

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND INC - Form N-Q

BLACKROCK MUNIYIELD QUALITY FUND INC

Form N-Q

September 26, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-06660

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, Chief Executive Officer,  
BlackRock MuniYield Quality Fund, Inc., 800 Scudders Mill Road,  
Plainsboro, NJ 08536. Mailing address: P.O. Box 9011, Princeton, NJ  
08543-9011

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

Date of fiscal year end: 10/31/2008

Date of reporting period: 05/01/2008 - 07/31/2008

Item 1 - Schedule of Investments

BlackRock MuniYield Quality Fund, Inc.

Schedule of Investments July 31, 2008 (Unaudited)

(Percentages shown are based on Net Assets)

State	Municipal Bonds
Alabama - 0.6%	Jefferson County, Alabama, Limited Obligation School Warrants, Series A, 4.75%, 1/01/25
Arizona - 0.7%	Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, 5%, 12/01/32
California - 21.5%	Alameda Corridor Transportation Authority, California, Capital Appreciation Revenue Refunding Bonds, Subordinate Lien, Series A, 5.45%, 10/01/25 (a) (b) Arcadia, California, Unified School District, GO (Election of 2006), CABS, Series A, 4.96%, 8/01/39 (c) (d) Cabrillo, California, Community College District, GO (Election of 2004), Series B, 5.20%, 8/01/37 (d) (e) Cabrillo, California, Community College District, GO (Election of 2004), Series B, 4.87%, 8/01/38 (d) (e) California State, GO, 5.50%, 4/01/28 California State, GO, Refunding, 5.25%, 9/01/10 (f) California State, GO, Refunding, 5.125%, 6/01/27

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California State, GO, Refunding, 5.25%, 2/01/33 (g)  
California State University, Systemwide Revenue  
Bonds, Series A, 5%, 11/01/35 (h)  
California State, Various Purpose, GO, 5.25%, 11/01/29  
California State, Various Purpose, GO, 5.50%, 11/01/33  
Chino Valley, California, Unified School District, GO  
(Election of 2002), Series C, 5.25%, 8/01/30 (e)  
Coast Community College District, California, GO,  
Refunding (Election of 2002), Series C, 5.45%,  
8/01/13 (a) (c)  
East Side Union High School District, California, Santa Clara  
County, GO (Election of 2002), Series D,  
5%, 8/01/26 (i)  
Fresno, California, Unified School District, GO  
(Election of 2001), Series E, 5%, 8/01/30 (c)  
Golden State Tobacco Securitization Corporation of  
California, Tobacco Settlement Revenue Bonds, Series  
B, 5.50%, 6/01/13 (f) (i)  
Los Angeles, California, Municipal Improvement  
Corporation, Lease Revenue Bonds, Series B1, 4.75%,  
8/01/37 (h)

Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedule of Investments, the names of many of the securities have been abbreviated according to the list below.

AMT Alternative Minimum Tax (subject to)  
CABS Capital Appreciation Bonds  
COP Certificates of Participation  
EDA Economic Development Authority  
GO General Obligation Bonds  
HDA Housing Development Authority  
HFA Housing Finance Agency  
IDA Industrial Development Authority  
IDR Industrial Development Revenue Bonds  
PCR Pollution Control Revenue Bonds  
S/F Single-Family  
SIFMA Securities Industry and Financial Markets Association

BlackRock MuniYield Quality Fund, Inc.  
Schedule of Investments July 31, 2008 (Unaudited)  
(Percentages shown are based on Net Assets)

State Municipal Bonds

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Metropolitan Water District of Southern California,  
Waterworks Revenue Bonds, Series B-1,  
5%, 10/01/29 (h)  
Metropolitan Water District of Southern California,  
Waterworks Revenue Bonds, Series B-1,  
5%, 10/01/36 (h)  
Mount Diablo, California, Unified School District, GO  
(Election of 2002), 5%, 7/01/27 (h)  
Orange County, California, Sanitation District, COP,

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5%, 2/01/33 (h)  
Orange County, California, Sanitation District, COP,  
Series B, 5%, 2/01/30 (c)  
Orange County, California, Sanitation District, COP,  
Series B, 5%, 2/01/31 (c)  
Poway, California, Redevelopment Agency, Tax  
Allocation Refunding Bonds (Paguay Redevelopment  
Project), 5.125%, 6/15/33 (b)  
Sacramento, California, Unified School District, GO  
(Election of 2002), 5%, 7/01/30 (e)  
San Jose, California, Airport Revenue Refunding Bonds,  
AMT, Series A, 5.50%, 3/01/32 (b)  
San Jose, California, Unified School District,  
Santa Clara County, GO (Election of 2002),  
Series B, 5%, 8/01/29 (h)  
San Mateo County, California, Community College District,  
GO (Election of 2001), Series A,  
5%, 9/01/26 (h)  
Ventura County, California, Community College District, GO  
(Election of 2002), Series B,  
5%, 8/01/30 (e)

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Colorado - 1.6%

Colorado Health Facilities Authority Revenue  
Bonds (Catholic Health Initiatives), Series A,  
5.50%, 3/01/32 (j)  
Colorado Health Facilities Authority Revenue Bonds  
(Covenant Retirement Communities Inc.), Series A,  
5.50%, 12/01/27 (g)  
Colorado Health Facilities Authority Revenue Bonds  
(Covenant Retirement Communities Inc.), Series A,  
5.50%, 12/01/33 (g)  
E-470 Public Highway Authority, Colorado, Capital  
Appreciation Revenue Refunding Bonds, Series B,  
5.485%, 9/01/29 (d) (e)

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BlackRock MuniYield Quality Fund, Inc.

Schedule of Investments July 31, 2008 (Unaudited)

(Percentages shown are based on Net Assets)

State

Municipal Bonds

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District of Columbia -  
0.6%

District of Columbia, Revenue Refunding Bonds  
(Catholic University of America), 5.625%,  
10/01/09 (b) (f)  
District of Columbia, Revenue Refunding Bonds  
(Catholic University of America), 5.625%, 10/01/29 (b)

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Florida - 3.8%

Beacon Tradeport Community Development District,  
Florida, Special Assessment Revenue Refunding Bonds

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(Commercial Project), Series A, 5.625%, 5/01/32 (g)  
Florida State Department of Environmental Protection,  
Preservation Revenue Bonds, Series B, 5%, 7/01/27 (e)  
Highlands County, Florida, Health Facilities Authority,  
Hospital Revenue Bonds (Adventist Health System), Series C,  
5.25%, 11/15/36  
Miami-Dade County, Florida, Aviation Revenue  
Refunding Bonds (Miami International Airport), AMT,  
Series A, 5%, 10/01/38 (k)  
Miami, Florida, Special Obligation Revenue Bonds (Street  
and Sidewalk Improvement Program),  
5%, 1/01/37 (e)  
Orange County, Florida, Sales Tax Revenue Refunding  
Bonds, Series B, 5.125%, 1/01/32 (h)

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Georgia - 3.3%

Atlanta, Georgia, Water and Wastewater Revenue  
Bonds, 5%, 11/01/34 (c)  
Atlanta, Georgia, Water and Wastewater Revenue  
Bonds, Series A, 5%, 11/01/33 (e)  
Atlanta, Georgia, Water and Wastewater Revenue  
Bonds, Series A, 5%, 11/01/39 (e)  
Augusta, Georgia, Water and Sewer Revenue Bonds,  
5.25%, 10/01/39 (c)  
Monroe County, Georgia, Development Authority, PCR,  
Refunding (Oglethorpe Power Corporation-Scherer), Series  
A, 6.80%, 1/01/11

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Hawaii - 0.5%

Hawaii State, GO, Series CX, 5.50%, 2/01/21 (c)

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Illinois - 19.6%

Chicago, Illinois, GO (Lakefront Millennium Parking  
Facilities), 5.125%, 1/01/09 (e)(f)  
Chicago, Illinois, O'Hare International Airport, General  
Airport Revenue Refunding Bonds, Third Lien, AMT,  
Series A, 5.75%, 1/01/21 (e)  
Chicago, Illinois, O'Hare International Airport, General  
Airport Revenue Refunding Bonds, Third Lien, AMT,  
Series A, 5.50%, 1/01/22 (e)  
Chicago, Illinois, O'Hare International Airport Revenue  
Bonds, Third Lien, AMT, Series B-2,  
5.75%, 1/01/23 (c)

BlackRock MuniYield Quality Fund, Inc.

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State

Municipal Bonds  
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Chicago, Illinois, O'Hare International Airport  
Revenue Bonds, Third Lien, AMT, Series B-2,  
5.75%, 1/01/24 (c)  
Chicago, Illinois, O'Hare International Airport Revenue  
Bonds, Third Lien, AMT, Series B-2, 6%, 1/01/29 (i)

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Chicago, Illinois, O'Hare International Airport, Revenue Refunding Bonds, Third Lien, AMT, Series A-2, 5.75%, 1/01/21 (c)  
Cook County, Illinois, Capital Improvement, GO, Series C, 5.50%, 11/15/12 (b) (f)  
Illinois Sports Facilities Authority, State Tax Supported Revenue Bonds, 5.212%, 6/15/30 (a) (b)  
Illinois Sports Facilities Authority, State Tax Supported Revenue Bonds, 5%, 6/15/32 (b)  
Metropolitan Pier and Exposition Authority, Illinois, Dedicated State Tax Revenue Refunding Bonds (McCormick Place Expansion Project), 5.50%, 12/15/24 (h)

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Indiana - 1.7%

Indianapolis, Indiana, Local Public Improvement Bond Bank, Revenue Refunding Bonds (Indianapolis Airport Authority Project), AMT, Series B, 5.25%, 1/01/28 (e)  
Indianapolis, Indiana, Local Public Improvement Bond Bank, Revenue Refunding Bonds (Indianapolis Airport Authority Project), AMT, Series B, 5.25%, 1/01/30 (e)

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Louisiana - 2.9%

Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds (Capital Projects and Equipment Acquisition Program), Series A, 6.30%, 7/01/30 (b)  
Louisiana State Citizens Property Insurance Corporation, Assessment Revenue Bonds, Series B, 5%, 6/01/23 (b)  
Louisiana State Transportation Authority, Senior Lien Toll Revenue Capital Appreciation Bonds, Series B, 5.31%, 12/01/27 (b) (d)  
Rapides Financing Authority, Louisiana, Revenue Bonds (Cleco Power LLC Project), AMT, 4.70%, 11/01/36 (b)  
Terrebonne Parish, Louisiana, Hospital Service District Number 1, Hospital Revenue Bonds (Terrebonne General Medical Center Project), 5.50%, 4/01/33 (b)

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Massachusetts - 5.3%

Massachusetts Bay Transportation Authority, General Transportation System Revenue Refunding Bonds, Series A, 7%, 3/01/11 (e)

BlackRock MuniYield Quality Fund, Inc.

Schedule of Investments July 31, 2008 (Unaudited)

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State

Municipal Bonds

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Massachusetts Bay Transportation Authority, Revenue Refunding Bonds (General Transportation System), Series

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A, 7%, 3/01/14 (e)  
Massachusetts Bay Transportation Authority,  
Sales Tax Revenue Refunding Bonds, Senior  
Series A-2, 5.210%, 7/01/35 (d)  
Massachusetts State, HFA, Rental Housing Mortgage  
Revenue Bonds, AMT, Series C, 5.60%, 1/01/45 (c)  
Massachusetts State, HFA, S/F Housing Revenue Bonds,  
AMT, Series 128, 4.80%, 12/01/27 (c)  
Massachusetts State Port Authority, Special Facilities  
Revenue Bonds (Delta Air Lines Inc. Project), AMT,  
Series A, 5.50%, 1/01/19 (b)  
Massachusetts State Water Resource Authority,  
General Revenue Refunding Bonds, Series B, 5.125%,  
8/01/27 (e)

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Michigan - 3.9%                      Detroit, Michigan, Sewage Disposal System, Second Lien  
Revenue Bonds, Series B, 5%, 7/01/36 (e) (h)  
Michigan Higher Education Student Loan Authority, Student  
Loan Revenue Refunding Bonds, AMT,  
Series XVII-G, 5.20%, 9/01/20 (b)  
Michigan State Strategic Fund, Limited Obligation Revenue  
Refunding Bonds (Detroit Edison Company Pollution Control  
Project), AMT, Series A,  
5.50%, 6/01/30 (i)  
Michigan State Strategic Fund, Limited Obligation Revenue  
Refunding Bonds (Detroit Edison Company Pollution Control  
Project), AMT, Series C,  
5.65%, 9/01/29 (i)  
Michigan State Strategic Fund, Limited Obligation Revenue  
Refunding Bonds (Detroit Edison Company Pollution Control  
Project), AMT, Series C,  
5.45%, 12/15/32 (i)

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Minnesota - 1.0%                      Dakota County, Minnesota, Community  
Development Agency, S/F Mortgage Revenue  
Bonds (Mortgage-Backed Securities Program),  
Series B, 5.15%, 12/01/38 (1) (m)

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Nebraska - 2.1%                      Municipal Energy Agency of Nebraska, Power Supply System  
Revenue Bonds, Series A, 5%, 4/01/33 (c)  
Washington County, Nebraska, Wastewater Facilities  
Revenue Bonds (Cargill Inc. Project), AMT,  
5.90%, 11/01/27

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State                                      Municipal Bonds

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Nevada - 10.0% Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series A, 5.50%, 9/01/33 (g)  
Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series A-2, 5%, 7/01/30 (h)  
Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series A-2, 5%, 7/01/36 (h)  
Clark County, Nevada, IDR (Southwest Gas Corp. Project), AMT, Series A, 4.75%, 9/01/36 (h)  
Clark County, Nevada, IDR (Southwest Gas Corporation Project), AMT, Series D, 5.25%, 3/01/38 (h)  
Washoe County, Nevada, School District, GO, 5.875%, 12/01/09 (c) (f)

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New Hampshire - 1.2% New Hampshire State Business Finance Authority, PCR, Refunding (Public Service Company), AMT, Series D, 6%, 5/01/21 (e)

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New Jersey - 8.0% New Jersey EDA, Cigarette Tax Revenue Bonds, 5.75%, 6/15/29 (g)  
New Jersey EDA, Cigarette Tax Revenue Bonds, 5.50%, 6/15/31 (g)  
New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series A, 5.25%, 7/01/31 (e)  
New Jersey EDA, School Facilities Construction Revenue Bonds, Series O, 5.125%, 3/01/28  
New Jersey EDA, School Facilities Construction Revenue Bonds, Series O, 5.125%, 3/01/30

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New York - 4.2% Metropolitan Transportation Authority, New York, Revenue Bonds, Series B, 5%, 11/15/35 (e)  
Metropolitan Transportation Authority, New York, Transportation Revenue Bonds, Series A, 5%, 11/15/32 (h)  
New York City, New York, City Municipal Water Finance Authority, Water and Sewer System, Revenue Refunding Bonds, Series A, 5%, 6/15/35 (e)  
Tobacco Settlement Financing Corporation of New York Revenue Bonds, Series A-1, 5.25%, 6/01/22 (b)

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Ohio - 0.5% Jackson, Ohio, Hospital Facilities Revenue Bonds (Consolidated Health System-Jackson Hospital), 6.125%, 10/01/09 (f) (g)

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Oklahoma - 0.5% Tulsa, Oklahoma, Airports Improvement Trust, General Revenue Bonds (Tulsa International Airport), AMT, Series B, 6%, 6/01/19 (h)

BlackRock MuniYield Quality Fund, Inc.  
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State

Municipal Bonds

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	Tulsa, Oklahoma, Airports Improvement Trust, General Revenue Bonds (Tulsa International Airport), AMT, Series B, 6.125%, 6/01/26 (h)
Pennsylvania - 1.8%	Pennsylvania HFA, S/F Mortgage Revenue Refunding Bonds, AMT, Series 99A, 5.25%, 10/01/32 Philadelphia, Pennsylvania, Authority for Industrial Development, Lease Revenue Bonds, Series B, 5.50%, 10/01/11 (c) (f)
South Carolina - 1.6%	Berkeley County, South Carolina, School District, Installment Lease Revenue Bonds (Securing Assets for Education Project), 5.125%, 12/01/30 Kershaw County, South Carolina, Public Schools Foundation, Installment Power Revenue Refunding Bonds, 5%, 12/01/29 (k)
Tennessee - 2.1%	Memphis-Shelby County, Tennessee, Airport Authority, Airport Revenue Bonds, AMT, Series D, 6.25%, 3/01/18 (b) Tennessee Energy Acquisition Corporation, Gas Revenue Bonds, Series A, 5.25%, 9/01/26
Texas - 16.4%	Bell County, Texas, Health Facilities Development Revenue Bonds (Lutheran General Health Care System), 6.50%, 7/01/19 (j) Dallas-Fort Worth, Texas, International Airport, Joint Revenue Bonds, AMT, Series B, 6%, 11/01/23 (e) Dallas-Fort Worth, Texas, International Airport Revenue Refunding and Improvement Bonds, AMT, Series A, 5.875%, 11/01/17 (h) Dallas-Fort Worth, Texas, International Airport Revenue Refunding and Improvement Bonds, AMT, Series A, 5.875%, 11/01/18 (h) Dallas-Fort Worth, Texas, International Airport Revenue Refunding and Improvement Bonds, AMT, Series A, 5.875%, 11/01/19 (h) Gregg County, Texas, Health Facilities Development Corporation, Hospital Revenue Bonds (Good Shepherd Medical Center Project), 6.375%, 10/01/10 (f) (g) Gregg County, Texas, Health Facilities Development Corporation, Hospital Revenue Bonds (Good Shepherd Medical Center Project), 6.875%, 10/01/10 (f) (g) Harris County-Houston Sports Authority, Texas, Revenue Refunding Bonds, Senior Lien, Series G, 5.75%, 11/15/20 (e)



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State	Municipal Bonds
	<p>Leander, Texas, Independent School District, Capital Appreciation, GO, Refunding (School Building), 5.58%, 8/15/35 (d)</p> <p>Lewisville, Texas, Independent School District, Capital Appreciation and School Building, GO, Refunding, 4.748%, 8/15/24 (d)(h)</p> <p>North Harris County, Texas, Regional Water Authority, Senior Lien Revenue Bonds, 5.125%, 12/15/35 (e)</p> <p>North Texas Tollway Authority, System Revenue Refunding Bonds, First Tier, 5.75%, 1/01/40 (e)</p> <p>North Texas Tollway Authority, System Revenue Refunding Bonds, First Tier, Series A, 6%, 1/01/25</p> <p>Texas State Affordable Housing Corporation, S/F Mortgage Revenue Bonds (Professional Educators Home Loan Program), AMT, Series A-1, 5.50%, 12/01/39 (l)(m)</p> <p>Texas State Turnpike Authority, Central Texas Turnpike System Revenue Bonds, First Tier, Series A, 5.75%, 8/15/38 (b)</p> <p>Texas State Turnpike Authority, Central Texas Turnpike System Revenue Bonds, First Tier, Series A, 5%, 8/15/42 (b)</p> <p>Travis County, Texas, Health Facilities Development Corporation, Revenue Refunding Bonds (Ascension Health Credit), Series A, 6.25%, 11/15/09 (e)(f)</p>
Utah - 4.1%	Salt Lake City, Utah, Hospital Revenue Refunding Bonds (IHC Hospitals Inc.), 6.30%, 2/15/15 (e)(j)
Vermont - 0.4%	Vermont HFA, Revenue Refunding Bonds, AMT, Series C, 5.50%, 11/01/38 (c)
Virginia - 0.7%	Halifax County, Virginia, IDA, Exempt Facility Revenue Refunding Bonds (Old Dominion Electric Cooperative Project), AMT, 5.625%, 6/01/28 (b)
Washington - 2.7%	<p>King County, Washington, Sewer, GO, 5%, 1/01/35 (h)</p> <p>Port of Tacoma, Washington, Revenue Refunding Bonds, Series A, 5.25%, 12/01/14 (b)(f)</p> <p>Tacoma, Washington, Regional Water Supply System, Water Revenue Bonds, 5%, 12/01/32 (e)</p> <p>Washington State, GO, Series A and AT-6, 6.25%, 2/01/11 (c)</p>
	<p style="text-align: center;">Total Municipal Bonds - 123.3%</p>

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BlackRock MuniYield Quality Fund, Inc.

Schedule of Investments July 31, 2008 (Unaudited)

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State	Municipal Bonds Transferred to Tender Option Bond Trusts (n)
<hr/>	
Alabama - 1.7%	University of Alabama, General Revenue Bonds, Series A, 5%, 7/01/34 (e)
<hr/>	
California - 7.9%	Anaheim, California, Public Financing Authority, Electric System Distribution Facilities Revenue Bonds, Series A, 5%, 10/01/31 (c) Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds, Series B, 5.625%, 6/01/13 (f) (k) San Diego County, California, Water Authority, Water Revenue Refunding Bonds, COP, Series A, 5%, 5/01/32 (e) San Diego County, California, Water Authority, Water Revenue Refunding Bonds, COP, Series A, 5%, 5/01/33 (c) Tamalpais, California, Union High School District, GO (Election of 2001), 5%, 8/01/28 (c)
<hr/>	
Florida - 5.2%	Duval County, Florida, School Board, COP (Master Lease Program), 5%, 7/01/33 (c) Miami-Dade County, Florida, Aviation Revenue Refunding Bonds (Miami International Airport), AMT, 5%, 10/01/40 (i) (o) Miami-Dade County, Florida, Aviation Revenue Refunding Bonds (Miami International Airport), AMT, Series A, 5%, 10/01/40 (i) Miami-Dade County, Florida, School Board, COP, Series B, 5.25%, 5/01/27 (o)
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Georgia - 4.5%	Atlanta, Georgia, Airport Passenger Facility Charge and Subordinate Lien General Revenue Refunding Bonds, Series C, 5%, 1/01/33 (c) Augusta, Georgia, Water and Sewer Revenue Bonds, 5.25%, 10/01/34 (c)
<hr/>	
Illinois - 4.7%	Chicago, Illinois, O'Hare International Airport, General Airport Revenue Refunding Bonds, Third Lien, AMT, Series A, 5.375%, 1/01/32 (e) Chicago, Illinois, Water Revenue Refunding Bonds, Second Lien, 5.25%, 11/01/33 (c) Metropolitan Pier and Exposition Authority, Illinois, Dedicated State Tax Revenue Refunding Bonds (McCormick Place Expansion Project), Series B, 5.75%, 6/15/23 (e)

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Louisiana - 1.6%                      Louisiana State Gas and Fuels Tax Revenue  
Bonds, Series A, 4.75%, 5/01/39 (c)  
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BlackRock MuniYield Quality Fund, Inc.  
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State                                      Municipal Bonds Transferred to  
Tender Option Bond Trusts (n)  
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Maryland - 1.7%                      Baltimore, Maryland, Convention Center Hotel Revenue  
Bonds, Senior Series A,  
5.25%, 9/01/39 (i) (p)  
-----

Massachusetts - 4.0%                Massachusetts State School Building Authority,  
Dedicated Sales Tax Revenue Bonds, Series A, 5%,  
8/15/30 (c)  
-----

Michigan - 0.9%                      Detroit, Michigan, Sewage Disposal System,  
Second Lien Revenue Refunding Bonds, Series  
E, 5.75%, 7/01/31 (h)  
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New Hampshire - 2.5%                New Hampshire Health and Education Facilities  
Authority Revenue Bonds (Dartmouth-Hitchcock  
Obligation Group), 5.50%, 8/01/27 (c)  
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New Jersey - 3.2%                    New Jersey EDA, Cigarette Tax Revenue Bonds,  
5.50%, 6/15/24 (o)  
New Jersey EDA, Cigarette Tax Revenue Bonds,  
5.50%, 6/15/31 (o)  
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New York - 6.5%                      Erie County, New York, IDA, School Facility Revenue  
Bonds (City of Buffalo Project), Series A, 5.75%,  
5/01/28 (c)  
New York City, New York, GO, Series B,  
5.875%, 8/01/16 (e)  
New York State Thruway Authority, General Revenue  
Refunding Bonds, Series G, 5%, 1/01/32 (c)  
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Virginia - 0.8%                      Virginia State, HDA, Commonwealth Mortgage Revenue  
Bonds, Series H, Sub-Series H-1, 5.35%, 7/01/31 (e)  
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Washington - 0.6%                    Central Puget Sound Regional Transportation Authority,  
Washington, Sales and Use Tax Revenue Bonds, Series A,  
5%, 11/01/32 (c)  
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Total Municipal Bonds Transferred to  
Tender Option Bond Trusts - 45.8%

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Total Long-Term Investments

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(Cost - \$717,519,733) - 169.1%

Short-Term Securities

Merrill Lynch Institutional Tax-Exempt Fund,  
2.08% (q) (r)

Total Short-Term Securities  
(Cost - \$7,400,000) - 1.8%

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Total Investments (Cost - \$724,919,733\*) - 170.9%

Other Assets Less Liabilities - 1.4%

Liability for Trust Certificates, Including Interest Expense and  
Fees Payable - (26.1)%

Preferred Stock, at Redemption Value - (46.2)%

Net Assets Applicable to Common Stock - 100.0%

\* The cost and unrealized appreciation (depreciation) of investments as of July 31, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 616,243,843
	=====
Gross unrealized appreciation	\$ 10,451,473
Gross unrealized depreciation	(24,472,814)
	-----
Net unrealized depreciation	\$ (14,021,341)
	=====

- (a) Represents a step bond. Rate shown reflects the effective yield at the time of purchase.
- (b) AMBAC Insured.
- (c) FSA Insured.
- (d) Represents a zero coupon bond. Rate shown reflects the effective yield at the time of purchase.
- (e) MBIA Insured.
- (f) U.S. 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.
- (g) Radian Insured.
- (h) FGIC Insured.

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- (i) XL Capital Insured.
- (j) Security is collateralized by Municipal or U.S. Treasury Obligations.
- (k) CIFG Insured.
- (l) FHLMC Collateralized.
- (m) FNMA/GNMA Collateralized.
- (n) Securities represent bonds transferred to a tender option bond trust in exchange for which the Fund acquired residual interest certificates. These securities serve as a collateral in a financing transaction.
- (o) Assured Guaranty Insured.
- (p) BHAC Insured.
- (q) Represents the current yield as of report date.
- (r) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Income
Merrill Lynch Institutional Tax-Exempt Fund	6,392,329	\$ 201,678

- o Forward interest rate swap outstanding as of July 31, 2008 was as follows:

	Notional Amount (000)	Unrealized Depreciation
Pay a fixed rate of 3.75% and receive a floating rate based on 1-week SIFMA Municipal Swap Index Broker, JPMorgan Chase Expires October 2023	\$ 20,000	\$ (143,580)

### Item 2 - Controls and Procedures

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

### Item 3 - Exhibits

Certifications - Attached hereto

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

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BlackRock MuniYield Quality Fund, Inc.

By: /s/ Donald C. Burke

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Donald C. Burke  
Chief Executive Officer of  
BlackRock MuniYield Quality Fund, Inc.

Date: September 19, 2008

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

By: /s/ Donald C. Burke

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Donald C. Burke  
Chief Executive Officer (principal executive officer) of  
BlackRock MuniYield Quality Fund, Inc.

Date: September 19, 2008

By: /s/ Neal J. Andrews

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Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock MuniYield Quality Fund, Inc.

Date: September 19, 2008