

BLACKROCK MUNIYIELD FUND, INC.

Form N-CSRS

January 02, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT  
COMPANIES**

Investment Company Act file number: 811-06414

Name of Fund: BlackRock MuniYield Fund, Inc. (MYD)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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

Date of fiscal year end: 04/30/2014

Date of reporting period: 10/31/2013

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Item 1 Report to Stockholders

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OCTOBER 31, 2013

SEMI-ANNUAL REPORT (UNAUDITED)

**BlackRock MuniYield Fund, Inc. (MYD)**

**BlackRock MuniYield Quality Fund, Inc. (MQY)**

**BlackRock MuniYield Quality Fund II, Inc. (MQT)**

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

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Dear Shareholder

Financial markets were volatile as 2012 drew to a close, with investors growing increasingly concerned over the possible implementation of pre-mandated tax increases and spending cuts known as the fiscal cliff. However, a last-minute tax deal averted the potential crisis and allowed markets to get off to a strong start in 2013. Money that had been pulled to the sidelines amid year-end tax-rate uncertainty poured back into the markets in January. Key indicators signaling modest but broad-based improvements in the world's major economies, coupled with the absence of negative headlines from Europe, fostered an aura of comfort for investors. Global equities surged, while rising US Treasury yields pressured high quality fixed income assets. (Bond prices fall when yields rise.)

Global economic momentum slowed in February, however, and the pace of the rally moderated. In the months that followed, US stocks outperformed international stocks, as America showed greater stability compared to most other regions. Slow, but positive, growth was sufficient to support corporate earnings, while uncomfortably high unemployment reinforced expectations that the Federal Reserve would keep its asset purchase program intact and interest rates low. International markets experienced higher levels of volatility given a resurgence of political instability in Italy, a severe banking crisis in Cyprus and a generally poor outlook for European economies, many of which were mired in recession. Emerging markets significantly lagged the rest of the world as growth in these economies, particularly in China and Brazil, fell short of expectations.

In May, the Fed Chairman commented on the possibility of beginning to gradually reduce or taper the central bank's asset purchase program before the end of 2013. Investors around the world retreated from higher risk assets in response. Markets rebounded in late June when the tone of the US central bank turned more dovish, and improving economic indicators and better corporate earnings helped extend gains through July.

Markets slumped again in August as investors became wary of looming macro risks. Mixed economic data stirred worries about global growth and uncertainty about when and how much the Fed would scale back on stimulus. Also weighing on investors' minds was the escalation of the revolution in Egypt and the civil war in Syria, both of which fueled higher oil prices, an additional headwind for global economic growth.

September was surprisingly positive for investors, thanks to the easing of several key risks. Most important, the Fed defied market expectations with its decision to delay tapering. Additionally, the more hawkish candidate to become the next Fed Chairman, Larry Summers, withdrew from the race. On the geopolitical front, turmoil in Egypt and Syria subsided. In Europe, the re-election of Angela Merkel as Chancellor of Germany was welcomed as a continuation of the status quo. High levels of volatility returned in late September when the Treasury Department warned that the US national debt would breach its statutory maximum soon after Oct. 17. Political brinkmanship led to a partial government shutdown, roiling global financial markets through the first half of October, but the rally quickly resumed with a last-minute compromise to reopen the government and extend the debt ceiling until early 2014.

Though periods of heightened uncertainty drove high levels of market volatility over the past year, riskier asset classes generally outperformed lower-risk investments. Developed market equities generated the highest returns for the 6- and 12-month periods ended Oct. 31, with particular strength coming from US small-cap stocks. Emerging markets posted smaller, albeit positive returns after struggling with slowing growth and weakening currencies in the first half of 2013. Rising interest rates resulted in poor performance for US Treasury bonds and other higher-quality sectors such as tax-exempt municipals and investment grade corporate bonds. High yield bonds, on the other hand, moved higher as income-oriented investors sought meaningful returns in the low-rate environment. Short-term interest rates remained near zero, keeping yields on money market securities near historical lows.

At BlackRock, we believe investors need to think globally and extend their scope across a broader array of asset classes and be prepared to move freely as market conditions change over time. We encourage you to talk with your financial advisor and visit [www.blackrock.com](http://www.blackrock.com) for further insight about investing in today's world.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

*Though periods of heightened uncertainty drove high levels of market volatility over the past year, riskier asset classes generally outperformed lower-risk investments.*

Rob Kapito

President, BlackRock Advisors, LLC

**Total Returns as of October 31, 2013**

	<b>6-month</b>	<b>12-month</b>
US large cap equities (S&P 500® Index)	11.14%	27.18%
US small cap equities (Russell 2000® Index)	16.90	36.28
International equities (MSCI Europe, Australasia, Far East Index)	8.53	26.88
Emerging market equities (MSCI Emerging Markets Index)	1.18	6.53
3-month Treasury bill (BofA Merrill Lynch 3-Month US Treasury Bill Index)	0.03	0.09
US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index)	(6.07)	(4.64)
US investment grade bonds (Barclays US Aggregate Bond Index)	(1.97)	(1.08)
Tax-exempt municipal bonds (S&P Municipal Bond Index)	(3.63)	(1.69)
US high yield bonds (Barclays US Corporate High Yield 2% Issuer Capped Index)	1.50	8.86

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 Reporting Period Ended October 31, 2013****Municipal Market Conditions**

Toward the end of 2012, municipal bond supply was met with robust demand as investors were starved for yield in the low-rate, low-return environment and uncertainty around the Presidential election and fiscal policy decisions highlighted the appeal of the relatively stable asset class. Investors poured into municipal bond mutual funds, favoring long-duration and high-yield funds as they tend to provide higher levels of income.

However, market conditions turned less favorable in May when the US Federal Reserve alluded to the possible scaling back of its bond-buying stimulus program. Municipal bond funds saw strong outflows in the last six months of the period, resulting in net outflows of approximately \$38 billion for the 12-month period as a whole (based on data from the Investment Company Institute). Further signals from the Fed suggesting a retrenchment of asset purchases led to rising interest rates and waning demand in June. (Bond prices fall as rates rise.) High levels of interest rate volatility resulted in a sharp curtailment of tax-exempt issuance in May through period end. However, from a historical perspective, total new issuance for the 12 months ended October 31, 2013 remained relatively strong at \$345 billion (down modestly from the \$378 billion issued in the prior 12-month period). A significant portion of new supply during this period (roughly 50%) was attributable to refinancing activity as issuers took advantage of lower interest rates to reduce their borrowing costs. Total new supply was also supported by recent activity in the taxable market, where taxable-municipal issuance was up 19% year-over-year.

<b>S&amp;P Municipal Bond Index</b>	
Total Returns as of October 31, 2013	
6 months:	(3.63)%
12 months:	(1.69)%

**A Closer Look at Yields**

From October 31, 2012 to October 31, 2013, muni yields increased by 122 basis points ( bps ) from 2.82% to 4.04% on AAA-rated 30-year municipal bonds, while increasing 72 bps from 1.72% to 2.44% on 10-year bonds and rising another 39 bps from 0.67% to 1.06% on 5-year issues (as measured by Thomson Municipal Market Data). Overall, the municipal yield curve remained relatively steep over the 12-month period as the spread between 2- and 30-year maturities widened by 118 bps and the spread between 2- and 10-year maturities widened by 68 bps.

During the same time period, US Treasury rates rose by 78 bps on 30-year and 87 bps on 10-year bonds, while moving up 61 bps in 5-years. Accordingly, tax-exempt municipal bonds underperformed Treasuries on the long end of the yield curve as investors sought to reduce risk later in the period. On the short end of the curve, moderate outperformance versus Treasuries was driven largely by a supply/demand imbalance within the municipal market and a rotation from long-duration assets into short- and intermediate-duration investments. As higher US tax rates began to appear imminent late in 2012, municipal bonds benefited from the increased appeal of tax-exempt investing. The municipal asset class is known for its lower relative volatility and preservation of principal with an emphasis on



income as tax rates rise. The municipal market continues to be an attractive avenue for investors seeking yield in today's environment, particularly as the recent correction has restored value in the market and placed yields at levels not obtainable since early 2011. However, opportunities are not as broad-based as in 2011 and 2012, warranting a more tactical approach going forward.

### **Financial Conditions of Municipal Issuers Continue to Improve**

Following an extended period of nation-wide austerity and de-leveraging as states sought to balance their budgets, 14 consecutive quarters of positive revenue growth coupled with the elimination of more than 750,000 jobs in recent years have put state and local governments in a better financial position. Many local municipalities, however, continue to face increased health care and pension costs passed down from the state level. BlackRock maintains the view that municipal bond defaults will be minimal and remain in the periphery, and that the overall market is fundamentally sound. We continue to recognize that careful credit research, appropriate structure and security selection remain imperative amid uncertainty in this fragile 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.

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### The Benefits and Risks of Leveraging

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

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

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

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

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

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

The Funds may also leverage their assets through the use of tender option bond trusts ( TOBs ), as described in Note 3 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 its total accrued liabilities). In addition, each Fund with VRDP Shares or VMTP Shares limits its economic leverage to 45% of its total managed assets. As of October 31, 2013, the Funds had economic leverage from Preferred Shares and/or TOBs as a percentage of their total managed assets as follows:

	<b>Percent of Economic Leverage</b>
MYD	39%
MQY	40%
MQT	40%

#### Derivative Financial Instruments

The Funds may invest in various derivative financial instruments, including financial futures contracts, as specified in Note 4 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market, interest rate and/or other risks. Derivative financial instruments involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Funds' ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require a Fund to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause a Fund to hold an investment that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

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Fund Summary as of October 31, 2013

**BlackRock MuniYield Fund, Inc.****Fund Overview**

BlackRock MuniYield Fund, Inc. s (MYD) (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 bonds exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). The Fund invests, under normal market conditions, at least 75% of its assets in municipal bonds rated investment grade and invests primarily in long-term municipal bonds with a maturity of more than ten years at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

**Performance**

For the six-month period ended October 31, 2013, the Fund returned (11.24)% based on market price and (10.86)% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (13.60)% based on market price and (9.18)% based on NAV. All returns reflect reinvestment of dividends. The Fund s premium to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

As tax-exempt municipal rates increased over the six-month period, the Fund s duration exposure (sensitivity to interest rate movements) had a negative impact on performance. (Bond prices fall when rates rise.) Exposure to bonds with long maturities was detrimental as rates increased more in the long-end than in the short-end of the curve. Leverage on the Fund s assets amplified the negative effect of rising rates on the Fund s performance. Holdings of bonds rated low-quality investment grade and non-investment grade posted significant losses. The Fund s modest exposure to Puerto Rico Sales Tax Revenue Bonds also detracted from results as credit spreads on most of Puerto Rico s debt widened materially during the period due to investors lack of confidence and a weak local economy. Modest exposure to tobacco bonds was another notable source of negative performance.

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

**Fund Information**

Symbol on New York Stock Exchange ( NYSE )	MYD
Initial Offering Date	November 29, 1991
Yield on Closing Market Price as of October 31, 2013 (\$13.90) <sup>1</sup>	7.21%
Tax Equivalent Yield <sup>2</sup>	12.74%

Current Monthly Distribution per Common Share <sup>3</sup>	\$0.0835
Current Annualized Distribution per Common Share <sup>3</sup>	\$1.0020
Economic Leverage as of October 31, 2013 <sup>4</sup>	39%

- <sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- <sup>2</sup> Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.
- <sup>3</sup> The monthly distribution per common share, declared on December 2, 2013, was decreased to \$0.0805 per share. The yield on closing market price, current monthly distribution per common share and current annualized distribution per common share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to change in the future.
- <sup>4</sup> Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

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BlackRock MuniYield Fund, Inc.

**Market Price and Net Asset Value Per Share Summary**

	<b>10/31/13</b>	<b>4/30/13</b>	<b>Change</b>	<b>High</b>	<b>Low</b>
Market Price	\$13.90	\$16.24	(14.41)%	\$16.30	\$12.52
Net Asset Value	\$13.76	\$16.01	(14.05)%	\$16.06	\$12.99

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Fund's Long-Term Investments**

<b>Sector Allocation</b>	<b>10/31/13</b>	<b>4/30/13</b>
Health	23%	22%
Transportation	22	21
County/City/Special District/School District	12	11
Utilities	12	12
Education	11	11
State	10	13
Corporate	8	9
Tobacco	2	1
<b>Credit Quality Allocation<sup>1</sup></b>	<b>10/31/13</b>	<b>4/30/13</b>
AAA/Aaa	8%	9%
AA/Aa	43	43
A	28	29
BBB/Baa	9	9
BB/Ba	3	1
B	2	2
CCC/Caa	1	1
Not Rated <sup>2</sup>	6	6

<sup>1</sup> Using the higher of Standard & Poor's (S&P's) or Moody's Investor Service (Moody's) ratings.

<sup>2</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of October 31, 2013 and April 30, 2013, the market value of these securities was \$3,014,775, representing less than 1%, and \$8,883,640, representing 1%, respectively, of the Fund's long-term investments.

**Call/Maturity Schedule<sup>3</sup>**

Calendar Year Ended December 31,

2013	4%
2014	4
2015	4

2016	5
2017	4

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

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Fund Summary as of October 31, 2013

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

BlackRock MuniYield Quality Fund, Inc.'s (MQY) (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 bonds exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). The Fund invests in municipal bonds which are in the three highest quality rating categories (A or better) or, if unrated, of comparable quality at the time of investment. The Fund invests primarily in long-term municipal bonds with maturities of more than ten years at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

**Performance**

For the six-month period ended October 31, 2013, the Fund returned (13.99)% based on market price and (9.19)% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (13.60)% based on market price and (9.18)% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

As tax-exempt municipal rates increased over the six-month period, the Fund's duration exposure (sensitivity to interest rate movements) had a negative impact on performance. (Bond prices fall when rates rise.) Exposure to the long-end of the yield curve was detrimental as rates increased more in the long-end than in the short-end of the curve. Leverage on the Fund's assets amplified the negative effect of rising rates on the Fund's performance. The Fund's modest exposure to Puerto Rico Sales Tax Revenue Bonds also detracted from results as credit spreads on most of Puerto Rico's debt widened materially during the period due to investors' lack of confidence and a weak local economy.

Short positions in US Treasury futures contracts as a hedge against rising interest rates had a positive impact on the Fund's performance for the period.

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

**Fund Information**

Symbol on NYSE

MQY



Initial Offering Date	June 26, 1992
Yield on Closing Market Price as of October 31, 2013 (\$14.09) <sup>1</sup>	6.81%
Tax Equivalent Yield <sup>2</sup>	12.03%
Current Monthly Distribution per Common Share <sup>3</sup>	\$0.08
Current Annualized Distribution per Common Share <sup>3</sup>	\$0.96
Economic Leverage as of October 31, 2013 <sup>4</sup>	40%

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

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

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

<sup>4</sup> Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

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

	<b>10/31/13</b>	<b>4/30/13</b>	<b>Change</b>	<b>High</b>	<b>Low</b>
Market Price	\$14.09	\$16.94	(16.82)%	\$17.24	\$13.05
Net Asset Value	\$14.78	\$16.83	(12.18)%	\$16.89	\$14.00

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Fund's Long-Term Investments**

<b>Sector Allocation</b>	<b>10/31/13</b>	<b>4/30/13</b>
County/City/Special District/School District	26%	24%
Transportation	22	21
Utilities	17	16
State	15	19
Health	10	10
Education	7	6
Housing	2	3
Corporate	1	1
<b>Credit Quality Allocation<sup>1</sup></b>	<b>10/31/13</b>	<b>4/30/13</b>
AAA/Aaa	10%	10%
AA/Aa	57	61
A	31	27
BBB/Baa	2	1
Not Rated		1 <sup>2</sup>

<sup>1</sup> Using the higher of S&P's or Moody's ratings.

<sup>2</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of April 30, 2013, the market value of these securities was \$2,950,141, representing less than 1% of the Fund's long-term investments.

**Call/Maturity Schedule<sup>3</sup>**

Calendar Year Ended December 31,

2013	
2014	8%
2015	11
2016	3
2017	12

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

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Fund Summary as of October 31, 2013

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

BlackRock MuniYield Quality Fund II, Inc.'s (MQT) (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 bonds exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). The Fund invests in municipal bonds which are in the three highest quality rating categories (A or better) or, if unrated, of comparable quality at the time of investment. The Fund invests primarily in long-term municipal bonds with maturities of more than ten years at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

**Performance**

For the six-month period ended October 31, 2013, the Fund returned (14.24)% based on market price and (8.55)% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (13.60)% based on market price and (9.18)% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

As tax-exempt municipal rates increased over the six-month period, the Fund's duration exposure (sensitivity to interest rate movements) had a negative impact on performance. (Bond prices fall when rates rise.) Exposure to the long-end of the yield curve was detrimental as rates increased more in the long-end than in the short-end of the curve. Leverage on the Fund's assets amplified the negative effect of rising rates on the Fund's performance. The Fund's modest exposure to Puerto Rico Sales Tax Revenue Bonds also detracted from results as credit spreads on most of Puerto Rico's debt widened materially during the period due to investors' lack of confidence and a weak local economy.

Short positions in US Treasury futures contracts as a hedge against rising interest rates had a positive impact on the Fund's performance for the period.

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

**Fund Information**

Symbol on NYSE	MQT
Initial Offering Date	August 28, 1992
Yield on Closing Market Price as of October 31, 2013 (\$11.94) <sup>1</sup>	7.09%

Tax Equivalent Yield <sup>2</sup>	12.53%
Current Monthly Distribution per Common Share <sup>3</sup>	\$0.0705
Current Annualized Distribution per Common Share <sup>3</sup>	\$0.8460
Economic Leverage as of October 31, 2013 <sup>4</sup>	40%

- <sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- <sup>2</sup> Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents VMTP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VMTP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

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

	<b>10/31/13</b>	<b>4/30/13</b>	<b>Change</b>	<b>High</b>	<b>Low</b>
Market Price	\$11.94	\$14.41	(17.14)%	\$14.81	\$11.29
Net Asset Value	\$12.97	\$14.68	(11.65)%	\$14.73	\$12.30

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Fund's Long-Term Investments**

<b>Sector Allocation</b>	<b>10/31/13</b>	<b>4/30/13</b>
County/City/Special District/School District	27%	28%
Transportation	24	22
State	15	17
Utilities	13	12
Health	10	11
Education	7	6
Housing	3	3
Corporate	1	1
<b>Credit Quality Allocation<sup>1</sup></b>	<b>10/31/13</b>	<b>4/30/13</b>
AAA/Aaa	7%	8%
AA/Aa	66	68
A	25	21
BBB/Baa	2	2
Not Rated		1 <sup>2</sup>

<sup>1</sup> Using the higher of S&P's or Moody's ratings.

<sup>2</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of April 30, 2013, the market value of these securities was \$2,695,818, representing less than 1% of the Fund's long-term investments.

**Call/Maturity Schedule<sup>3</sup>**

Calendar Year Ended December 31,	
2013	1%
2014	10
2015	7

2016	5
2017	11

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

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Schedule of Investments October 31, 2013 (Unaudited)

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

	<b>Par (000)</b>	<b>Value</b>
<b>Municipal Bonds</b>		
<b>Alabama 0.8%</b>		
County of Jefferson Alabama, RB, Series A, 5.50%, 1/01/22	\$ 5,250	\$ 5,223,645
<b>Alaska 1.0%</b>		
Northern Tobacco Securitization Corp., Refunding RB, Tobacco Settlement, Asset-Backed, Series A:		
4.63%, 6/01/23	2,050	1,926,406
5.00%, 6/01/46	6,450	4,437,148
		6,363,554
<b>Arizona 4.6%</b>		
County of Maricopa Arizona IDA, RB, Arizona Charter Schools Project, Series A, 6.75%, 7/01/29		
	2,900	2,427,242
Phoenix IDA Arizona, Refunding RB, America West Airlines, Inc. Project, AMT:		
6.25%, 6/01/19	3,000	2,997,000
6.30%, 4/01/23	5,090	5,011,767
Salt Verde Financial Corp., RB, Senior:		
5.00%, 12/01/32	7,365	7,437,103
5.00%, 12/01/37	9,690	9,730,117
Vistancia Community Facilities District Arizona, GO, 5.75%, 7/15/24		
		2,184,500
		29,787,729
<b>California 11.6%</b>		
California Health Facilities Financing Authority, RB:		
St. Joseph Health System, Series A, 5.75%, 7/01/39		
	4,425	4,919,317
Sutter Health, Series B, 6.00%, 8/15/42		
	6,465	7,456,343
California Health Facilities Financing Authority, Refunding RB, Series A:		
Catholic Healthcare West, 6.00%, 7/01/34		
	3,155	3,471,920
St. Joseph Health System, 5.00%, 7/01/33		
	2,560	2,637,005
California Pollution Control Financing Authority, RB:		
Poseidon Resources (Channel Side) LP Desalination Project, AMT, 5.00%, 7/01/37 (a)		
	3,465	3,057,585
Poseidon Resources (Channel Side) LP Desalination Project, AMT, 5.00%, 11/21/45 (a)		
	3,855	3,232,726



San Diego County Water Authority Desalination Project  
Pipeline,  
5.00%, 11/21/45

2,510 2,229,031

**Municipal Bonds**

**Par  
(000) Value**

**California (concluded)**

California State Public Works Board, RB, Various Capital  
Projects, Sub-Series I-1,  
6.38%, 11/01/34

\$ 2,385 \$ 2,745,994

California Statewide Communities Development Authority,  
RB, John Muir Health, Series A, 5.13%, 7/01/39

2,300 2,373,370

California Statewide Communities Development Authority,  
Refunding RB, Episcopal Communities & Services:  
5.00%, 5/15/42

845 759,883

5.00%, 5/15/47

735 648,167

City of Los Angeles California Department of Airports,  
Refunding RB, Los Angeles International Airport, Series A:

5.25%, 5/15/39

1,605 1,713,081

5.00%, 5/15/40

11,970 12,203,654

San Diego Community College District, GO, Election of 2006,  
5.00%, 8/01/43

2,190 2,312,684

State of California, GO:

(AMBAC), 5.00%, 4/01/31

10 10,124

Various Purposes, 6.00%, 3/01/33

5,085 5,945,941

Various Purposes, 6.50%, 4/01/33

14,075 16,760,791

Tobacco Securitization Authority of Southern California,  
Refunding RB, Tobacco Settlement Revenue, Asset-Backed,  
Senior Series A-1, 4.75%, 6/01/25

2,175 2,031,385

74,509,001

**Colorado 3.0%**

City & County of Denver Colorado Airport System, ARB,  
Series D, AMT (AMBAC), 7.75%, 11/15/13

1,435 1,439,090

Colorado Health Facilities Authority, Refunding RB,  
Evangelical Lutheran Good Samaritan Society Project, 5.00%,  
12/01/42

3,580 3,331,333

Colorado State Board of Governors, Refunding RB, State  
University System Enterprise, Series A, 5.00%, 3/01/43

2,405 2,534,894

Plaza Metropolitan District No. 1 Colorado, Tax Allocation  
Bonds, Public Improvement Fee, Tax Increment, 8.00%,  
6/01/14 (b)

6,850 7,228,120

**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

**AGC**

Assured Guarantee Corp.

**AGM**

Assured Guaranty Municipal Corp.

**AMBAC**

American Municipal Bond Assurance Corp.

**GO**

General Obligation Bonds

**HDA**

Housing Development Authority

**HFA**

Housing Finance Agency

according to the following list:

<b>AMT</b>	Alternative Minimum Tax (subject to)	<b>HRB</b>	Housing Revenue Bonds
<b>ARB</b>	Airport Revenue Bonds	<b>IDA</b>	Industrial Development Authority
<b>BARB</b>	Building Aid Revenue Bonds	<b>ISD</b>	Independent School District
<b>BHAC</b>	Berkshire Hathaway Assurance Corp.	<b>LRB</b>	Lease Revenue Bonds
<b>CAB</b>	Capital Appreciation Bonds	<b>M/F</b>	Multi-Family
<b>COP</b>	Certificates of Participation	<b>NPFGC</b>	National Public Finance Guarantee Corp.
<b>COP</b>	Colombian Peso	<b>PSF-GTD</b>	Permanent School Fund Guaranty
<b>EDA</b>	Economic Development Authority	<b>Radian</b>	Radian Guaranty, Inc.
<b>EDC</b>	Economic Development Corp.	<b>RB</b>	Revenue Bonds
<b>ERB</b>	Education Revenue Bonds	<b>SO</b>	Special Obligation
<b>GAB</b>	Grant Anticipation Notes	<b>S/F</b>	Single Family
<b>GARB</b>	General Airport Revenue Bonds		

See Notes to Financial Statements.

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Schedule of Investments (continued)

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

	<b>Par (000)</b>	<b>Value</b>
<b>Municipal Bonds</b>		
<b>Colorado (concluded)</b>		
University of Colorado, RB, Series A:		
5.25%, 6/01/30	\$ 2,250	\$ 2,499,772
5.38%, 6/01/32	1,250	1,387,238
5.38%, 6/01/38	830	920,171
		19,340,618
<b>Connecticut 1.6%</b>		
Connecticut State Health & Educational Facility Authority, RB, Ascension Health Senior Credit, Series A, 5.00%, 11/15/40		
	2,770	2,842,463
Connecticut State Health & Educational Facility Authority, Refunding RB, Wesleyan University:		
5.00%, 7/01/35	2,225	2,334,048
5.00%, 7/01/39	5,000	5,194,850
		10,371,361
<b>Delaware 1.6%</b>		
County of Sussex Delaware, RB, NRG Energy, Inc., Indian River Project, 6.00%, 10/01/40		
	2,305	2,370,531
Delaware State EDA, RB, Exempt Facilities, Indian River Power, 5.38%, 10/01/45		
	8,275	7,846,355
		10,216,886
<b>District of Columbia 3.0%</b>		
District of Columbia, Tax Allocation Bonds, City Market at O Street Project, 5.13%, 6/01/41		
	4,440	4,446,704
Metropolitan Washington Airports Authority, Refunding RB:		
CAB, Second Senior Lien, Series B (AGC), 5.59%, 10/01/31 (c)		
	8,350	3,109,457
CAB, Second Senior Lien, Series B (AGC), 5.70%, 10/01/32 (c)		
	15,000	5,180,400
CAB, Second Senior Lien, Series B (AGC), 5.81%, 10/01/33 (c)		
	13,410	4,285,970
First Senior Lien, Series A, 5.25%, 10/01/44		
	2,425	2,455,604
		19,478,135
<b>Florida 8.7%</b>		
City of Atlantic Beach Florida, RB, Health Care Facilities, Fleet Landing Project, Series B,		
	2,805	2,735,492

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5.63%, 11/15/43

City of Clearwater Florida Water & Sewer Revenue, RB, Series A, 5.25%, 12/01/39	6,900	7,247,346
County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/34	2,155	2,329,684
County of Hillsborough Florida IDA, RB, National Gypsum Co. AMT:		
Series A, 7.13%, 4/01/30	7,500	7,521,225
Series B, 7.13%, 4/01/30	5,000	5,002,250
County of Miami-Dade Florida Aviation, Refunding ARB, Miami International Airport, Series A-1, 5.38%, 10/01/41	7,530	7,781,954
County of Tampa-Hillsborough Florida Expressway Authority, Refunding RB:		
Series A, 5.00%, 7/01/37	4,110	4,196,680
Series B, 5.00%, 7/01/42	5,120	5,177,088

	<b>Par (000)</b>	<b>Value</b>
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**Municipal Bonds**

**Florida (concluded)**

Mid-Bay Bridge Authority, RB, Springing Lien, Series A, 7.25%, 10/01/40	\$ 6,150	\$ 6,762,478
Midtown Miami Community Development District, Special Assessment Bonds, Series B, 6.50%, 5/01/37	4,980	4,997,928
Santa Rosa Bay Bridge Authority, RB, 6.25%, 7/01/28 (d)	4,309	1,766,631
		55,518,756

**Georgia 1.4%**

DeKalb Private Hospital Authority, Refunding RB, Children's Healthcare, 5.25%, 11/15/39	1,700	1,737,876
Metropolitan Atlanta Rapid Transit Authority, RB, Sale Tax, Third Indenture Series, Series A, 5.00%, 7/01/39	6,945	7,179,533
		8,917,409

**Hawaii 0.5%**

State of Hawaii Harbor System, RB, Series A, 5.25%, 7/01/30	2,760	2,968,352
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**Idaho 1.6%**

Power County Industrial Development Corp., RB, FMC Corp. Project, AMT, 6.45%, 8/01/32	10,000	10,008,100
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