

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

Form N-Q

December 23, 2013

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 811-07080

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield

Michigan 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: 07/31/2014

Date of reporting period: 10/31/2013

Item 1 Schedule of Investments

Schedule of Investments October 31, 2013 (Unaudited)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

(Percentages shown are based on Net Assets)

| | Par | |
|---|------------|---------------|
| | (000) | Value |
| Municipal Bonds | | |
| Michigan 142.5% | | |
| Corporate 5.3% | | |
| County of Monroe EDC, Michigan, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22 | \$ 10,695 | \$ 13,562,437 |
| County/City/Special District/School District 35.7% | | |
| Adrian City School District, GO, (AGM) (a): | | |
| 5.00%, 5/01/14 | 2,000 | 2,048,200 |
| 5.00%, 5/01/14 | 1,600 | 1,638,560 |
| Anchor Bay School District, GO, Refunding (Q-SBLF): | | |
| 4.13%, 5/01/25 | 2,750 | 2,837,065 |
| 4.25%, 5/01/26 | 1,800 | 1,852,056 |
| 4.38%, 5/01/27 | 960 | 981,466 |
| 4.50%, 5/01/29 | 900 | 911,439 |
| Bay City School District Michigan, GO, School Building & Site (AGM) (Q-SBLF), 5.00%, 5/01/36 | 2,800 | 2,853,284 |
| Birmingham City School District Michigan, GO, School Building & Site (AGM), 5.00%, 11/01/14 (a) | 1,000 | 1,047,720 |
| Brighton Area School District Michigan, GO, School Building & Site, Series I (Q-SBLF), 4.25%, 5/01/37 | 3,070 | 2,858,170 |
| Charter Township of Canton Michigan, GO, Capital Improvement (AGM): | | |
| 5.00%, 4/01/25 | 1,840 | 2,019,234 |
| 5.00%, 4/01/26 | 2,000 | 2,195,200 |
| 5.00%, 4/01/27 | 500 | 535,475 |
| Chippewa Valley Schools, GO, Refunding (Q-SBLF), 5.00%, 5/01/32 | 1,970 | 2,051,656 |
| City of Oak Park Michigan, GO, Street Improvement (NPFGC), 5.00%, 5/01/30 | 500 | 521,770 |
| Comstock Park Public Schools, GO, School Building & Site, Series B (Q-SBLF): | | |
| 5.50%, 5/01/36 | 750 | 790,950 |
| 5.50%, 5/01/41 | 1,355 | 1,425,189 |
| County of Genesee Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/19 | 600 | 623,940 |
| Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39 | 3,300 | 3,447,774 |
| | Par | |

| | (000) | Value |
|---|----------|--------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| County/City/Special District/School District (continued) | | |
| Eaton Rapids Public Schools, GO, School Building & Site (AGM) (a): | | |
| 5.25%, 5/01/14 | \$ 1,675 | \$ 1,717,545 |
| 5.25%, 5/01/14 | 1,325 | 1,358,655 |
| Flint EDC, RB, Michigan Department of Human Services Office Building Project, 5.25%, 10/01/41 | 3,070 | 3,034,388 |
| Fraser Public School District Michigan, GO, School Building & Site (AGM) (Q-SBLF), 5.00%, 5/01/25 | 2,000 | 2,092,500 |
| Gibraltar School District Michigan, GO, School Building & Site Improvement (NPFGC) (Q-SBLF) (a): | | |
| 5.00%, 5/01/14 | 2,940 | 3,010,854 |
| 5.00%, 5/01/14 | 710 | 727,147 |
| Goodrich Area School District Michigan, GO, School Building & Site (Q-SBLF): | | |
| 5.50%, 5/01/32 | 600 | 639,408 |
| 5.50%, 5/01/36 | 1,200 | 1,265,520 |
| 5.50%, 5/01/41 | 1,575 | 1,645,780 |
| Gull Lake Community School District, GO, School Building & Site (AGM), 5.00%, 5/01/14 (a) | 3,625 | 3,712,544 |
| Harper Creek Community School District Michigan, GO, Refunding, (AGM) (Q-SBLF), 5.00%, 5/01/22 | 1,125 | 1,177,031 |
| Harper Woods School District Michigan, GO, Refunding, School Building & Site (NPFGC) (Q-SBLF), 5.00%, 5/01/14 (a) | 430 | 440,385 |
| Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41 | 4,100 | 4,240,302 |
| L Anse Creuse Public Schools Michigan, GO, School Building & Site (AGM): | | |
| 5.00%, 5/01/24 | 1,000 | 1,046,250 |
| 5.00%, 5/01/26 | 1,600 | 1,674,000 |
| (Q-SBLF), 5.00%, 5/01/25 | 1,525 | 1,595,531 |
| (Q-SBLF), 5.00%, 5/01/35 | 3,000 | 3,063,690 |
| Lincoln Consolidated School District Michigan, GO, Refunding, (NPFGC) (Q-SBLF), 4.63%, 5/01/28 | 5,000 | 5,054,650 |

Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

(Percentages shown are based on Net Assets)

| | Par | |
|--|----------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Michigan (continued) | | |
| County/City/Special District/School District (concluded) | | |
| Livonia Public Schools School District Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/24 | \$ 1,000 | \$ 1,018,570 |
| Livonia Public Schools School District Michigan, GO, Series I (AGM), 5.00%, 5/01/43 | 3,090 | 3,094,635 |
| Montrose Community Schools, GO, (NPFGC), 6.20%, 5/01/17 | 830 | 904,625 |
| Parchment School District, County of Kalamazoo, State of Michigan, GO, School Building and Site (NPFGC) (Q-SBLF), 5.00%, 5/01/25 | 1,000 | 1,084,990 |
| Pennfield School District, GO, School Building & Site (NPFGC) (a): | | |
| 5.00%, 5/01/14 | 605 | 619,484 |
| 5.00%, 5/01/14 | 765 | 783,314 |
| Plymouth-Canton Community School District, GO, School Building & Site, Series A: | | |
| 4.00%, 5/01/32 | 1,700 | 1,590,945 |
| 4.00%, 5/01/33 | 1,240 | 1,148,934 |
| Reed City Public Schools Michigan, GO, School Building & Site (AGM) (Q-SBLF), 5.00%, 5/01/14 (a) | 1,425 | 1,459,414 |
| Romulus Community Schools, GO, Unlimited Tax, Refunding (AGM) (Q-SBLF): | | |
| 4.13%, 5/01/25 | 1,150 | 1,185,719 |
| 4.25%, 5/01/26 | 1,200 | 1,234,200 |
| 4.25%, 5/01/27 | 1,200 | 1,214,664 |
| 4.50%, 5/01/29 | 1,025 | 1,038,028 |
| Southfield Public Schools Michigan, GO, School Building & Site, Series B (AGM) (Q-SBLF), 5.00%, 5/01/14 (a) | 2,000 | 2,047,880 |
| Thornapple Kellogg School District Michigan, GO, Refunding, School Building & Site (NPFGC) (Q-SBLF), 5.00%, 5/01/32 | 2,500 | 2,579,500 |
| Van Dyke Public Schools Michigan, GO, School Building & Site (AGM) (Q-SBLF), 5.00%, 5/01/28 | 1,250 | 1,325,638 |
| Zeeland Public Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/14 (a) | 1,600 | 1,638,640 |
| | | 92,104,508 |

Par

| | (000) | Value |
|---|----------|--------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| Education 19.7% | | |
| Grand Valley State University, RB, (NPFGC), 5.50%, 2/01/18 | \$ 1,760 | \$ 1,891,050 |
| Lake Superior State University, Refunding RB, (AGM): | | |
| 4.00%, 11/15/26 | 750 | 741,180 |
| 4.00%, 11/15/28 | 310 | 299,441 |
| 4.00%, 11/15/29 | 400 | 379,952 |
| 4.00%, 11/15/30 | 310 | 288,192 |
| Michigan Higher Education Facilities Authority, RB, Limited Obligation, Hillsdale College Project, 5.00%, 3/01/35 | 1,720 | 1,720,103 |
| Michigan State University, Refunding RB, General: | | |
| Series A, 5.00%, 8/15/41 | 4,980 | 5,171,083 |
| Series C, 5.00%, 2/15/40 | 4,700 | 4,806,502 |
| Michigan Technological University, Refunding RB, Series A, 5.00%, 10/01/34 | 1,650 | 1,702,156 |
| Oakland University, RB, General, Series A: | | |
| 5.00%, 3/01/38 | 8,485 | 8,636,457 |
| 5.00%, 3/01/43 | 13,865 | 14,018,763 |
| Saginaw Valley State University Michigan, Refunding RB, General (NPFGC): | | |
| 5.00%, 7/01/14 (a) | 1,935 | 1,996,707 |
| 5.00%, 7/01/24 | 165 | 169,457 |
| Wayne State University, RB, Series A, 4.00%, 11/15/44 | 620 | 511,934 |
| Western Michigan University, Refunding RB, University and College Improvements: | | |
| 5.25%, 11/15/40 | 2,100 | 2,183,664 |
| 5.25%, 11/15/43 | 4,505 | 4,553,924 |
| (AGM), 5.25%, 11/15/33 | 620 | 647,026 |
| (AGM), 5.00%, 11/15/39 | 1,085 | 1,096,067 |

50,813,658

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Health 24.3%

| | | |
|--|-------|-----------|
| Flint Hospital Building Authority Michigan, Refunding RB, Hurley Medical Center (ACA), 6.00%, 7/01/20 | 140 | 140,106 |
| Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36 | 4,750 | 4,828,660 |
| Kent Hospital Finance Authority Michigan, Refunding RB, Spectrum Health, Series A, 5.00%, 11/15/29 | 4,500 | 4,635,000 |

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BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

OCTOBER 31, 2013

Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

(Percentages shown are based on Net Assets)

| | Par | |
|---|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Michigan (continued) | | |
| Health (continued) | | |
| Michigan Finance Authority, RB, Sparrow Obligated Group, 5.00%, 11/15/36 | \$ 1,550 | \$ 1,520,860 |
| Michigan Finance Authority, Refunding RB: | | |
| Hospital, Oakwood Obligated Group, 5.00%, 8/15/31 | 1,745 | 1,744,860 |
| Trinity Health Credit Group, 5.00%, 12/01/31 | 3,100 | 3,176,477 |
| Trinity Health Credit Group, 5.00%, 12/01/35 | 4,100 | 4,132,349 |
| Trinity Health Credit Group, 5.00%, 12/01/39 | 3,350 | 3,335,327 |
| Michigan State Hospital Finance Authority, RB: | | |
| Ascension Health Senior Credit Group, 5.00%, 11/15/25 | 3,700 | 4,019,865 |
| McLaren Health Care, Series C, 5.00%, 8/01/35 | 1,000 | 1,003,240 |
| MidMichigan Obligated Group, Series A, 5.00%, 4/15/26 | 620 | 629,877 |
| MidMichigan Obligated Group, Series A, 5.00%, 4/15/36 | 3,550 | 3,456,493 |
| Michigan State Hospital Finance Authority, Refunding RB: | | |
| Henry Ford Health System, 5.75%, 11/15/39 | 1,965 | 2,009,114 |
| Henry Ford Health System, Series A, 5.25%, 11/15/46 | 2,500 | 2,419,200 |
| Hospital, Oakwood Obligated Group, 5.00%, 11/01/32 | 4,000 | 3,975,760 |
| Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/21 | 600 | 653,358 |
| Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/25 | 3,260 | 3,349,487 |
| Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/37 | 630 | 597,284 |
| Hospital, Sparrow Obligated Group, 5.00%, 11/15/31 | 3,100 | 3,085,337 |
| McLaren Health Care, Series A, 5.00%, 6/01/35 | 1,390 | 1,377,268 |
| McLaren Health Care, Series A, 5.75%, 5/15/38 | 4,500 | 4,913,415 |
| Trinity Health Credit Group, Series C, 4.00%, 12/01/32 | 4,460 | 3,951,070 |
| Trinity Health Credit, Series A, 6.25%, 12/01/28 | 930 | 1,061,130 |
| Trinity Health Credit, Series A, 6.50%, 12/01/33 | 1,000 | 1,141,260 |
| | Par | |
| | | |
| Municipal Bonds | (000) | Value |
| Michigan (continued) | | |
| Health (concluded) | | |
| Royal Oak Hospital Finance Authority, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39 | \$ 1,000 | \$ 1,202,880 |
| Sturgis Building Authority, RB, Sturgis Hospital Project (NPFGC), 4.75%, 10/01/34 | 475 | 463,296 |
| | | 62,822,973 |
| Housing 8.6% | | |
| Michigan State HDA, RB: | | |
| Deaconess Tower, AMT (Ginnie Mae), 5.25%, 2/20/48 | 1,000 | 1,006,200 |
| Series A, 4.75%, 12/01/25 | 4,235 | 4,421,467 |
| Williams Pavilion, AMT (Ginnie Mae), 4.75%, 4/20/37 | 3,660 | 3,549,102 |
| Michigan State HDA, Refunding RB: | | |
| Rental Housing, Series D, 4.50%, 10/01/48 | 9,715 | 8,436,797 |
| Series A, 6.05%, 10/01/41 | 4,825 | 4,881,694 |
| | | 22,295,260 |
| State 13.8% | | |
| Michigan State Building Authority, Refunding RB, Facilities Program: | | |
| Series I, 6.25%, 10/15/38 | 3,900 | 4,418,232 |
| Series I (AGC), 5.25%, 10/15/24 | 4,000 | 4,478,640 |
| Series I (AGC), 5.25%, 10/15/25 | 2,000 | 2,189,960 |
| Series I (AGC), 5.25%, 10/15/26 | 600 | 647,736 |
| Series I-A, 5.50%, 10/15/45 | 1,250 | 1,287,275 |
| Series II (AGM), 5.00%, 10/15/26 | 4,500 | 4,763,475 |
| Michigan State Finance Authority, RB, Local Government Loan Program, Series F: | | |
| 5.00%, 4/01/31 | 1,000 | 1,003,850 |

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| | | |
|--|-------|-----------|
| 5.25%, 10/01/41 | 6,085 | 6,135,688 |
| Michigan Strategic Fund, Refunding RB, Cadillac Place Office Building Project, 5.25%, 10/15/31 | 1,500 | 1,538,175 |
| State of Michigan, COP, (AMBAC), 2.71%, 6/01/22 (b)(c) | 3,000 | 2,381,160 |
| State of Michigan Trunk Line Fund, RB: | | |
| 5.00%, 11/15/29 | 1,000 | 1,076,700 |
| 5.00%, 11/15/33 | 1,850 | 1,943,610 |

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

OCTOBER 31, 2013

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Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

(Percentages shown are based on Net Assets)

| | Par | |
|---|----------|--------------------|
| | (000) | Value |
| Municipal Bonds | | |
| Michigan (continued) | | |
| State (concluded) | | |
| State of Michigan Trunk Line Fund, RB (concluded): | | |
| 5.00%, 11/15/36 | \$ 3,500 | \$ 3,657,710 |
| | | 35,522,211 |
| Transportation 15.3% | | |
| State of Michigan, RB, GAB (AGM), 5.25%, 9/15/27 | 5,250 | 5,713,523 |
| Wayne County Airport Authority, RB, Detroit Metropolitan Wayne County Airport, AMT (NPFGC): | | |
| 5.25%, 12/01/25 | 7,525 | 7,958,515 |
| 5.25%, 12/01/26 | 6,300 | 6,662,943 |
| 5.00%, 12/01/34 | 4,435 | 4,288,955 |
| Wayne County Airport Authority, Refunding RB, AMT (AGC): | | |
| 5.75%, 12/01/25 | 4,000 | 4,503,400 |
| 5.75%, 12/01/26 | 1,000 | 1,120,620 |
| 5.38%, 12/01/32 | 8,700 | 9,219,303 |
| | | 39,467,259 |
| Utilities 19.8% | | |
| City of Detroit Michigan Sewage Disposal System, Refunding RB, Senior Lien, Series A, 5.25%, 7/01/39 | 1,645 | 1,512,512 |
| City of Detroit Michigan Water Supply System, RB, Second Lien: | | |
| Series B (AGM), 7.00%, 7/01/36 | 3,000 | 3,145,050 |
| Series A (NPFGC), 5.00%, 7/01/34 | 6,000 | 5,412,480 |
| City of Detroit Michigan Water Supply System, Refunding RB, Second Lien, Series C (AGM), 5.00%, 7/01/29 | 10,470 | 9,903,154 |
| City of Grand Rapids Michigan Sanitary Sewer System, RB: | | |
| 5.00%, 1/01/37 | 930 | 972,380 |
| 4.00%, 1/01/42 | 1,700 | 1,510,280 |
| (NPFGC), 5.00%, 7/01/14 (a) | 11,385 | 11,751,255 |
| City of Lansing Michigan, RB, Board of Water & Light, Series A, 5.50%, 7/01/41 | 3,000 | 3,216,630 |
| City of Port Huron Michigan, RB, Water Supply System: | | |
| 5.25%, 10/01/31 | 310 | 318,674 |
| 5.63%, 10/01/40 | 1,000 | 1,035,110 |
| County of Genesee Michigan, GO, Water Supply System (NPFGC), 5.13%, 11/01/33 | 1,000 | 1,000,200 |
| | | |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Michigan (concluded) | | |
| Utilities (concluded) | | |
| Lansing Board of Water & Light Utilities System, RB, Series A: | | |
| 5.00%, 7/01/27 | \$ 1,970 | \$ 2,108,274 |
| 5.00%, 7/01/31 | 4,230 | 4,415,782 |
| 5.00%, 7/01/37 | 2,065 | 2,146,134 |
| Michigan Municipal Bond Authority, RB, State Clean Water Revolving Fund: | | |
| 5.00%, 10/01/27 | 1,250 | 1,345,937 |
| Pooled Project, 5.00%, 10/01/27 | 1,240 | 1,368,514 |
| | | 51,162,366 |
| Total Municipal Bonds in Michigan | | 367,750,672 |
| Guam 1.9% | | |
| State 1.9% | | |
| Territory of Guam, RB: | | |
| Business Privilege Tax Bonds, Series A, 5.13%, 1/01/42 | 2,300 | 2,294,733 |
| Business Privilege Tax Bonds, Series B-1, 5.00%, 1/01/37 | 1,165 | 1,160,165 |

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| | | |
|---------------------------------------|-------|-------------|
| Section 30, Series A, 5.63%, 12/01/29 | 1,400 | 1,465,506 |
| | | 4,920,404 |
| Total Municipal Bonds in Guam | | 4,920,404 |
| Total Municipal Bonds 144.4% | | 372,671,076 |

Municipal Bonds Transferred to

Tender Option Bond (TOB) Trusts (d)

| | | |
|---|-------|------------|
| Michigan 17.4% | | |
| County/City/Special District/School District 4.5% | | |
| Lakewood Public Schools Michigan, GO, School Building & Site (AGM) (Q-SBLF), 5.00%, 5/01/37 | 6,470 | 6,854,997 |
| Portage Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/31 | 4,650 | 4,803,915 |
| | | 11,658,912 |
| Education 12.8% | | |
| Michigan State University, Refunding RB, General, Series A, 5.00%, 8/15/38 | 6,220 | 6,493,680 |
| Saginaw Valley State University, Refunding RB, General (AGM), 5.00%, 7/01/31 | 7,500 | 7,822,650 |

Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

(Percentages shown are based on Net Assets)

| Municipal Bonds Transferred to | Par | |
|--|---------------|----------------|
| | (000) | Value |
| Tender Option Bond (TOB) Trusts (d) | | |
| Michigan (concluded) | | |
| Education (concluded) | | |
| Wayne State Univeristy, RB, General, Series A, 5.00%, 11/15/40 | \$ 6,190 | \$ 6,312,314 |
| Wayne State University, Refunding RB, General (AGM), 5.00%, 11/15/35 | 12,207 | 12,570,148 |
| | | 33,198,792 |
| Health 0.1% | | |
| Michigan Finance Authority, RB, Hospital, Trinity Health Credit Group, 5.00%, 12/01/39 | 190 | 189,168 |
| Total Municipal Bonds Transferred to | | |
| Tender Option Bond (TOB) Trusts 17.4% | | 45,046,872 |
| Total Long-Term Investments | | |
| (Cost \$412,317,189) 161.8% | | 417,717,948 |
| Short-Term Securities | Shares | Value |
| BIF Michigan Municipal Money Fund, 0.00% (e)(f) | 2,832,572 | \$ 2,832,572 |
| Total Short-Term Securities | | |
| (Cost \$2,832,572) 1.1% | | 2,832,572 |
| Total Investments (Cost \$415,149,761*) 162.9% | | 420,550,520 |
| Other Assets Less Liabilities 2.2% | | 5,667,078 |
| Liability for TOB Trust Certificates, Including Interest | | |
| Expense and Fees Payable (9.1%) | | (23,496,885) |
| VRDP Shares, at Liquidation | | |
| Value (56.0%) | | (144,600,000) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 258,120,713 |

* As of October 31, 2013, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

| | |
|-------------------------------|----------------|
| Tax cost | \$ 392,117,626 |
| Gross unrealized appreciation | \$ 14,921,468 |
| Gross unrealized depreciation | (9,975,574) |
| Net unrealized appreciation | \$ 4,945,894 |

Notes to Schedule of Investments

(a)

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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) Security is collateralized by municipal or US Treasury obligations.
- (c) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (d) Represent bonds transferred to a TOB. In exchange the Fund acquired residual interest certificates. These bonds serve as collateral in a financing transaction.
- (e) Represents the current yield as of report date.
- (f) Investments in issuers considered to be an affiliate of the Fund during the period ended October 31, 2013, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at July 31, 2013 | Net Activity | Shares Held at October 31, 2013 | Income |
|-----------------------------------|------------------------------------|-----------------|---------------------------------------|--------|
| BIF Michigan Municipal Money Fund | 479,667 | 2,352,905 | 2,832,572 | |

Portfolio Abbreviations

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

| | |
|------------|--------------------------------------|
| ACA | American Capital Access Holding Ltd. |
| AGC | Assured Guarantee Corp. |
| AGM | Assured Guaranty Municipal Corp. |

Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc.
(MIY)

| | |
|-------------------|--|
| AMBAC | American Municipal Bond Assurance Corp. |
| AMT | Alternative Minimum Tax (subject to) |
| COP | Certificate of Participation |
| EDC | Economic Development Corp. |
| GAB | Grant Anticipation Bonds |
| Ginnie Mae | Government National Mortgage Association |
| GO | General Obligation Bonds |
| HDA | Housing Development Authority |
| NPFGC | National Public Finance Guarantee Corp. |
| Q-SBLF | Qualified School Bond Loan Fund |
| RB | Revenue Bonds |

Financial futures contracts as of October 31, 2013 were as follows:

| Contracts | | | | Notional | Unrealized |
|------------------|--------------------------|------------------------|-------------------|-----------------|---------------------|
| Sold | Issue | Exchange | Expiration | Value | Appreciation |
| (45) | 10-Year US Treasury Note | Chicago Board of Trade | December 2013 | \$ 5,731,172 | \$ 3,467 |

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

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

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

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

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

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

Schedule of Investments (concluded)

BlackRock MuniYield Michigan Quality Fund, Inc.
(MIY)

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of October 31, 2013:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 417,717,948 | | \$ 417,717,948 |
| Short-Term Securities | \$ 2,832,572 | | | 2,832,572 |
| Total | \$ 2,832,572 | \$ 417,717,948 | | \$ 420,550,520 |

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

| | Level 1 | Level 2 | Level 3 | Total |
|---|----------|---------|---------|----------|
| Derivative Financial Instruments ² | | | | |
| Assets: | | | | |
| Interest rate contracts | \$ 3,467 | | | \$ 3,467 |

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

Certain of the Fund's assets and/or liabilities are held at carrying amount, which approximates fair value for financial reporting purposes. As of October 31, 2013, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|--|-----------|------------------|---------|------------------|
| Assets: | | | | |
| Cash pledged for financial futures contracts | \$ 80,000 | | | \$ 80,000 |
| Liabilities: | | | | |
| TOB trust certificates | | \$ (23,487,000) | | (23,487,000) |
| VRDP Shares | | (144,600,000) | | (144,600,000) |
| Total | \$ 80,000 | \$ (168,087,000) | | \$ (168,007,000) |

There were no transfers between levels during the period ended October 31, 2013.

Item 2 Controls and Procedures

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

Item 3 Exhibits

Certifications Attached hereto

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

BlackRock MuniYield Michigan Quality Fund, Inc.

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

Date: December 23, 2013

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

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

Date: December 23, 2013

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

Date: December 23, 2013