
| Second Lien, Series B (AGM), 7.00%, 7/01/36 | | |
| | 2,000 | 2,430,760 |
| Senior Lien, Series A (NPFGC), 5.00%, 7/01/34 | | |
| | 4,000 | 4,018,320 |
| City of Detroit Michigan, Refunding RB, Second Lien, Series C (AGM), 5.00%, 7/01/29 | | |
| | 6,275 | 6,534,848 |
| City of Grand Rapids Michigan, Refunding RB, Series A (NPFGC), 5.50%, 1/01/22 | | |
| | 1,500 | 1,907,055 |
| City of Port Huron Michigan, RB, Water Supply: | | |
| 5.25%, 10/01/31 | 190 | 210,216 |
| 5.63%, 10/01/40 | 500 | 557,340 |
| City of Wyoming Michigan, RB, Sewer System (NPFGC), 5.00%, 6/01/30 | | |
| | 5,300 | 5,749,440 |
| Lansing Board of Water & Light Utilities System, RB, Series A: | | |
| 5.00%, 7/01/27 | 1,210 | 1,418,737 |
| 5.00%, 7/01/31 | 2,600 | 3,015,142 |
| 5.00%, 7/01/37 | 1,270 | 1,447,139 |
| 5.50%, 7/01/41 | 2,000 | 2,369,680 |
| Michigan Municipal Bond Authority, RB, Clean Water Revolving Fund: | | |
| Pooled Project, 5.00%, 10/01/27 | 760 | 903,374 |
| Subordinate, 5.00%, 10/01/27 | 750 | 866,805 |
| | | 31,428,856 |
| Total Municipal Bonds in Michigan | | 230,646,858 |
| Guam 2.0% | | |
| State 2.0% | | |
| Government of Guam Business Privilege Tax Revenue, RB, Series A, 5.13%, 1/01/42 | | |
| | 1,800 | 1,997,802 |
| Territory of Guam, Limited Obligation Bonds, RB, Section 30, Series A, 5.63%, 12/01/29 | | |
| | 850 | 955,366 |
| Territory of Guam, RB, Series B-1, 5.00%, 1/01/37 | | |
| | 715 | 788,917 |
| Total Municipal Bonds in Guam | | 3,742,085 |
| Puerto Rico 7.4% | | |
| State 5.7% | | |
| Puerto Rico Sales Tax Financing Corp., Refunding RB: CAB, Series A (NPFGC), 5.57%, 8/01/43 (b) | | |
| | 12,500 | 2,277,125 |

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| | | |
|---|--------|------------|
| CAB, Series A (NPFGC), 5.64%, 8/01/46 (b) | 30,000 | 4,548,300 |
| First Sub-Series C (AGM), 5.13%, 8/01/42 | 3,200 | 3,490,144 |
| | | 10,315,569 |

Transportation 1.3%

| | | |
|--|-------|-----------|
| Puerto Rico Highway & Transportation Authority, Refunding RB, Series CC (AGC), 5.50%, 7/01/31 | 2,000 | 2,437,380 |
|--|-------|-----------|

| Municipal Bonds | Par (000) | Value |
|--|--------------|-------------|
| Puerto Rico (concluded) | | |
| Utilities 0.4% | | |
| Puerto Rico Electric Power Authority, RB, Series WW, 5.50%, 7/01/38 | \$ 680 | \$ 722,201 |
| Total Municipal Bonds in Puerto Rico | | 13,475,150 |
| Total Municipal Bonds 135.4% | | 247,864,093 |

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

| | | |
|---|-------|-------------|
| Michigan 18.4% | | |
| County/City/Special District/School District 4.1% | | |
| Lakewood Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/37 | 3,970 | 4,434,093 |
| Portage Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/31 | 2,850 | 3,112,656 |
| | | 7,546,749 |
| Education 6.2% | | |
| Saginaw Valley State University, Refunding RB, General (AGM), 5.00%, 7/01/31 | 2,500 | 2,742,150 |
| Wayne State University, Refunding RB, General (AGM), 5.00%, 11/15/35 | 7,793 | 8,507,066 |
| | | 11,249,216 |
| Health 1.0% | | |
| Michigan Finance Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/39 | 1,650 | 1,827,523 |
| Housing 2.5% | | |
| Michigan HDA, RB, Rental Housing, Series A, 6.00%, 10/01/45 | 4,280 | 4,655,656 |
| Utilities 4.6% | | |
| City of Grand Rapids Michigan, RB, Sanitary Sewer System (NPFGC), 5.00%, 1/01/34 | 6,898 | 7,331,571 |
| Detroit Water and Sewerage Department, Refunding RB, Series A, 5.25%, 7/01/39 | 1,012 | 1,067,239 |
| | | 8,398,810 |
| Total Municipal Bonds Transferred to Tender Option Bond Trusts 18.4% | | 33,677,954 |
| Total Long-Term Investments (Cost \$261,085,347) 153.8% | | 281,542,047 |

| Short-Term Securities | Shares | |
|---|-----------|----------------|
| BIF Michigan Municipal Money Fund, 0.00% (e)(f) | 6,554,292 | 6,554,292 |
| Total Short-Term Securities (Cost \$6,554,292) 3.6% | | 6,554,292 |
| Total Investments (Cost \$267,639,639) 157.4% | | 288,096,339 |
| Liabilities in Excess of Other Assets (0.6)% | | (995,904) |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (9.1)% | | (16,724,768) |
| VRDP Shares, at Liquidation Value (47.7)% | | (87,300,000) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 183,075,667 |

See Notes to Financial Statements.

Schedule of Investments (concluded)

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

- (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:

| Counterparty | Value | Unrealized Appreciation |
|-----------------------|--------------|------------------------------------|
| Stifel Nicolaus & Co. | \$ 3,199,646 | \$ 23,560 |

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

| Affiliate | Shares Held at July 31, 2011 | Net Activity | Shares Held at July 31, 2012 | Income |
|-----------------------------------|---|-------------------------|---|---------------|
| BIF Michigan Municipal Money Fund | 3,018,268 | 3,536,024 | 6,554,292 | |

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

For Fund compliance purposes, the Fund's sector classifications refer to any one or more of the sector sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. 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. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

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

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)

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

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The following table summarizes the Fund's investments categorized in the disclosure hierarchy as of July 31, 2012:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|---------------------|-----------------------|---------|-----------------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 281,542,047 | | \$ 281,542,047 |
| Short-Term Securities | \$ 6,554,292 | | | 6,554,292 |
| Total | \$ 6,554,292 | \$ 281,542,047 | | \$ 288,096,339 |

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

Certain of the Fund's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of July 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------|---------|-------------------------|---------|-------------------------|
| Liabilities: | | | | |
| TOB trust certificates | | \$ (16,718,184) | | \$ (16,718,184) |
| VRDP Shares | | (87,300,000) | | (87,300,000) |
| Total | | \$ (104,018,184) | | \$ (104,018,184) |

There were no transfers between levels during the year ended July 31, 2012.

See Notes to Financial Statements.

Schedule of Investments July 31, 2012

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

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| New York 105.7% | | |
| Corporate 3.7% | | |
| New York City Industrial Development Agency, Refunding RB, Terminal One Group Association Project, AMT, 5.50%, 1/01/24 (a) | \$ 1,500 | \$ 1,585,365 |
| New York Liberty Development Corp., RB, Goldman Sachs Headquarters, 5.25%, 10/01/35 | 3,400 | 3,925,300 |
| New York State Energy Research & Development Authority, Refunding RB, Brooklyn Union Gas/Keyspan, Series A, AMT (NPFGC), 4.70%, 2/01/24 | 4,750 | 5,026,592 |
| Suffolk County Industrial Development Agency New York, RB, Keyspan, Port Jefferson, AMT, 5.25%, 6/01/27 | 4,625 | 4,768,375 |
| Suffolk County Industrial Development Agency New York, Refunding RB, Ogden Martin System Huntington, AMT (AMBAC), 6.25%, 10/01/12 | 6,470 | 6,531,983 |
| | | 21,837,615 |
| County/City/Special District/School District 31.2% | | |
| Amherst Development Corp., Refunding RB, University at Buffalo Foundation Faculty-Student Housing Corp., Series A (AGM), 4.63%, 10/01/40 | 2,000 | 2,152,640 |
| Buffalo & Erie County Industrial Land Development Corp., Refunding RB, Buffalo State College Foundation Housing Corp. Project, Series A, 5.38%, 10/01/41 | 1,040 | 1,191,330 |
| City of New York New York, GO: Series A-1, 5.00%, 8/01/35 | 1,950 | 2,242,344 |
| Sub-Series D-1, 5.00%, 10/01/33 | 8,350 | 9,730,339 |
| City of New York New York, GO, Refunding: Series E, 5.00%, 8/01/27 | 1,070 | 1,258,299 |
| Series I, 5.00%, 8/01/32 | 490 | 576,906 |
| County of Onondaga New York, RB, Syracuse University Project: 5.00%, 12/01/30 | 1,190 | 1,395,144 |
| 5.00%, 12/01/36 | 1,150 | 1,325,858 |
| Dutchess County Resource Recovery Agency New York, RB, Solid Waste System, Series A (NPFGC), 5.40%, 1/01/13 | 1,700 | 1,735,054 |
| Erie County Industrial Development Agency, RB, School District of Buffalo Project, Series A: 5.25%, 5/01/31 | 2,305 | 2,689,820 |
| 5.25%, 5/01/32 | 1,000 | 1,160,290 |
| Hudson New York Yards Infrastructure Corp., RB, Series A: 5.00%, 2/15/47 | 750 | 791,025 |
| (AGC), 5.00%, 2/15/47 | 4,300 | 4,564,751 |
| (AGM), 5.00%, 2/15/47 | 4,580 | 4,861,991 |
| (NPFGC), 4.50%, 2/15/47 | 17,525 | 18,017,102 |
| (NPFGC), 5.00%, 2/15/47 | 550 | 583,864 |
| (NPFGC), 5.00%, 2/15/47 | 3,415 | 3,601,801 |
| New York City Industrial Development Agency, RB, PILOT: CAB, Yankee Stadium (AGC), 4.87%, 3/01/39 (b) | 5,000 | 1,392,900 |
| CAB, Yankee Stadium (AGC), 5.01%, 3/01/43 (b) | 4,330 | 954,462 |
| | 8,800 | 8,952,944 |

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| | | |
|---|--------|------------|
| Queens Baseball Stadium (AMBAC), 5.00%, 1/01/36 | | |
| Queens Baseball Stadium (AMBAC), 5.00%, 1/01/39 | 1,750 | 1,777,615 |
| Yankee Stadium (AGC), 6.38%, 1/01/39 | 1,000 | 1,178,190 |
| Yankee Stadium (NPFGC), 5.00%, 3/01/36 | 2,250 | 2,342,520 |
| Yankee Stadium (NPFGC), 5.00%, 3/01/46 | 9,650 | 9,951,176 |
| New York City Transitional Finance Authority, RB: Building Aid Revenue, Series S-1, 4.00%, 7/15/42 | 1,385 | 1,406,606 |
| Fiscal 2008, Series S-1, 4.50%, 1/15/38 | 1,700 | 1,784,592 |
| Fiscal 2009, Series S-1 (AGC), 5.50%, 7/15/38 | 6,000 | 6,868,740 |
| Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/39 | 1,500 | 1,732,860 |
| Future Tax Secured, Series C (NPFGC), 5.00%, 2/01/33 | 12,395 | 13,117,381 |

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| New York (continued) | | |
| County/City/Special District/School District (concluded) | | |
| New York City Transitional Finance Authority, RB (concluded): | | |
| Future Tax Secured, Series E (NPFGC), 5.25%, 2/01/13 (c) | \$ 2,445 | \$ 2,507,176 |
| Future Tax Secured, Series E (NPFGC), 5.25%, 2/01/22 | 55 | 56,276 |
| Series S-2 (AGM), 5.00%, 1/15/37 | 5,000 | 5,394,600 |
| Series S-2 (NPFGC), 4.25%, 1/15/34 | 5,980 | 6,178,416 |
| New York City Transitional Finance Authority, Refunding RB, Future Tax Secured Revenue, Series A (NPFGC): | | |
| 5.00%, 11/15/12 (c) | 70 | 70,977 |
| 5.00%, 11/15/26 | 930 | 933,348 |
| New York Convention Center Development Corp., RB, Hotel Unit Fee Secured (AMBAC): | | |
| 5.00%, 11/15/30 | 1,500 | 1,582,140 |
| 5.00%, 11/15/35 | 11,600 | 12,153,900 |
| 5.00%, 11/15/44 | 14,470 | 15,133,449 |
| New York Liberty Development Corp., Refunding RB: | | |
| 4 World Trade Center Project, 5.00%, 11/15/31 | 2,570 | 2,943,524 |
| 4 World Trade Center Project, 5.75%, 11/15/51 | 3,460 | 4,093,699 |
| 7 World Trade Center Project, Class 2, 5.00%, 9/15/43 | 3,900 | 4,303,845 |
| North Country Development Authority, Refunding RB (AGM), 6.00%, 5/15/15 | 630 | 675,505 |
| Sales Tax Asset Receivable Corp., Refunding RB, Series A (AMBAC), 5.00%, 10/15/32 | 11,200 | 12,189,072 |
| St. Lawrence County Industrial Development Agency, RB, Clarkson University Project, 5.38%, 9/01/41 | 500 | 571,975 |
| Syracuse Industrial Development Agency New York, RB, Carousel Center Project, Series A, AMT (Syncora), 5.00%, 1/01/36 | 3,400 | 3,432,028 |
| Tompkins County Industrial Development Agency, RB, Civic Facility Cornell University Project, Series A, 5.00%, 7/01/37 | 675 | 774,097 |
| Town of Huntington New York, GO, Refunding (AMBAC), 5.50%, 4/15/13 | 455 | 472,035 |
| Town of North Hempstead New York, GO, Refunding, Series B (NPFGC): | | |
| 6.40%, 4/01/13 | 1,745 | 1,813,840 |
| 6.40%, 4/01/17 | 555 | 688,150 |
| | | 185,306,596 |

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Education 16.4%

| | | |
|---|-------|-----------|
| City of Troy New York, Refunding RB, Rensselaer Polytechnic, Series A, 5.13%, 9/01/40 | 5,725 | 6,340,895 |
| Madison County Industrial Development Agency New York, RB, Colgate University Project, Series A (AMBAC): | | |
| 5.00%, 7/01/30 | 5,410 | 5,795,949 |
| 5.00%, 7/01/35 | 2,675 | 2,843,284 |
| Monroe County Industrial Development Corp., RB, University of Rochester Project, Series B, 4.50%, 7/01/35 | 3,885 | 4,183,368 |
| New York City Industrial Development Agency, Refunding RB, Nightingale-Bamford School (AMBAC), 5.25%, 1/15/18 | 1,275 | 1,297,772 |
| New York City Transitional Finance Authority, RB, Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/33 | 5,500 | 6,413,770 |
| New York City Trust for Cultural Resources, Refunding RB: Carnegie Hall, Series A, 4.75%, 12/01/39 | 3,550 | 3,858,602 |
| Museum of Modern Art, Series 1A, 5.00%, 4/01/31 | 1,000 | 1,155,000 |
| New York State Dormitory Authority, LRB, State University Dormitory Facilities, Series A: | | |
| 5.00%, 7/01/35 | 800 | 911,384 |
| 5.00%, 7/01/40 | 2,035 | 2,284,796 |

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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 |
|---|--------------|--------------|
| Municipal Bonds | | |
| New York (continued) | | |
| Education (concluded) | | |
| New York State Dormitory Authority, RB: Convent of the Sacred Heart (AGM), 5.75%, 11/01/40 | \$ 2,075 | \$ 2,472,425 |
| Fordham University, Series A, 5.00%, 7/01/28 | 325 | 375,515 |
| Fordham University, Series A, 5.50%, 7/01/36 | 1,550 | 1,801,100 |
| General Purpose, Series A, 4.50%, 3/15/35 | 2,000 | 2,194,500 |
| Haverstraw King s Daughters Public Library, 4.00%, 7/01/28 | 565 | 607,076 |
| Haverstraw King s Daughters Public Library, 4.00%, 7/01/29 | 585 | 625,213 |
| Haverstraw King s Daughters Public Library, 4.00%, 7/01/30 | 610 | 646,710 |
| Mount Sinai School of Medicine, 5.13%, 7/01/39 | 665 | 733,003 |
| New School (AGM), 5.50%, 7/01/43 | 4,050 | 4,611,735 |
| New York University, Series 1 (AMBAC), 5.50%, 7/01/40 | 4,580 | 6,234,754 |
| New York University, Series B, 5.00%, 7/01/34 | 1,000 | 1,135,430 |
| New York University, Series B, 5.00%, 7/01/37 | 600 | 700,014 |
| New York University, Series B, 5.00%, 7/01/42 | 3,500 | 4,031,615 |
| New York University, Series C, 5.00%, 7/01/38 | 2,000 | 2,209,620 |
| New York State Dormitory Authority, Refunding RB: | | |
| Cornell University, Series A, 5.00%, 7/01/40 | 1,000 | 1,143,010 |
| Mount Sinai School of Medicine at NYU (NPFGC), 5.00%, 7/01/35 | 7,100 | 7,560,506 |
| New York University, Series A, 5.00%, 7/01/37 | 4,775 | 5,570,945 |
| Rockefeller University, Series B, 4.00%, 7/01/38 | 3,085 | 3,277,041 |
| State University Educational Facilities, Series A, 5.00%, 5/15/29 | 1,000 | 1,186,240 |
| Rensselaer County Industrial Development Agency New York, RB, Polytechnic Institute, Series B (AMBAC), 5.50%, 8/01/22 | 1,255 | 1,259,593 |
| Schenectady County Capital Resource Corp, Refunding RB: 5.00%, 7/01/32 | 1,120 | 1,303,568 |
| 4.25%, 7/01/33 | 865 | 921,926 |
| Tompkins County Development Corp., RB, Ithaca College Project (AGM): 5.50%, 7/01/33 | 500 | 582,645 |
| 5.25%, 7/01/36 | 860 | 974,234 |
| Troy Industrial Development Authority, RB, Rensselaer Polytechnic Institute Project, Series E, 5.20%, 4/01/37 | 2,280 | 2,534,288 |
| Trust for Cultural Resources, Refunding RB: | | |
| American Museum of Natural History, Series A (NPFGC), 5.00%, 7/01/36 | 4,750 | 5,081,122 |
| American Museum of Natural History, Series A (NPFGC), 5.00%, 7/01/44 | 500 | 534,855 |
| Carnegie Hall, Series A, 5.00%, 12/01/39 | 2,150 | 2,374,460 |
| | | 97,767,963 |
| Health 9.5% | | |
| Dutchess County Industrial Development Agency, RB, Vassar Brothers Medical Center (AGC): | | |

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| | | |
|---|-------|-----------|
| 5.50%, 4/01/30 | 250 | 284,095 |
| 5.50%, 4/01/34 | 490 | 556,086 |
| Monroe County Industrial Development Corp., Refunding RB, Unity Hospital of Rochester Project (FHA), 5.50%, 8/15/40 | 4,650 | 5,364,658 |
| New York City Health & Hospital Corp., Refunding RB, Health System, Series A, 5.00%, 2/15/30 | 2,200 | 2,486,968 |
| New York State Dormitory Authority, MRB, Montefiore Hospital (NPFGC), 5.00%, 8/01/33 | 1,500 | 1,558,890 |

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| New York (continued) | | |
| Health (concluded) | | |
| New York State Dormitory Authority, RB: | | |
| Healthcare, Series A, 5.00%, 3/15/38 | \$ 2,000 | \$ 2,287,200 |
| Hudson Valley Hospital (BHAC), 5.00%, 8/15/36 | 6,500 | 7,049,835 |
| New York & Presbyterian Hospital (AGM), 5.00%, 8/15/36 | 5,000 | 5,169,200 |
| New York University Hospitals Center, Series A, 5.75%, 7/01/31 | 3,450 | 4,016,283 |
| New York University Hospitals Center, Series A, 6.00%, 7/01/40 | 1,100 | 1,292,005 |
| North Shore-Long Island Jewish Health System, Series A, 5.50%, 5/01/37 | 2,075 | 2,359,856 |
| North Shore-Long Island Jewish Health System, Series C, 4.25%, 5/01/39 | 1,500 | 1,523,895 |
| North Shore-Long Island Jewish Health System, Series D, 4.25%, 5/01/39 | 1,950 | 1,976,345 |
| North Shore-Long Island Jewish Health System, Series D, 5.00%, 5/01/39 | 640 | 697,690 |
| New York State Dormitory Authority, Refunding RB: | | |
| New York University Hospitals Center, Series A, 5.00%, 7/01/36 | 1,500 | 1,589,655 |
| North Shore-Long Island Jewish Obligated Group, Series A, 5.00%, 5/01/32 | 4,000 | 4,477,440 |
| North Shore-Long Island Jewish Obligated Group, Series A, 5.25%, 5/01/34 | 9,220 | 10,516,055 |
| Saint Luke s Roosevelt Hospital (FHA), 4.90%, 8/15/31 | 2,900 | 3,070,810 |
| | | 56,276,966 |
| Housing 3.7% | | |
| Monroe County Industrial Development Agency, IDR B, Southview Towers Project, AMT (SONYMA): | | |
| 6.13%, 2/01/20 | 855 | 857,505 |
| 6.25%, 2/01/31 | 1,125 | 1,127,385 |
| New York City Housing Development Corp., RB, AMT: | | |
| Series A-1-A, 5.00%, 11/01/30 | 750 | 781,095 |
| Series A-1-A, 5.45%, 11/01/46 | 1,335 | 1,381,031 |
| Series C, 5.00%, 11/01/26 | 1,500 | 1,565,745 |
| Series C, 5.05%, 11/01/36 | 2,000 | 2,073,160 |
| Series H-1, 4.70%, 11/01/40 | 1,340 | 1,366,894 |
| Series H-2-A, 5.20%, 11/01/35 | 840 | 875,977 |
| Series H-2-A, 5.35%, 5/01/41 | 600 | 635,214 |
| New York Mortgage Agency, Refunding RB, AMT: | | |
| Homeowner Mortgage, Series 97, 5.50%, 4/01/31 | 750 | 750,840 |
| Series 133, 4.95%, 10/01/21 | 520 | 544,081 |
| Series 143, 4.85%, 10/01/27 | 1,100 | 1,143,285 |
| Series 143, 4.90%, 10/01/37 | 872 | 898,472 |
| Series 143 (NPFGC), 4.85%, 10/01/27 | 2,485 | 2,606,666 |
| New York State HFA, RB: | | |

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| | | |
|---|-------|------------|
| Affordable Housing, Series B, 3.45%, 11/01/32 (d) | 640 | 637,478 |
| Affordable Housing, Series B, 4.00%, 11/01/47 (d) | 1,000 | 995,080 |
| State Philips Housing, Series A, AMT (Fannie Mae), 4.65%, 11/15/38 | 1,500 | 1,539,120 |
| Yonkers Industrial Development Agency New York, RB, Monastery Manor Associates LP Project, AMT (SONYMA), 5.25%, 4/01/37 | 2,445 | 2,528,961 |
| | | 22,307,989 |

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 |
|---|--------------|--------------|
| Municipal Bonds | | |
| New York (continued) | | |
| State 6.7% | | |
| New York State Dormitory Authority, ERB, Series C, 5.00%, 12/15/31 | \$ 6,230 | \$ 7,084,195 |
| New York State Dormitory Authority, RB: Master BOCES Program Lease, (AGC), 5.00%, 8/15/28 | 1,750 | 1,986,023 |
| Mental Health Services Facilities, Series B, 5.25%, 2/15/14 (c) | 1,570 | 1,684,940 |
| School Districts Financing Program, Series C (AGM), 5.00%, 10/01/37 | 4,050 | 4,388,418 |
| School Districts Financing Program, Series E (NPFGC), 5.75%, 10/01/30 | 6,900 | 6,954,786 |
| New York State Dormitory Authority, Refunding RB: Saint John's University, Series A, 5.00%, 7/01/27 (d) | 430 | 508,548 |
| School Districts Financing Program, Series A (AGM), 5.00%, 10/01/35 | 550 | 597,597 |
| New York State Thruway Authority, RB: Second General, Series B, 5.00%, 4/01/27 | 1,500 | 1,688,400 |
| Series A (AMBAC), 5.00%, 4/01/26 | 4,380 | 4,921,499 |
| New York State Urban Development Corp., RB: Personal Income Tax, Series C-1 (NPFGC), 5.00%, 3/15/13 (c) | 3,000 | 3,090,270 |
| State Personal Income Tax, Series A, 3.50%, 3/15/28 | 1,500 | 1,584,615 |
| State Personal Income Tax, State Facilities, Series A-1 (NPFGC), 5.00%, 3/15/14 (c) | 5,000 | 5,382,900 |
| | | 39,872,191 |
| Tobacco 1.2% | | |
| Tobacco Settlement Financing Corp. New York, RB: Series A-1 (AMBAC), 5.25%, 6/01/20 | 5,000 | 5,200,700 |
| Series B-1C, 5.50%, 6/01/22 | 1,900 | 1,980,218 |
| | | 7,180,918 |
| Transportation 23.6% | | |
| Metropolitan Transportation Authority, RB: Series 2008C, 6.50%, 11/15/28 | 3,200 | 4,112,352 |
| Series E, 5.00%, 11/15/42 | 395 | 443,984 |
| Transportation, Series A, 5.00%, 11/15/27 | 1,000 | 1,168,110 |
| Transportation, Series D, 5.25%, 11/15/41 | 4,000 | 4,571,280 |
| Metropolitan Transportation Authority, Refunding RB: Series A (AGM), 5.00%, 11/15/32 | 1,015 | 1,027,332 |
| Series A (NPFGC), 5.13%, 11/15/22 | 1,390 | 1,406,902 |
| Series B, 5.00%, 11/15/34 | 1,500 | 1,692,945 |
| Transportation, Series D, 5.25%, 11/15/29 | 1,000 | 1,158,420 |
| Transportation, Series F (NPFGC), 5.25%, 11/15/12 (c) | 6,235 | 6,326,779 |
| New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Construction: 5.00%, 12/15/41 | 6,000 | 6,800,760 |
| 5.25%, 12/15/43 | 3,500 | 4,037,075 |

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| | | |
|--|-------|-----------|
| New York State Thruway Authority, RB: | | |
| Series F (AMBAC), 5.00%, 1/01/30 | 6,000 | 6,498,000 |
| Series I, 5.00%, 1/01/37 | 3,685 | 4,172,489 |
| Series I, 4.13%, 1/01/42 | 1,850 | 1,879,563 |
| Series I, 5.00%, 1/01/42 | 2,250 | 2,536,020 |
| New York State Thruway Authority, Refunding RB, Series G (AGM): | | |
| 4.75%, 1/01/29 | 7,250 | 7,895,975 |
| 4.75%, 1/01/30 | 9,000 | 9,801,900 |
| 5.00%, 1/01/30 | 2,000 | 2,208,680 |
| 5.00%, 1/01/32 | 1,030 | 1,137,470 |

| Municipal Bonds | Par (000) | Value |
|---|----------------------|--------------|
| New York (concluded) | | |
| Transportation (concluded) | | |
| Niagara Falls Bridge Commission, Refunding RB, Bridge System, Series A (AGC), 4.00%, 10/01/19 | \$ 1,900 | \$ 2,110,824 |
| Niagara Frontier Transportation Authority New York, RB, Buffalo Niagara International Airport, Series B (NPFGC), 5.50%, 4/01/19 | 2,705 | 2,738,001 |
| Port Authority of New York & New Jersey, RB: 124th Series, AMT (NPFGC), 5.00%, 8/01/36 | 500 | 501,480 |
| 163rd Series, 5.00%, 7/15/35 | 2,500 | 2,866,750 |
| JFK International Air Terminal, Special Project, Series 6, AMT (NPFGC), 6.25%, 12/01/13 | 4,425 | 4,563,193 |
| JFK International Air Terminal, Special Project, Series 6, AMT (NPFGC), 6.25%, 12/01/14 | 7,380 | 7,735,864 |
| JFK International Air Terminal, Special Project, Series 6, AMT (NPFGC), 5.75%, 12/01/22 | 10,160 | 10,163,048 |
| JFK International Air Terminal, Special Project, Series 6, AMT (NPFGC), 5.75%, 12/01/25 | 3,500 | 3,500,700 |
| Triborough Bridge & Tunnel Authority, RB: Sub-Series A (NPFGC), 5.25%, 11/15/30 | 6,000 | 6,312,900 |
| Subordinate Bonds (AMBAC), 5.00%, 11/15/28 | 1,965 | 2,067,730 |
| Triborough Bridge & Tunnel Authority, Refunding RB: Series C, 5.00%, 11/15/38 | 2,000 | 2,301,960 |
| Series E (NPFGC), 5.25%, 11/15/23 | 6,500 | 6,585,605 |
| Series E (NPFGC), 5.00%, 11/15/32 | 19,675 | 19,891,032 |
| | | 140,215,123 |
| Utilities 9.7% | | |
| Buffalo Sewer Authority New York, Refunding RB, Series F (NPFGC), 6.00%, 7/01/13 | 1,175 | 1,226,301 |
| Long Island Power Authority, RB: General, Series A (AGM), 5.00%, 5/01/36 | 3,775 | 4,231,662 |
| Series A (AMBAC), 5.00%, 9/01/29 | 7,000 | 7,508,060 |
| Long Island Power Authority, Refunding RB: General, Series A (AGC), 6.00%, 5/01/33 | 1,500 | 1,804,530 |
| General, Series B (AGM), 5.00%, 12/01/35 | 4,000 | 4,238,360 |
| Series A (AGC), 5.75%, 4/01/39 | 1,015 | 1,186,484 |
| New York City Municipal Water Finance Authority, RB, Series B, 5.00%, 6/15/36 | 2,000 | 2,238,300 |
| New York City Municipal Water Finance Authority, Refunding RB: Second General Resolution, Fiscal 2011, Series BB, 5.00%, 6/15/31 | 1,000 | 1,158,260 |
| Second General Resolution, Series FF, 5.00%, 6/15/31 | 1,500 | 1,737,390 |
| Series D (AGM), 5.00%, 6/15/37 | 9,000 | 9,957,240 |
| Series DD, 5.00%, 6/15/32 | 6,750 | 7,749,540 |
| Series DD (AGM), 4.50%, 6/15/39 | 1,000 | 1,058,070 |

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| | | |
|---|-------|--------------------|
| Series FF, 4.00%, 6/15/45 | 1,975 | 2,025,204 |
| Series FF, 5.00%, 6/15/45 | 2,100 | 2,408,154 |
| New York State Environmental Facilities Corp., Refunding RB: | | |
| Revolving Funds, New York City Municipal Water, 5.00%, 6/15/36 | 2,100 | 2,437,386 |
| Revolving Funds, New York City Municipal Water, Series B, 5.00%, 6/15/33 | 1,040 | 1,206,400 |
| New York State Power Authority, Refunding RB, Series A, 5.00%, 11/15/38 | 4,920 | 5,712,366 |
| | | 57,883,707 |
| Total Municipal Bonds in New York | | 628,649,068 |

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 |
|--|--------------|--------------|
| Municipal Bonds | | |
| Guam 1.0% | | |
| Transportation 0.7% | | |
| Guam International Airport Authority, Refunding RB, Series C, AMT (NPFGC): | | |
| 5.25%, 10/01/21 | \$ 2,240 | \$ 2,243,920 |
| 5.25%, 10/01/22 | 2,050 | 2,053,321 |
| | | 4,297,241 |
| Utilities 0.3% | | |
| Guam Power Authority, Refunding RB, Series A (AGM), 5.00%, 10/01/37 | 1,380 | 1,511,500 |
| Total Municipal Bonds in Guam | | 5,808,741 |
| Puerto Rico 11.4% | | |
| Housing 0.7% | | |
| Puerto Rico Housing Finance Authority, Refunding RB, Subordinate, Capital Fund Modernization, 5.13%, 12/01/27 | 3,500 | 3,879,505 |
| State 6.9% | | |
| Commonwealth of Puerto Rico, GO, Refunding (NPFGC): | | |
| Public Improvement, Series A, 5.50%, 7/01/20 | 2,000 | 2,276,660 |
| Sub-Series C-7, 6.00%, 7/01/27 | 2,000 | 2,254,800 |
| Sub-Series C-7, 6.00%, 7/01/28 | 4,775 | 5,364,426 |
| Puerto Rico Commonwealth Infrastructure Financing Authority, RB, CAB, Series A (NPFGC), 5.57%, 7/01/31 (b) | 22,030 | 7,792,452 |
| Puerto Rico Infrastructure Financing Authority, RB, CAB, Series A (AMBAC) (b): | | |
| 5.98%, 7/01/35 | 3,900 | 1,010,256 |
| 6.10%, 7/01/43 | 8,000 | 1,247,440 |
| Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities Series M-3 (NPFGC), 6.00%, 7/01/28 | 2,850 | 3,216,339 |
| Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A: | | |
| 5.63%, 8/01/30 | 2,000 | 2,118,120 |
| 5.75%, 8/01/37 | 7,150 | 7,999,920 |
| (AGM), 5.00%, 8/01/40 | 2,100 | 2,264,535 |
| Puerto Rico Sales Tax Financing Corp., Refunding RB: | | |
| CAB, Series A (NPFGC), 5.55%, 8/01/41 (b) | 12,800 | 2,615,808 |
| CAB, Series A (NPFGC), 5.57%, 8/01/43 (b) | 4,000 | 728,680 |
| Senior Series C, 5.25%, 8/01/40 | 2,035 | 2,259,786 |
| | | 41,149,222 |
| Transportation 3.1% | | |
| Puerto Rico Highway & Transportation Authority, RB: | | |
| Series G (NPFGC), 5.25%, 7/01/13 (c) | 655 | 685,025 |
| Series G (NPFGC), 5.25%, 7/01/13 (c) | 345 | 360,815 |
| Series Y (AGM), 6.25%, 7/01/21 | 6,275 | 7,574,992 |
| Puerto Rico Highway & Transportation Authority, Refunding RB (AGM): | | |
| Series AA-1, 4.95%, 7/01/26 | 3,660 | 3,984,459 |
| Series CC, 5.50%, 7/01/29 | 2,500 | 3,044,300 |

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| | | |
|---|-------|-------------|
| Series CC, 5.50%, 7/01/31 | 2,500 | 3,046,725 |
| | | 18,696,316 |
| Utilities 0.7% | | |
| Puerto Rico Electric Power Authority, RB, Series RR (NPFGC), 5.00%, 7/01/24 | 1,000 | 1,076,020 |
| Puerto Rico Electric Power Authority, Refunding RB, Series VV (NPFGC), 5.25%, 7/01/30 | 3,000 | 3,357,420 |
| | | 4,433,440 |
| Total Municipal Bonds in Puerto Rico | | 68,158,483 |
| Total Municipal Bonds 118.1% | | 702,616,292 |

| Municipal Bonds Transferred to Tender Option Bond Trusts (e) | Par (000) | Value |
|--|------------------|--------------|
| New York 40.9% | | |
| County/City/Special District/School District 16.6% | | |
| City of New York New York, GO: | | |
| Series J, 5.00%, 5/15/23 | \$ 6,750 | \$ 7,253,482 |
| Sub-Series C-3 (AGC), 5.75%, 8/15/28 | 14,400 | 18,106,272 |
| New York City Transitional Finance Authority, RB, Sub-Series D-1, 5.00%, 11/01/38 | 4,125 | 4,765,283 |
| New York Convention Center Development Corp., RB, Hotel Unit Fee Secured (AMBAC), 5.00%, 11/15/35 | 20,000 | 20,955,000 |
| New York Liberty Development Corp., Refunding RB: | | |
| 4 World Trade Center Project, 5.00%, 11/15/44 | 2,000 | 2,220,980 |
| 7 World Trade Center Project, 4.00%, 9/15/35 | 2,490 | 2,572,369 |
| 7 World Trade Center Project, 5.00%, 9/15/40 | 3,645 | 4,142,506 |
| New York State Dormitory Authority, RB, State University Dormitory Facilities, Series A, 5.25%, 7/01/29 | 6,000 | 6,938,820 |
| Sales Tax Asset Receivable Corp., Refunding RB, Series A (AMBAC): | | |
| 5.25%, 10/15/27 | 13,000 | 14,218,945 |
| 5.00%, 10/15/32 | 16,000 | 17,500,240 |
| | | 98,673,897 |
| Education 3.3% | | |
| New York State Dormitory Authority, LRB, State University Dormitory Facilities, Series A, 5.00%, 7/01/35 | 5,198 | 6,001,271 |
| New York State Dormitory Authority, RB, New York University, Series A: | | |
| 5.00%, 7/01/38 | 6,498 | 7,179,412 |
| (AMBAC), 5.00%, 7/01/37 | 5,707 | 6,214,613 |
| | | 19,395,296 |
| State 2.7% | | |
| New York State Dormitory Authority, ERB, Series B, 5.75%, 3/15/36 | 7,850 | 9,488,060 |
| New York State Dormitory Authority, RB, Mental Health Services Facilities, Series C, AMT (AGM), 5.40%, 2/15/33 | 6,297 | 6,827,171 |
| | | 16,315,231 |
| Transportation 14.2% | | |
| Hudson New York Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47 | 9,739 | 11,414,992 |
| Metropolitan Transportation Authority, RB, Series A (NPFGC), 5.00%, 11/15/31 | 3,901 | 4,377,863 |
| New York Liberty Development Corp., RB, 1 World Trade Center Project, 5.25%, 12/15/43 | 18,000 | 20,762,100 |
| New York State Thruway Authority, RB, Series G (AGM), 5.00%, 1/01/32 | 16,000 | 17,669,440 |
| New York State Thruway Authority, Refunding RB, Series H (AGM), 5.00%, 1/01/37 | 10,000 | 10,888,400 |
| Port Authority of New York & New Jersey, RB: | | |
| | 2,500 | 2,679,575 |

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Consolidated, 37th Series, AMT (AGM), 5.13%,
7/15/30

| | | |
|---|-------|-----------|
| Consolidated, 169th Series, 5.00%, 10/15/25 | 7,990 | 9,357,868 |
|---|-------|-----------|

| | | |
|---|-------|-----------|
| Consolidated, 169th Series, AMT, 5.00%, 10/15/26 | 6,000 | 6,990,240 |
|---|-------|-----------|

| | | |
|--|--|------------|
| | | 84,140,478 |
|--|--|------------|

See Notes to Financial Statements.

Schedule of Investments (concluded)

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

| Municipal Bonds Transferred to Tender Option Bond Trusts (e) New York (concluded) | Par (000) | Value |
|---|----------------------|----------------|
| Utilities 4.1% | | |
| New York City Municipal Water Finance Authority, RB, Fiscal 2009, Series A, 5.75%, 6/15/40 | \$ 4,094 | \$ 4,935,657 |
| New York City Municipal Water Finance Authority, Refunding RB, Second General Resolution: Fiscal 2012, Series B, 5.00%, 6/15/44 | 3,991 | 4,582,778 |
| Series HH, 5.00%, 6/15/32 | 9,900 | 11,549,439 |
| Series FF-2, 5.50%, 6/15/40 | 2,759 | 3,250,377 |
| | | 24,318,251 |
| Total Municipal Bonds Transferred to Tender Option Bond Trusts 40.9% | | 242,843,153 |
| Total Long-Term Investments (Cost \$872,069,136) 159.0% | | 945,459,445 |
| Short-Term Securities | | |
| | Shares | |
| BIF New York Municipal Money Fund 0.00%, (f)(g) | 10,257,884 | 10,257,884 |
| Total Short-Term Securities (Cost \$10,257,884) 1.7% | | 10,257,884 |
| Total Investments (Cost \$882,327,020) 160.7% | | 955,717,329 |
| Other Assets Less Liabilities 0.8% | | 4,805,047 |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (19.8)% | | (118,015,086) |
| VRDP Shares, at Liquidation Value (41.7)% | | (247,700,000) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 594,807,290 |

(a) Variable rate security. Rate shown is as of report date.

(b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(c) 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.

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

| Counterparty | Value | Unrealized Appreciation (Depreciation) |
|----------------------|--------------|---|
| Morgan Stanley | \$ 508,548 | \$ 5,409 |
| JPMorgan Chase & Co. | \$ 1,632,558 | \$ (7,442) |

(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 1940 Act, as amended, were as follows:

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| Affiliate | Shares Held at July 31, 2011 | Net Activity | Shares Held at July 31, 2012 | Income |
|--------------------------------------|------------------------------------|-----------------|------------------------------------|--------|
| BIF New York Municipal Money Fund | 14,521,616 | (4,263,732) | 10,257,884 | \$ 132 |

(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.

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

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

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)

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

The following table summarizes the Fund's investments categorized in the disclosure hierarchy as of July 31, 2012:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|---------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 945,459,445 | | \$ 945,459,445 |
| Short-Term Securities | \$ 10,257,884 | | | 10,257,884 |
| Total | \$ 10,257,884 | \$ 945,459,445 | | \$ 955,717,329 |

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

Certain of the Fund's liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of July 31, 2012, such liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|---------|------------------|---------|------------------|
| Liabilities: | | | | |
| TOB trust certificates | | \$ (117,960,366) | | \$ (117,960,366) |
| VRDP Shares | | (247,700,000) | | (247,700,000) |
| Total | | \$ (365,660,366) | | \$ (365,660,366) |

There were no transfers between levels during the year ended July 31, 2012.

See Notes to Financial Statements.

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Schedule of Investments July 31, 2012

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

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| Alabama 0.4% | | |
| Birmingham Special Care Facilities Financing Authority, RB, Children's Hospital (AGC), 6.00%, 6/01/39 | \$ 3,605 | \$ 4,209,378 |
| Alaska 2.0% | | |
| Alaska Housing Finance Corp, RB: Series A, 4.13%, 12/01/37 | 3,455 | 3,504,717 |
| General Housing, Series B (NPFGC), 5.25%, 12/01/30 | 2,000 | 2,096,280 |
| Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41 | 2,690 | 3,106,358 |
| Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC), 6.00%, 9/01/28 | 10,150 | 12,332,555 |
| | | 21,039,910 |
| Arizona 0.5% | | |
| Maricopa County & Phoenix Industrial Development Authorities, Refunding RB, S/F, Series A-2, AMT (Ginnie Mae), 5.80%, 7/01/40 | 1,040 | 1,071,595 |
| State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27 | 3,725 | 4,244,563 |
| | | 5,316,158 |
| California 13.8% | | |
| Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.40%, 10/01/24 (a) | 10,000 | 10,777,000 |
| California Health Facilities Financing Authority, Refunding RB: Saint Joseph Health System, Series A, 5.75%, 7/01/39 | 1,550 | 1,790,343 |
| Sutter Health, Series B, 5.88%, 8/15/31 | 3,200 | 3,865,472 |
| California HFA, RB, Home Mortgage, Series K, AMT, 5.50%, 2/01/42 | 3,340 | 3,457,267 |
| California State University, RB, Systemwide, Series A: 5.50%, 11/01/39 | 1,525 | 1,747,299 |
| (NPFGC), 5.00%, 11/01/32 | 9,865 | 10,151,677 |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/37 | 3,545 | 4,025,028 |
| California Statewide Communities Development Authority, RB: Kaiser Permanente, Series A, 5.00%, 4/01/42 | 4,030 | 4,411,157 |
| Saint Joseph Health System, Series E (AGM), 5.25%, 7/01/47 | 4,000 | 4,358,320 |
| City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30 | 1,900 | 2,094,408 |
| City of San Jose California, Refunding ARB, AMT: Series A (AMBAC), 5.50%, 3/01/32 | 11,965 | 12,802,430 |
| Series A-1, 5.75%, 3/01/34 | 2,300 | 2,643,965 |
| Coast Community College District, GO, Refunding, Election of 2002, Series C (AGM), 5.41%, 8/01/33 (b) | 8,100 | 2,638,656 |
| | 12,500 | 13,570,375 |

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| | | |
|--|-------|-----------|
| County of Sacramento California, RB, Senior Series A (AGM), 5.00%, 7/01/41 | | |
| Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 6.01%, 8/01/34 (b) | 5,000 | 1,359,800 |
| Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/28 | 5,800 | 6,252,226 |
| Grossmont Union High School District, GO, CAB, Election of 2004, 4.69%, 8/01/31 (b) | 5,110 | 2,117,840 |
| Long Beach Unified School District, GO, Election of 2008, Series B, 4.90%, 8/01/34 (b) | 5,000 | 1,724,750 |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32 | 1,200 | 1,352,808 |
| Norwalk-La Mirada Unified School District California, GO, Refunding, CAB, Election of 2002, Series E (AGC), 5.24%, 8/01/38 (b) | 7,620 | 1,984,553 |

| | Par (000) | Value |
|--|--------------|-------|
|--|--------------|-------|

Municipal Bonds

California (concluded)

| | | |
|---|----------|--------------|
| Oceanside Unified School District California, GO, Series A (AGC), 5.25%, 8/01/33 | \$ 2,500 | \$ 2,806,775 |
| Port of Oakland, Refunding RB, Series M (NPFGC), 5.38%, 11/01/27 | 8,030 | 8,093,036 |
| Poway Unified School District, GO, Refunding, CAB (b): School Facilities Improvement, 4.94%, 8/01/35 | 7,820 | 2,544,237 |
| School Facilities Improvement, Election of 2008, Series B, 4.96%, 8/01/36 | 10,000 | 3,085,500 |
| Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C, 4.99%, 8/01/38 (b) | 12,940 | 3,591,626 |
| San Bernardino Community College District, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31 | 2,165 | 2,425,883 |
| San Diego Unified School District California, GO, Refunding, CAB, Series R-1, 4.64%, 7/01/31 (b) | 3,485 | 1,464,223 |
| San Joaquin County Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36 | 1,830 | 2,241,128 |
| San Marcos Unified School District, GO, Election of 2010, Series A: | | |
| 5.00%, 8/01/34 | 1,800 | 2,036,592 |
| 5.00%, 8/01/38 | 1,600 | 1,789,168 |
| State of California, GO: | | |
| 5.50%, 3/01/40 | 1,020 | 1,170,909 |
| 5.00%, 10/01/41 | 2,555 | 2,788,246 |
| Series 2007-2 (NPFGC), 5.50%, 4/01/30 | 10 | 10,582 |
| State of California, GO, Refunding: | | |
| 5.00%, 2/01/38 | 4,000 | 4,386,480 |
| Various Purpose, 5.00%, 9/01/41 | 2,700 | 2,944,674 |
| Various Purpose, 5.00%, 4/01/42 | 2,000 | 2,189,160 |
| Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 4.94%, 8/01/36 (b) | 6,545 | 2,029,408 |
| West Valley-Mission Community College District, GO, Refunding, Election of 2004, Series A (AGM), 5.00%, 8/01/30 | 3,600 | 4,026,420 |
| | | 142,749,421 |

Connecticut 0.2%

| | | |
|--|-------|-----------|
| Connecticut HFA, Refunding RB, Sub-Series E-2, 5.00%, 11/15/31 | 1,910 | 2,077,774 |
|--|-------|-----------|

Florida 14.1%

| | | |
|---|--------|------------|
| Broward County School Board Florida, COP, Series A (AGM), 5.25%, 7/01/33 | 13,100 | 14,824,484 |
| Broward County Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/34 | 2,250 | 2,686,657 |

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| | | |
|--|--------|------------|
| City of Jacksonville, Refunding RB, Transportation, Series A, 5.00%, 10/01/30 | 770 | 881,527 |
| Collier County School Board, COP (AGM), 5.00%, 2/15/23 | 5,000 | 5,621,000 |
| County of Lee Florida, Refunding RB, Series A, AMT: 5.63%, 10/01/26 | 2,600 | 2,960,074 |
| 5.38%, 10/01/32 | 3,440 | 3,787,543 |
| County of Miami-Dade Florida, GO, Building Better Communities Program: | | |
| Series B, 6.38%, 7/01/28 | 6,000 | 7,245,540 |
| Series B-1, 5.75%, 7/01/33 | 3,700 | 4,275,979 |
| County of Miami-Dade Florida, RB, Water & Sewer System (AGM), 5.00%, 10/01/39 | 11,700 | 13,051,116 |

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 |
|---|--------------|---------------|
| Municipal Bonds | | |
| Florida (concluded) | | |
| County of Miami-Dade Florida, Refunding RB: | | |
| Miami International Airport (AGC), 5.00%, 10/01/40 | \$ 11,000 | \$ 11,544,940 |
| Miami International Airport, AMT (NPFGC), 5.38%, 10/01/25 | 7,500 | 7,530,750 |
| Miami International Airport, AMT (NPFGC), 5.38%, 10/01/27 | 1,000 | 1,003,570 |
| Miami International Airport, Series A, AMT (AGM), 5.50%, 10/01/41 | 19,020 | 20,672,648 |
| Series C, (BHAC), 6.00%, 10/01/23 | 20,095 | 24,827,774 |
| Transit System Sales Surtax (AGM), 5.00%, 7/01/35 | 2,800 | 3,057,012 |
| Highlands County Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37 | 1,750 | 2,053,800 |
| Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34 | 12,000 | 13,881,480 |
| Sarasota County Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39 | 5,135 | 5,650,965 |
| | | 145,556,859 |
| Georgia 1.7% | | |
| Burke County Development Authority, Refunding RB, Oglethorpe Power Corp., Vogtle Project, Series C, 5.70%, 1/01/43 | 6,450 | 7,025,533 |
| City of Atlanta Georgia, Refunding RB, General, Series B (AGM), 5.25%, 1/01/33 | 10,000 | 10,660,600 |
| | | 17,686,133 |
| Illinois 17.6% | | |
| Chicago Board of Education Illinois, GO, Series A, 5.50%, 12/01/39 | 6,470 | 7,542,855 |
| Chicago Park District, GO, Harbor Facilities, Series C: 5.25%, 1/01/37 | 4,000 | 4,512,600 |
| 5.25%, 1/01/40 | 1,505 | 1,701,388 |
| Chicago Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36 | 1,620 | 1,850,931 |
| City of Chicago Illinois, ARB: | | |
| O Hare International Airport, General Third Lien, Series A, 5.75%, 1/01/39 | 9,000 | 10,608,660 |
| O Hare International Airport, General, Third Lien, Series B-2, AMT (NPFGC), 5.25%, 1/01/27 | 10,000 | 10,302,500 |
| O Hare International Airport, Third Lien, Series B-2, AMT (NPFGC), 6.00%, 1/01/27 | 26,230 | 27,790,160 |
| City of Chicago Illinois, ARB Refunding, O Hare International Airport, General, Third Lien, Series C-2, AMT (AGM), 5.25%, 1/01/30 | 16,400 | 16,795,076 |
| City of Chicago Illinois, GO, CAB, City Colleges (NPFGC) (b): | | |
| 4.45%, 1/01/29 | 4,000 | 1,942,080 |
| 4.77%, 1/01/33 | 7,950 | 3,036,582 |
| | 3,500 | 3,772,860 |

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| | | |
|---|--------|------------|
| City of Chicago Illinois, Refunding RB, Water System, Second Lien, Series A (AMBAC), 5.00%, 11/01/36 | | |
| Cook County Forest Preserve District, GO, Series C, 5.00%, 12/15/37 | 890 | 996,649 |
| Cook County Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/37 | 775 | 867,868 |
| Illinois Finance Authority, RB, Series A, 5.75%, 8/15/34 | 8,700 | 9,663,873 |
| Illinois Finance Authority, Refunding RB, Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39 | 5,250 | 6,173,423 |
| Illinois Municipal Electric Agency, RB, Series A (NPFGC): 5.00%, 2/01/35 | 17,935 | 19,200,314 |
| 5.25%, 2/01/35 | 15,000 | 16,213,950 |
| Illinois State Toll Highway Authority, RB, Series B: 5.50%, 1/01/33 | 4,000 | 4,433,120 |
| (BHAC), 5.50%, 1/01/33 | 2,000 | 2,226,000 |

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Illinois (concluded) | | |
| Kane, Kendall, Etc. Counties Community College District No. 516 Illinois, GO, CAB, Series E (NPFGC), 4.86%, 12/15/25 (b) | \$ 5,000 | \$ 2,632,200 |
| Metropolitan Pier & Exposition Authority, RB, CAB, McCormick Place Expansion Project, Series A (NPFGC) (b): 4.21%, 12/15/26 | 9,600 | 5,275,008 |
| 4.66%, 6/15/32 | 14,000 | 5,604,900 |
| 4.79%, 12/15/34 | 41,880 | 14,523,984 |
| Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project, Series B (AGM), 5.12%, 6/15/44 (b) | 9,430 | 1,882,417 |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28 | 1,700 | 1,978,307 |
| Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 6/01/20 | 1,000 | 1,247,880 |
| | | 182,775,585 |
| Indiana 2.9% | | |
| City of Indianapolis Indiana, Refunding RB, Second Lien, Series B (AGC), 5.25%, 8/15/27 | 5,000 | 5,597,750 |
| Indiana Finance Authority Wastewater Utility, RB, Wastewater Utility, 5.25%, 10/01/38 | 2,900 | 3,356,460 |
| Indiana Municipal Power Agency, RB: Series A (NPFGC), 5.00%, 1/01/37 | 3,850 | 4,136,517 |
| Series B 5.75%, 1/01/34 | 1,050 | 1,110,480 |
| Series B 6.00%, 1/01/39 | 5,000 | 5,831,400 |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A: 5.75%, 1/01/38 | 2,900 | 3,313,163 |
| (AGC), 5.25%, 1/01/29 | 1,350 | 1,531,116 |
| (AGC), 5.50%, 1/01/38 | 4,250 | 4,823,410 |
| | | 29,700,296 |
| Iowa 3.3% | | |
| Iowa Finance Authority, RB, Series A (AGC), 5.63%, 8/15/37 | 12,650 | 14,364,707 |
| Iowa Student Loan Liquidity Corp., RB, Senior Series A-2, AMT: 5.60%, 12/01/26 | 4,530 | 5,081,981 |
| 5.70%, 12/01/27 | 4,530 | 5,085,831 |
| 5.75%, 12/01/28 | 2,400 | 2,688,672 |
| 5.80%, 12/01/29 | 3,060 | 3,429,770 |
| 5.85%, 12/01/30 | 3,170 | 3,545,867 |
| | | 34,196,828 |

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Kentucky 1.0%

| | | |
|--|-------|------------|
| Kentucky State Property & Buildings Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/28 | 4,000 | 4,625,000 |
| Louisville & Jefferson County Metropolitan Sewer District Kentucky, RB, Series A (NPFGC), 5.25%, 5/15/37 | 5,000 | 5,378,200 |
| | | 10,003,200 |

Louisiana 1.1%

| | | |
|--|-------|------------|
| New Orleans Aviation Board Louisiana, RB, New Orleans Aviation, Series A, AMT (AGM), 5.25%, 1/01/32 | 6,405 | 6,907,600 |
| Parish of St. Charles Louisiana Gulf Opportunity Zone, RB, Valero Project, Series 2010, 4.00%, 12/01/40 (c) | 4,270 | 4,517,276 |
| | | 11,424,876 |

Maine 0.1%

| | | |
|---|-----|---------|
| Maine State Housing Authority, Refunding RB, Series B-1 AMT, 4.00%, 11/15/27 | 920 | 947,894 |
|---|-----|---------|

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 |
|--|--------------|---------------|
| Municipal Bonds | | |
| Massachusetts 3.9% | | |
| Massachusetts HFA, RB: | | |
| S/F Housing, Series 128, AMT (AGM), 4.88%, 12/01/38 (c) | \$ 11,015 | \$ 11,319,344 |
| Series B, 7.00%, 12/01/38 | 3,150 | 3,628,233 |
| Massachusetts HFA, Refunding RB: | | |
| Housing Development, Series B (NPFGC), 5.40%, 12/01/28 | 1,835 | 1,837,055 |
| Rental Housing, Series A, AMT (AGM), 5.15%, 7/01/26 | 12,005 | 12,187,836 |
| Series C, AMT, 5.35%, 12/01/42 | 3,100 | 3,324,347 |
| Massachusetts Port Authority, Refunding RB, BOSFUEL Project, AMT (NPFGC), 5.00%, 7/01/38 | 8,275 | 8,532,684 |
| | | 40,829,499 |
| Michigan 7.0% | | |
| City of Detroit Michigan, RB, Series B (AGM): | | |
| Second Lien, 6.25%, 7/01/36 | 1,075 | 1,255,181 |
| Second Lien, 7.00%, 7/01/36 | 500 | 607,690 |
| Senior Lien, 7.50%, 7/01/33 | 1,000 | 1,257,100 |
| City of Detroit Michigan, Refunding RB: | | |
| Senior Lien, Series C-1 (AGM), 7.00%, 7/01/27 | 1,500 | 1,798,575 |
| Senior Lien, Series D, (AGM), 5.00%, 7/01/23 | 5,000 | 5,320,150 |
| Series D (NPFGC), 5.00%, 7/01/33 | 5,000 | 5,101,250 |
| Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36 | | |
| | 410 | 453,517 |
| Lansing Board of Water & Light Utilities System, RB, Series A, 5.50%, 7/01/41 | | |
| | 3,185 | 3,773,715 |
| Michigan State Building Authority, Refunding RB, Facilities Program: | | |
| Series I, 6.25%, 10/15/38 | 3,125 | 3,658,375 |
| Series I (AGC), 5.25%, 10/15/24 | 1,750 | 2,096,325 |
| Series I (AGC), 5.25%, 10/15/25 | 3,250 | 3,881,410 |
| Series I-A, 5.38%, 10/15/36 | 2,075 | 2,391,168 |
| Series II-A, 5.38%, 10/15/41 | 1,900 | 2,184,658 |
| Series II-A (AGM), 5.25%, 10/15/36 | 8,040 | 9,213,679 |
| Michigan State HDA, RB, Series C, 5.50%, 12/01/28 | 2,735 | 2,964,385 |
| Michigan Strategic Fund, Refunding RB, Detroit Edison Co. Project, Series A (Syncora), 5.50%, 6/01/30 | | |
| | 2,500 | 2,541,225 |
| State of Michigan, RB, GAB (AGM): | | |
| 5.25%, 9/15/22 | 10,000 | 11,414,400 |
| 5.25%, 9/15/26 | 6,650 | 7,428,582 |
| Wayne County Airport Authority, Refunding RB, AMT (AGC), 5.38%, 12/01/32 | | |
| | 5,000 | 5,332,050 |
| | | 72,673,435 |
| Minnesota 0.6% | | |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38 | | |
| | 5,500 | 6,592,025 |
| Mississippi 0.2% | | |
| Medical Center Educational Building Corp., RB, University of Mississippi Medical Center Facilities and Expansion and Renovation Project, Series A, | | |
| | 2,000 | 2,254,780 |

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| | | |
|--|--------|------------|
| 5.00%, 6/01/41 | | |
| Nebraska 0.3% | | |
| Central Plains Energy Project Nebraska, RB, Gas Project No. 3, 5.25%, 9/01/37 | 2,825 | 2,997,692 |
| Nevada 2.8% | | |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34 | 2,250 | 2,650,545 |
| County of Clark Nevada, RB: Las Vegas-McCarran International Airport, Series A (AGC), 5.25%, 7/01/39 | 5,170 | 5,795,777 |
| Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/30 | 19,250 | 20,270,635 |
| | | 28,716,957 |

| | Par (000) | Value |
|---|------------------------------------|--|
| Municipal Bonds | | |
| New Jersey 4.8% | | |
| New Jersey EDA, RB, Cigarette Tax, 5.75%, 6/15/34 | \$ 4,000 | \$ 4,398,280 |
| New Jersey EDA, Refunding RB, School Facilities Construction, Series N-1: (AMBAC), 5.50%, 9/01/24 (NPFGC), 5.50%, 9/01/28 | 6,500 1,685 | 8,290,750 2,176,632 |
| New Jersey Higher Education Student Assistance Authority, Refunding RB, Series 1, AMT: 5.50%, 12/01/25 5.50%, 12/01/26 5.75%, 12/01/28 5.88%, 12/01/33 | 1,250 1,800 200 6,895 | 1,441,400 2,058,696 229,884 7,756,048 |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System: CAB, Series A, 4.69%, 12/15/35 (b) CAB, Series C (AGC), 3.91%, 12/15/25 (b) Series A (NPFGC), 5.75%, 6/15/25 Series B, 5.25%, 6/15/36 | 18,525 10,000 4,000 4,970 | 6,266,081 5,959,000 5,173,240 5,726,484 49,476,495 |
| New York 3.2% | | |
| City of New York New York, GO, Series J, 5.25%, 5/15/24 Hudson New York Yards Infrastructure Corp., RB, 5.75%, 2/15/47 | 10,000 1,920 | 10,886,800 2,250,374 |
| New York City Transitional Finance Authority, RB, Fiscal 2009, Series S-4, 5.50%, 1/15/34 New York State Dormitory Authority, ERB, Series B, 5.25%, 3/15/38 New York State Thruway Authority, RB, Series I, 5.00%, 1/01/37 Port Authority of New York & New Jersey, Refunding RB, Consolidated 172nd Series, AMT, 4.50%, 4/01/37 | 7,250 3,250 3,210 3,970 | 8,398,618 3,765,385 3,634,651 4,266,043 33,201,871 |
| North Carolina 0.2% | | |
| North Carolina Medical Care Commission, RB, Novant Health Obligation, Series A, 4.75%, 11/01/43 | 2,075 | 2,205,808 |
| Ohio 0.6% | | |
| County of Allen Ohio, Refunding RB, Catholic HealthCare Partners, Series A, 5.00%, 5/01/42 County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37 | 2,030 3,000 | 2,214,710 3,748,830 5,963,540 |
| Pennsylvania 2.6% | | |
| Pennsylvania Turnpike Commission, RB: Series A (AMBAC), 5.50%, 12/01/31 Subordinate, Special Motor License Fund, 6.00%, 12/01/36 | 15,600 2,575 | 17,010,864 3,166,349 |

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| | | |
|---|--------|------------|
| Pennsylvania Turnpike Commission, Refunding RB, Sub-Series C (AGC), 6.25%, 6/01/38 | 5,695 | 6,957,980 |
| | | 27,135,193 |
| Puerto Rico 3.4% | | |
| Puerto Rico Electric Power Authority, RB, Series A, 5.00%, 7/01/42 | 3,650 | 3,756,288 |
| Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A: | | |
| 5.75%, 8/01/37 | 2,000 | 2,237,740 |
| 6.38%, 8/01/39 | 10,195 | 12,077,303 |
| 5.50%, 8/01/42 | 5,155 | 5,554,873 |
| Puerto Rico Sales Tax Financing Corp., Refunding RB: | | |
| CAB, Series A (NPFGC), 5.55%, 8/01/41 (b) | 7,500 | 1,532,700 |
| CAB, Series A (NPFGC), 5.56%, 8/01/42 (b) | 3,190 | 616,276 |
| CAB, Series C, 5.39%, 8/01/38 (b) | 9,400 | 2,358,084 |
| CAB, Series C, 5.43%, 8/01/39 (b) | 24,000 | 5,649,120 |
| First Sub-Series C, 6.00%, 8/01/39 | 1,180 | 1,353,260 |
| | | 35,135,644 |

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 |
|--|--------------|--------------|
| Municipal Bonds | | |
| South Carolina 0.4% | | |
| South Carolina Jobs-EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39 | \$ 3,600 | \$ 4,353,372 |
| Tennessee 0.1% | | |
| Memphis Center City Revenue Finance Corp., RB, Pyramid and Pinch Distribution, Series B (AGM), 5.25%, 11/01/30 | 485 | 575,569 |
| Texas 11.9% | | |
| City of Houston Texas, Refunding RB, Combined, First Lien, Series A: | | |
| (AGC), 6.00%, 11/15/35 | 5,700 | 6,950,295 |
| (AGC), 5.38%, 11/15/38 | 3,650 | 4,232,175 |
| (AGM), 5.00%, 11/15/36 | 10,000 | 11,392,100 |
| Dallas ISD, GO, School Building (PSF-GTD), 6.38%, 2/15/34 | 10,000 | 12,431,300 |
| Dallas-Fort Worth International Airport Facilities Improvement Corp., Refunding RB, Joint Series A, AMT (NPFGC), 5.63%, 11/01/26 | 5,670 | 5,688,257 |
| Grand Prairie ISD Texas, GO, Refunding, CAB, 5.38%, 8/15/28 (b) | 10,000 | 4,265,800 |
| Harris County Hospital District, Refunding RB, Senior Lien, Series A (NPFGC), 5.25%, 2/15/37 | 4,055 | 4,296,394 |
| Judson ISD Texas, GO, School Building (AGC), 5.00%, 2/01/37 | 10,000 | 10,662,400 |
| North Texas Tollway Authority, Refunding RB: | | |
| First Tier, Series A, 6.00%, 1/01/28 | 6,275 | 7,410,336 |
| First Tier, System, Series A (NPFGC), 5.13%, 1/01/28 | 20,000 | 22,226,000 |
| First Tier, System, Series B (NPFGC), 5.75%, 1/01/40 | 10,000 | 11,195,300 |
| Texas Department of Housing & Community Affairs, MRB, Series A, AMT (NPFGC), 5.45%, 9/01/23 | 3,805 | 3,811,202 |
| Texas State Turnpike Authority, RB (AMBAC): | | |
| CAB, 5.96%, 8/15/31 (b) | 20,265 | 6,624,021 |
| First Tier, Series A, 5.50%, 8/15/39 | 5,500 | 5,543,285 |
| First Tier, Series A, 5.00%, 8/15/42 | 6,900 | 6,901,794 |
| | | 123,630,659 |
| Utah 1.5% | | |
| Utah Transit Authority, Refunding RB, CAB, Sub-Series A (b): | | |
| (AGC), 3.61%, 6/15/20 | 10,000 | 7,546,300 |
| (NPFGC), 4.46%, 6/15/24 | 13,930 | 8,255,615 |
| | | 15,801,915 |
| Vermont 0.2% | | |
| Vermont HFA, Refunding RB, Multiple Purpose, Series C, AMT (AGM), 5.50%, 11/01/38 (c) | 1,880 | 2,000,771 |
| Washington 1.1% | | |
| Washington Health Care Facilities Authority, RB, Series A: | | |
| 5.00%, 10/01/39 | 1,125 | 1,221,795 |
| 5.25%, 10/01/39 | 2,725 | 3,023,769 |
| 5.00%, 8/15/44 | 1,020 | 1,107,149 |

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| | | |
|---|-------|------------|
| Washington Health Care Facilities Authority, Refunding RB, Catholic Health Initiatives, Series D, 6.38%, 10/01/36 | 5,400 | 6,460,776 |
| | | 11,813,489 |

Wisconsin 0.8%

| | | |
|--|-------|-----------|
| Wisconsin Health & Educational Facilities Authority, RB: Ascension Health Senior Credit Group, 5.00%, 11/15/33 | 3,745 | 4,151,745 |
| SynergyHealth Inc., 6.00%, 11/15/32 | 3,395 | 3,551,747 |
| | | 7,703,492 |

Total Municipal Bonds 104.3% 1,080,746,518

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

| | Par (000) | Value |
|---|----------------------|---------------|
| Arizona 1.5% | | |
| Arizona School Facilities Board, COP (AGC), 5.13%, 9/01/21 | \$ 10,000 | \$ 11,440,500 |
| Salt River Project Agricultural Improvement & Power District, RB, Series A, 5.00%, 1/01/38 | 3,500 | 3,890,005 |
| | | 15,330,505 |

California 11.7%

| | | |
|---|--------|-------------|
| Alameda County Joint Powers Authority, Refunding RB, Lease (AGM), 5.00%, 12/01/34 | 6,990 | 7,612,879 |
| California State University, RB, Systemwide, Series A (AGM): 5.00%, 11/01/33 | 7,996 | 8,746,524 |
| 5.00%, 11/01/37 | 18,435 | 20,931,954 |
| City of Riverside California, RB, Issue D (AGM), 5.00%, 10/01/38 | 20,000 | 21,719,400 |
| Foothill-De Anza Community College District, GO, Election of 1999, Series C (NPFGC), 5.00%, 8/01/36 | 7,500 | 8,250,975 |
| Las Virgenes Unified School District California, GO, Series A (AGM), 5.00%, 8/01/31 | 10,000 | 10,799,897 |
| Los Angeles Community College District California, GO, Refunding, Series A, 6.00%, 8/01/33 | 5,248 | 6,390,334 |
| Orange County Sanitation District, COP, Series B (AGM), 5.00%, 2/01/37 | 10,780 | 12,050,315 |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33 | 1,047 | 1,227,857 |
| San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33 | 9,370 | 10,404,823 |
| San Francisco Bay Area Rapid Transit District, RB (AGM), 5.00%, 7/01/36 | 10,000 | 10,707,251 |
| University of California, RB, Series O, 5.75%, 5/15/34 | 2,205 | 2,651,432 |
| | | 121,493,641 |

Colorado 0.3%

| | | |
|--|-------|-----------|
| Colorado Health Facilities Authority, Refunding RB, Catholic Healthcare, Series A, 5.50%, 7/01/34 | 2,469 | 2,822,554 |
|--|-------|-----------|

Connecticut 0.6%

| | | |
|--|-------|-----------|
| Connecticut State Health & Educational Facility Authority, RB, Yale University, Series T-1, 4.70%, 7/01/29 | 5,010 | 5,718,514 |
|--|-------|-----------|

District of Columbia 2.6%

| | | |
|--|--------|------------|
| District of Columbia, RB, Series A, 5.50%, 12/01/30 | 2,595 | 3,243,421 |
| District of Columbia Water & Sewer Authority, Refunding RB, Series A, 6.00%, 10/01/35 | 4,281 | 5,210,872 |
| Metropolitan Washington Airports Authority, RB, Series B, AMT (AMBAC), 5.00%, 10/01/32 | 10,000 | 10,717,500 |
| Metropolitan Washington Airports Authority, Refunding RB, Series B AMT, 5.00%, 10/01/30 | 6,880 | 7,902,162 |

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| | | |
|--|--------|------------|
| | | 27,073,955 |
| Florida 3.8% | | |
| City of Tallahassee Florida, RB, Energy System (NPFGC), 5.00%, 10/01/32 | 3,300 | 3,570,864 |
| County of Miami Dade Florida, RB (XLCA), 5.00%, 7/01/31 | 19,800 | 21,283,020 |
| County of Miami-Dade Florida, RB, Transit System, Sales Surtax, 5.00%, 7/01/42 (e) | 4,840 | 5,430,819 |
| Florida State Board of Education, GO, Series D, 5.00%, 6/01/37 | 3,299 | 3,792,079 |
| Highlands County Health Facilities Authority, RB, Adventist, Series C, 5.25%, 11/15/36 (c) | 5,400 | 5,773,032 |
| | | 39,849,814 |
| Georgia 1.1% | | |
| Metropolitan Atlanta Rapid Transit Authority, Refunding RB, Third Indenture, Series B (AGM), 5.00%, 7/01/37 | 10,000 | 11,346,170 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Municipal Bonds Transferred to Tender Option Bond Trusts (d) | Par (000) | Value |
|--|--------------|---------------|
| Hawaii 1.0% | | |
| Honolulu City & County Board of Water Supply, RB, Series A (NPFGC), 5.00%, 7/01/33 | \$ 9,830 | \$ 10,710,277 |
| Illinois 3.5% | | |
| City of Chicago Illinois, GO, Refunding, Series A (AGC), 5.25%, 1/01/24 | 11,000 | 12,547,260 |
| City of Chicago Illinois, RB: Motor Fuel Tax, Series A (AGC), 5.00%, 1/01/38 | 4,000 | 4,253,000 |
| Sales Tax Revenue, Series A, 5.00%, 1/01/41 | 2,190 | 2,460,881 |
| Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/38 | 10,000 | 12,335,100 |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A, 5.00%, 6/15/42 | 720 | 800,481 |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34 | 3,499 | 3,975,139 |
| | | 36,371,861 |
| Kentucky 0.7% | | |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27 | 5,985 | 6,949,356 |
| Louisiana 1.1% | | |
| State of Louisiana Gas & Fuels, RB, Series A (AGM), 5.00%, 5/01/36 | 10,000 | 11,063,100 |
| Michigan 1.2% | | |
| Michigan Finance Authority, Refunding RB, Trinity Health, 5.00%, 12/01/39 | 11,600 | 12,848,044 |
| Nevada 0.6% | | |
| Clark County Water Reclamation District, GO, Series B: 5.50%, 7/01/29 | 510 | 631,795 |
| 5.75%, 7/01/34 | 4,813 | 6,059,190 |
| | | 6,690,985 |
| New Jersey 1.3% | | |
| Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28 | 10,000 | 13,456,100 |
| New York 5.0% | | |
| New York City Municipal Water Finance Authority, Refunding RB, Series DD, 5.00%, 6/15/37 | 17,567 | 19,869,482 |
| Port Authority of New York & New Jersey, RB, 155th Series, AMT (AGM), 5.13%, 7/15/30 | 19,500 | 20,900,685 |
| Port Authority of New York & New Jersey, RB, Consolidated, 143rd Series, 5.00%, 10/01/30 | 5,180 | 5,667,024 |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34 | 4,500 | 5,201,685 |
| | | 51,638,876 |
| North Carolina 1.0% | | |
| North Carolina HFA, RB, Series 31-A, AMT, 5.25%, 7/01/38 | 9,466 | 9,864,767 |
| Ohio 0.7% | | |
| County of Montgomery Ohio, RB, Catholic Health, Series C-1 (AGM), 5.00%, 10/01/41 | 4,990 | 5,528,247 |
| State of Ohio, RB, Cleveland Clinic Health, Series B, 5.50%, 1/01/34 | 1,520 | 1,726,963 |

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| | | |
|--|----------------------|------------------|
| | | 7,255,210 |
| Puerto Rico 0.7% | | |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, Senior Series C, 5.25%, 8/01/40 | 6,540 | 7,262,572 |
| South Carolina 0.5% | | |
| South Carolina State Housing Finance & Development Authority, Refunding RB, Series B-1, 5.55%, 7/01/39 | 4,428 | 4,759,605 |
| Municipal Bonds Transferred to Tender Option Bond Trusts (d) | Par (000) | Value |
| South Dakota 0.2% | | |
| South Dakota HDA, Refunding RB, Homeownership Mortgage, Series K, 5.05%, 5/01/36 | \$ 2,234 | \$ 2,281,891 |
| Texas 4.0% | | |
| Friendswood ISD Texas, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/37 | 12,955 | 14,240,759 |
| Houston ISD, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/33 | 10,000 | 11,393,300 |
| North East ISD Texas, GO, School Building, Series A, 5.00%, 8/01/37 | 3,500 | 3,982,930 |
| Texas State University Systems, Refunding RB, 5.25%, 3/15/26 | 10,000 | 11,919,300 |
| | | 41,536,289 |
| Virginia 0.4% | | |
| University of Virginia, Refunding RB, General, 5.00%, 6/01/40 | 3,944 | 4,537,084 |
| Washington 5.6% | | |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/34 | 16,770 | 19,401,716 |
| County of King Washington, RB (AGM), 5.00%, 1/01/37 | 15,785 | 17,884,749 |
| Port of Seattle Washington, Refunding RB, Series B, AMT (NPFGC), 5.20%, 7/01/29 | 20,565 | 20,926,852 |
| | | 58,213,317 |
| Wisconsin 2.0% | | |
| State of Wisconsin, Refunding RB, Series A, 6.00%, 5/01/36 | 10,000 | 12,427,900 |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health Inc., 5.25%, 4/01/39 | 7,459 | 8,275,745 |
| | | 20,703,645 |
| Total Municipal Bonds Transferred to Tender Option Bond Trusts 51.1% | | 529,778,132 |
| Total Long-Term Investments (Cost \$1,450,143,620) 155.4% | | 1,610,524,650 |
| Short-Term Securities | Shares | |
| FFI Institutional Tax-Exempt Fund, 0.01% (f)(g) | 21,624,366 | 21,624,366 |
| Total Short-Term Securities (Cost \$21,624,366) 2.1% | | 21,624,366 |
| Total Investments (Cost \$1,471,767,986) 157.5% | | 1,632,149,016 |
| Other Assets Less Liabilities 0.9% | | 9,529,604 |
| Liability for Trust Certificates, Including Interest Expense and Fees Payable (24.0)% | | (249,256,952) |
| VRDP Shares, at Liquidation Value (34.4)% | | (356,400,000) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 1,036,021,668 |

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- (a) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (c) Variable rate security. Rate shown is as of report date.
- (d) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

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

| Counterparty | Value | Unrealized Appreciation |
|----------------------|--------------|----------------------------|
| JPMorgan Chase & Co. | \$ 5,430,819 | \$ 50,578 |

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

| Affiliate | Shares Held at July 31, 2011 | Net Activity | Shares Held at July 31, 2012 | Income |
|--------------------------------------|------------------------------------|-----------------|------------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 4,703,282 | 16,921,084 | 21,624,366 | \$ 4,632 |

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

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

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

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)

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

The following table summarizes the Fund's investments categorized in the disclosure hierarchy as of July 31, 2012:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|---------------|------------------|---------|------------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 1,610,524,650 | | \$ 1,610,524,650 |
| Short-Term Securities | \$ 21,624,366 | | | 21,624,366 |
| Total | \$ 21,624,366 | \$ 1,610,524,650 | | \$ 1,632,149,016 |

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

Certain of the Fund's liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of July 31, 2012, such liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------|---------|------------------|---------|------------------|
| Liabilities: | | | | |
| TOB trust certificates | | \$ (249,148,158) | | \$ (249,148,158) |
| VRDP Shares | | (356,400,000) | | (356,400,000) |
| Total | | \$ (605,548,158) | | \$ (605,548,158) |

There were no transfers between levels during the year ended July 31, 2012.

See Notes to Financial Statements.

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Statements of Assets and Liabilities

| | | 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) |
|--|----|---|--|---|--|---|
| July 31, 2012 | | | | | | |
| Assets | | | | | | |
| Investments at value unaffiliated | \$ | 557,498,796 | \$ 933,431,224 | \$ 281,542,047 | \$ 945,459,445 | \$ 1,610,524,650 |
| Investments at value affiliated | | | 4,870,908 | 6,554,292 | 10,257,884 | 21,624,366 |
| Interest receivable | | 5,423,178 | 12,724,243 | 2,939,955 | 9,860,591 | 17,065,236 |
| Investments sold receivable | | 12,185,131 | 2,911,935 | | 70,000 | 1,851,983 |
| Deferred offering costs | | 185,487 | 323,650 | 228,640 | 430,874 | 566,507 |
| TOB trust receivable | | 825,000 | | | | 2,420,000 |
| Prepaid expenses | | 7,820 | 12,947 | 4,138 | 13,445 | 23,725 |
| Total assets | | 576,125,412 | 954,274,907 | 291,269,072 | 966,092,239 | 1,654,076,467 |
| Accrued Liabilities | | | | | | |
| Bank overdraft | | 1,860,269 | | | | |
| Investments purchased payable | | 11,206,909 | 14,038,074 | 3,176,086 | 2,143,139 | 6,505,408 |
| Income dividends payable Common Shares | | 1,651,336 | 2,611,451 | 834,424 | 2,801,669 | 4,870,135 |
| Investment advisory fees payable | | 241,446 | 392,802 | 120,548 | 403,644 | 687,676 |
| Officers and Directors fees payable | | 626 | 123,451 | 355 | 133,354 | 222,574 |
| Interest expense and fees payable | | 36,311 | 111,809 | 6,584 | 54,720 | 108,794 |
| Other accrued expenses payable | | 63,257 | 64,436 | 37,224 | 88,057 | 112,054 |
| Total accrued liabilities | | 15,060,154 | 17,342,023 | 4,175,221 | 5,624,583 | 12,506,641 |
| Other Liabilities | | | | | | |
| TOB trust certificates | | 88,920,856 | 199,873,663 | 16,718,184 | 117,960,366 | 249,148,158 |
| VMTP Shares, at liquidation value of \$100,000 per share ^{3,4} | | 131,000,000 | | | | |
| VRDP Shares, at liquidation value of \$100,000 per share ^{3,4} | | | 166,500,000 | 87,300,000 | 247,700,000 | 356,400,000 |
| Total other liabilities | | 219,920,856 | 366,373,663 | 104,018,184 | 365,660,366 | 605,548,158 |
| Total liabilities | | 234,981,010 | 383,715,686 | 108,193,405 | 371,284,949 | 618,054,799 |
| Net Assets Applicable to Common Shareholders | \$ | 341,144,402 | \$ 570,559,221 | \$ 183,075,667 | \$ 594,807,290 | \$ 1,036,021,668 |
| Net Assets Applicable to Common Shareholders Consist of | | | | | | |
| Paid-in capital ⁵ | \$ | 299,504,939 | \$ 492,292,542 | \$ 162,518,767 | \$ 533,755,221 | \$ 951,356,862 |
| Undistributed net investment income | | 4,768,337 | 8,249,950 | 1,900,424 | 8,756,672 | 15,519,850 |
| Accumulated net realized loss | | (14,457,172) | (9,958,244) | (1,800,224) | (21,094,912) | (91,236,074) |
| Net unrealized appreciation/depreciation | | 51,328,298 | 79,974,973 | 20,456,700 | 73,390,309 | 160,381,030 |
| Net Assets Applicable to Common Shareholders | \$ | 341,144,402 | \$ 570,559,221 | \$ 183,075,667 | \$ 594,807,290 | \$ 1,036,021,668 |
| Net asset value per Common Share | \$ | 15.18 | \$ 16.60 | \$ 15.14 | \$ 15.07 | \$ 15.32 |
| ¹ Investments at cost unaffiliated | \$ | 506,170,498 | \$ 853,456,251 | \$ 261,085,347 | \$ 872,069,136 | \$ 1,450,143,620 |
| ² Investments at cost affiliated | | | \$ 4,870,908 | \$ 6,554,292 | \$ 10,257,884 | \$ 21,624,366 |
| ³ VMTP/VRDP Shares outstanding, par value \$0.10 per share | | 1,310 | 1,665 | 873 | 2,477 | 3,564 |
| ⁴ Preferred Shares authorized | | 8,180 | 12,665 | 4,833 | 14,637 | 26,364 |
| ⁵ Common Shares outstanding, 200 million shares authorized, \$ 0.10 par value | | 22,467,163 | 34,361,200 | 12,093,097 | 39,460,127 | 67,640,758 |

See Notes to Financial Statements.

Statements of Operations

| Year Ended July 31, 2012 | 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) |
|--|--|--|---|--|--|
| Investment Income | | | | | |
| Interest | \$ 23,931,955 | \$ 39,575,850 | \$ 12,658,265 | \$ 41,945,315 | \$ 73,799,532 |
| Income affiliated | 1,465 | 5,166 | | 5,749 | 13,917 |
| Total income | 23,933,420 | 39,581,016 | 12,658,265 | 41,951,064 | 73,813,449 |
| Expenses | | | | | |
| Investment advisory | 2,866,478 | 4,468,544 | 1,362,443 | 4,561,611 | 7,793,199 |
| Liquidity fees | | 1,146,979 | 601,389 | 1,706,347 | 2,455,156 |
| Remarketing fees on | | | | | |
| Preferred Shares | 85,164 | 149,850 | 78,570 | 222,930 | 320,760 |
| Professional | 119,117 | 138,778 | 79,233 | 139,002 | 183,233 |
| Accounting services | 91,439 | 130,349 | 81,280 | 144,651 | 194,630 |
| Officer and Directors | 44,775 | 77,783 | 23,499 | 82,085 | 138,410 |
| Transfer agent | 47,899 | 36,618 | 17,948 | 40,061 | 79,224 |
| Custodian | 29,281 | 38,505 | 16,159 | 39,458 | 64,277 |
| Printing | 16,714 | 40,416 | 26,044 | 27,651 | 29,309 |
| Registration | 9,280 | 11,752 | 9,245 | 13,479 | 23,241 |
| Miscellaneous | 52,856 | 164,552 | 86,618 | 193,074 | 267,265 |
| Total expenses excluding interest expense, fees and amortization of | | | | | |
| offering costs | 3,363,003 | 6,404,126 | 2,382,428 | 7,170,349 | 11,548,704 |
| Interest expense, fees and amortization of offering costs ¹ | 1,471,194 | 2,243,015 | 595,165 | 2,157,251 | 3,654,413 |
| Total expenses | 4,834,197 | 8,647,141 | 2,977,593 | 9,327,600 | 15,203,117 |
| Less fees waived by advisor | (174,809) | (17,070) | (1,544) | (20,899) | (12,765) |
| Total expenses after fees waived | 4,659,388 | 8,630,071 | 2,976,049 | 9,306,701 | 15,190,352 |
| Net investment income | 19,274,032 | 30,950,945 | 9,682,216 | 32,644,363 | 58,623,097 |
| Realized and Unrealized Gain (Loss) | | | | | |
| Net realized gain (loss) from: | | | | | |
| Investments | 8,012,054 | 9,331,964 | 1,422,374 | 1,616,540 | 7,487,356 |
| Financial futures contracts | (1,808,976) | (2,052,229) | (779,708) | (3,238,992) | (5,254,153) |
| | 6,203,078 | 7,279,735 | 642,666 | (1,622,452) | 2,233,203 |
| Net change in unrealized appreciation/depreciation on: | | | | | |
| Investments | 41,534,236 | 71,266,940 | 19,479,015 | 66,727,494 | 139,643,306 |
| Financial futures contracts | 274,122 | | 178,641 | 519,262 | 1,432,212 |
| | 41,808,358 | 71,266,940 | 19,657,656 | 67,246,756 | 141,075,518 |
| Total realized and unrealized gain | 48,011,436 | 78,546,675 | 20,300,322 | 65,624,304 | 143,308,721 |

Dividends to AMPS Shareholders From

Net investment income (130,644)

Net Increase in Net

Assets Applicable to

Common Shareholders

Resulting

from Operations

\$ 67,154,824 \$ 109,497,620 \$ 29,982,538 \$ 98,268,667 \$ 201,931,818

¹ Related to TOBs, VMTP Shares 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, | |
|--|--|----------------|---|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Operations | | | | |
| Net investment income | \$ 19,274,032 | \$ 19,996,239 | \$ 30,950,945 | \$ 31,308,367 |
| Net realized gain (loss) | 6,203,078 | (5,411,971) | 7,279,735 | (4,612,878) |
| Net change in unrealized appreciation/depreciation | 41,808,358 | (5,414,974) | 71,266,940 | (8,190,700) |
| Dividends to AMPS Shareholders from net investment income | (130,644) | (479,559) | | (767,289) |
| Net increase in net assets applicable to Common Shareholders resulting from operations | 67,154,824 | 8,689,735 | 109,497,620 | 17,737,500 |
| Dividends to Common Shareholders From | | | | |
| Net investment income | (19,801,506) | (19,768,276) | (30,736,093) | (29,808,341) |
| Capital Share Transactions | | | | |
| Reinvestment of common dividends | 434,788 | 767,545 | | |
| Net Assets Applicable to Common Shareholders | | | | |
| Total increase (decrease) in net assets applicable to Common Shareholders | 47,788,106 | (10,310,996) | 78,761,527 | (12,070,841) |
| Beginning of year | 293,356,296 | 303,667,292 | 491,797,694 | 503,868,535 |
| End of year | \$ 341,144,402 | \$ 293,356,296 | \$ 570,559,221 | \$ 491,797,694 |
| Undistributed net investment income | \$ 4,768,337 | \$ 5,432,633 | \$ 8,249,950 | \$ 7,842,146 |

| 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, | |
|--|--|---------------|---|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| Operations | | | | |
| Net investment income | \$ 9,682,216 | \$ 10,384,846 | \$ 32,644,363 | \$ 34,301,968 |
| Net realized gain (loss) | 642,666 | (8,833) | (1,622,452) | (7,030,663) |
| Net change in unrealized appreciation/depreciation | 19,657,656 | (3,139,760) | 67,246,756 | (10,452,591) |
| Dividends to AMPS Shareholders from net investment income | | (376,980) | | (1,105,803) |
| | 29,982,538 | 6,859,273 | 98,268,667 | 15,712,911 |

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Net increase in net assets applicable to Common Shareholders resulting from operations

Dividends to Common Shareholders From

| | | | | |
|-----------------------|--------------|--------------|--------------|--------------|
| Net investment income | (10,519,402) | (10,355,821) | (33,617,202) | (33,574,394) |
|-----------------------|--------------|--------------|--------------|--------------|

Capital Share Transactions

| | | | | |
|----------------------------------|---------|--|--------|---------|
| Reinvestment of common dividends | 336,204 | | 97,586 | 107,768 |
|----------------------------------|---------|--|--------|---------|

Net Assets Applicable to Common Shareholders

| | | | | |
|---|------------|-------------|------------|--------------|
| Total increase (decrease) in net assets applicable to Common Shareholders | 19,799,340 | (3,496,548) | 64,749,051 | (17,753,715) |
|---|------------|-------------|------------|--------------|

| | | | | |
|-------------------|-------------|-------------|-------------|-------------|
| Beginning of year | 163,276,327 | 166,772,875 | 530,058,239 | 547,811,954 |
|-------------------|-------------|-------------|-------------|-------------|

| | | | | |
|-------------|----------------|----------------|----------------|----------------|
| End of year | \$ 183,075,667 | \$ 163,276,327 | \$ 594,807,290 | \$ 530,058,239 |
|-------------|----------------|----------------|----------------|----------------|

| | | | | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Undistributed net investment income | \$ 1,900,424 | \$ 2,555,428 | \$ 8,756,672 | \$ 9,225,192 |
|-------------------------------------|--------------|--------------|--------------|--------------|

See Notes to Financial Statements.

Statements of Changes in Net Assets

| | BlackRock MuniYield Quality Fund III, Inc. (MYI) Year Ended July 31, | |
|--|---|----------------|
| | 2012 | 2011 |
| Increase (Decrease) in Net Assets Applicable to Common Shareholders: | | |
| Operations | | |
| Net investment income | \$ 58,623,097 | \$ 60,306,907 |
| Net realized gain (loss) | 2,233,203 | (8,829,974) |
| Net change in unrealized appreciation/depreciation | 141,075,518 | (23,059,984) |
| Dividends to AMPS Shareholders from net investment income | | (1,979,653) |
| Net increase in net assets applicable to Common Shareholders resulting from operations | 201,931,818 | 26,437,296 |
| Dividends to Common Shareholders From | | |
| Net investment income | (58,495,073) | (58,264,384) |
| Capital Share Transactions | | |
| Reinvestment of common dividends | 1,599,734 | 2,578,449 |
| Net Assets Applicable to Common Shareholders | | |
| Total increase (decrease) in net assets applicable to Common Shareholders | 145,036,479 | (29,248,639) |
| Beginning of year | 890,985,189 | 920,233,828 |
| End of year | \$ 1,036,021,668 | \$ 890,985,189 |
| Undistributed net investment income | \$ 15,519,850 | \$ 15,431,895 |

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) |
|--|--|--|---|--|--|
| Year Ended July 31, 2012 | | | | | |
| Cash Provided by (Used for) Operating Activities | | | | | |
| Net increase in net assets resulting from operations, excluding dividends to AMPS Shareholders | \$ 67,285,468 | \$ 109,497,620 | \$ 29,982,538 | \$ 98,268,667 | \$ 201,931,818 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used for) operating activities: | | | | | |
| (Increase) decrease in interest receivable | (294,232) | (625,821) | 42,497 | (374,200) | (164,340) |
| Decrease in income receivable affiliated | | 335 | | 363 | 610 |
| Decrease in cash pledged as collateral for financial futures contracts | 140,000 | | 94,000 | 350,400 | 726,000 |
| Decrease in prepaid expenses | 13,825 | 25,247 | 68,433 | 183,144 | 26,651 |
| Decrease in other assets | | 92,598 | | 100,206 | 168,169 |
| Increase in investment advisory fees payable | 31,699 | 38,481 | 10,630 | 41,641 | 75,725 |
| Increase (decrease) in interest expense and fees payable | (1,869) | (14,996) | (17,102) | 8,122 | (7,480) |
| Increase (decrease) in other accrued expenses payable | (69,145) | 33,054 | 13,977 | (73,547) | (14,954) |
| Increase (decrease) in variation margin payable | (105,688) | | (57,093) | (301,125) | (552,188) |
| Increase (decrease) in Officers and Directors fees payable | (1,097) | 32,038 | (425) | 28,339 | 216,522 |
| Net realized and unrealized gain on investments | (49,546,290) | (80,598,904) | (20,901,389) | (68,344,034) | (147,130,662) |
| Amortization of premium and accretion of discount on investments | 1,316,392 | 2,172,448 | (12,166) | 746,563 | (2,986,128) |
| Amortization of deferred offering costs | 36,044 | 311,159 | 181,912 | 461,017 | 729,518 |
| Proceeds from sales of long-term investments | 173,804,423 | 296,245,660 | 51,672,662 | 148,643,454 | 271,135,564 |
| Purchases of long-term investments | (214,903,181) | (327,276,519) | (54,887,867) | (189,505,102) | (295,221,126) |
| Net proceeds from sales (purchases) of short-term securities | 14,238,965 | 10,405,498 | (3,536,024) | 4,263,732 | (16,921,084) |
| Cash provided by (used for) operating activities | (8,054,686) | 10,337,898 | 2,654,583 | (5,502,360) | 12,012,615 |
| Cash Provided by (Used for) Financing Activities | | | | | |
| Cash receipts from issuance of VMTP Shares | 131,000,000 | | | | |
| Cash payments on redemption of AMPS | (131,000,000) | | | | |
| Cash receipts from TOB trust certificates | 29,599,343 | 39,866,881 | 7,688,184 | 61,942,925 | 55,891,823 |
| Cash payments for TOB trust certificates | (3,686,421) | (19,415,633) | | (22,597,363) | (10,767,062) |
| Cash dividends paid to Common Shareholders | (19,364,478) | (30,650,190) | (10,192,984) | (33,519,145) | (56,887,469) |
| Cash dividends paid to AMPS Shareholders | (132,496) | | | | |
| Cash payments for offering costs | (221,531) | (138,956) | (89,976) | (238,389) | (218,566) |
| Increase (decrease) in bank overdraft | 1,860,269 | | (59,807) | (85,668) | (31,341) |
| Cash provided by (used for) financing activities | 8,054,686 | (10,337,898) | (2,654,583) | 5,502,360 | (12,012,615) |
| Cash | | | | | |
| Net change in cash | | | | | |

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Cash at beginning of year

Cash at end of year

Cash Flow Information

| | | | | | | | | | | |
|---|----|-----------|----|-----------|----|---------|----|-----------|----|-----------|
| Cash paid during the year for interest and fees | \$ | 1,437,018 | \$ | 1,946,852 | \$ | 430,355 | \$ | 1,688,112 | \$ | 2,851,618 |
|---|----|-----------|----|-----------|----|---------|----|-----------|----|-----------|

Non-cash Financing Activities

Capital shares issued in reinvestment of

| | | | | | | | | |
|---------------------------------------|----|---------|----|---------|----|--------|----|-----------|
| dividends paid to Common Shareholders | \$ | 434,788 | \$ | 336,204 | \$ | 97,586 | \$ | 1,599,734 |
|---------------------------------------|----|---------|----|---------|----|--------|----|-----------|

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

See Notes to Financial Statements.

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Financial Highlights

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

| | Year Ended July 31, | | | | Period October 1, 2007 to July 31, 2008 | Year Ended September 30, 2007 |
|---|---------------------|----------|----------|----------|---|--|
| | 2012 | 2011 | 2010 | 2009 | | |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 13.07 | \$ 13.57 | \$ 12.27 | \$ 12.84 | \$ 13.72 | \$ 14.15 |
| Net investment income ¹ | 0.86 | 0.89 | 0.92 | 0.90 | 0.78 | 0.97 |
| Net realized and unrealized gain (loss) | 2.14 | (0.49) | 1.26 | (0.71) | (0.91) | (0.45) |
| Dividends to AMPS Shareholders from net investment income | (0.01) | (0.02) | (0.02) | (0.12) | (0.25) | (0.33) |
| Net increase (decrease) from investment operations | 2.99 | 0.38 | 2.16 | 0.07 | (0.38) | 0.19 |
| Dividends to Common Shareholders from net investment income | (0.88) | (0.88) | (0.86) | (0.64) | (0.50) | (0.62) |
| Net asset value, end of period | \$ 15.18 | \$ 13.07 | \$ 13.57 | \$ 12.27 | \$ 12.84 | \$ 13.72 |
| Market price, end of period | \$ 15.55 | \$ 12.46 | \$ 14.26 | \$ 11.40 | \$ 11.30 | \$ 12.39 |

Total Investment Return Applicable to Common Shareholders²

| | | | | | | |
|--------------------------|--------|---------|--------|-------|----------------------|-------|
| Based on net asset value | 23.64% | 3.19% | 18.04% | 1.58% | (2.41)% ³ | 1.73% |
| Based on market price | 32.85% | (6.38)% | 33.51% | 7.24% | (4.89)% ³ | 0.31% |

Ratio to Average Net Assets Applicable to Common Shareholders

| | | | | | | |
|---|--------------------|-------|-------|-------|--------------------|-------|
| Total expenses ⁴ | 1.52% | 1.30% | 1.28% | 1.66% | 1.55% ⁵ | 1.61% |
| Total expenses after fees waived and paid indirectly ⁴ | 1.46% | 1.23% | 1.15% | 1.45% | 1.45% ⁵ | 1.54% |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs ^{4,6} | 1.00% ⁷ | 1.07% | 0.99% | 1.04% | 1.15% ⁵ | 1.17% |
| Net investment income ⁴ | 6.05% | 6.93% | 6.92% | 7.61% | 6.74% ⁵ | 6.94% |
| Dividends to AMPS Shareholders | 0.04% | 0.17% | 0.18% | 1.03% | 2.19% ⁵ | 2.37% |
| Net investment income to Common Shareholders | 6.01% | 6.76% | 6.74% | 6.58% | 4.55% ⁵ | 4.57% |

Supplemental Data

| | | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| Net assets applicable to Common Shareholders, end of period (000) | \$ 341,144 | \$ 293,356 | \$ 303,667 | \$ 274,342 | \$ 286,933 | \$ 306,769 |
| AMPS outstanding at \$25,000 liquidation preference, end of period (000) | | \$ 131,000 | \$ 131,000 | \$ 131,000 | \$ 145,300 | \$ 204,500 |
| VMTP Shares outstanding at \$100,000 liquidation value, end of period (000) | \$ 131,000 | | | | | |
| Portfolio turnover | 36% | 24% | 20% | 37% | 43% | 43% |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of period | | \$ 80,983 | \$ 82,953 | \$ 77,357 | \$ 74,376 | \$ 62,514 |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of period | \$ 360,416 | | | | | |

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- ¹ Based on average Common Shares outstanding.
- ² 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.
- ³ Aggregate total investment return.
- ⁴ Do not reflect the effect of dividends to AMPS Shareholders.
- ⁵ Annualized.
- ⁶ Interest expense, fees and amortization of offering costs relate to TOBs and/or VMTP Shares. See Note 1 and Note 7 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VMTP Shares, respectively.
- ⁷ For the year ended July 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense, fees, amortization of offering costs and remarketing fees was 0.97%.

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, 2007 |
|------|---------------------|------|------|--|-----------------------------------|
| 2012 | 2011 | 2010 | 2009 | | |