

BLACKROCK MUNIYIELD QUALITY FUND INC

Form N-Q

September 28, 2010

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: Anne F. Ackerley, Chief Executive Officer, BlackRock MuniYield 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: 04/30/2011

Date of reporting period: 07/31/2010

Item 1 Schedule of Investments

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Schedule of Investments July 31, 2010 (Unaudited)

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

| Municipal Bonds | Par (000) | Value |
|--|----------------------|------------------|
| Alabama 2.2% | | |
| County of Jefferson Alabama, RB, Series A, 4.75%, 1/01/25 | \$ 3,000 | \$ 2,355,090 |
| University of Alabama, RB, Series A (NPFGC), 5.00%, 7/01/34 | 7,125 | 7,349,580 |
| | | <u>9,704,670</u> |
| Alaska 1.0% | | |
| Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC), 6.00%, 9/01/32 | 3,925 | 4,453,933 |
| Arizona 0.6% | | |
| State of Arizona, COP, Department of Administration, Series A (AGM): | | |
| 5.00%, 10/01/27 | 1,850 | 1,904,742 |
| 5.25%, 10/01/28 | 800 | 831,816 |
| | | <u>2,736,558</u> |
| California 18.5% | | |
| Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.52%, 10/01/25 (a) | 4,150 | 3,382,872 |
| Arcadia Unified School District California, GO, CAB, Election of 2006, Series A (AGM), 4.96%, 8/01/39 (b) | 2,200 | 329,098 |
| Cabrillo Community College District California, GO, CAB, Election of 2004, Series B (NPFGC) (b): | | |
| 5.18%, 8/01/37 | 3,250 | 569,368 |
| 4.87%, 8/01/38 | 7,405 | 1,210,940 |
| California Health Facilities Financing Authority, Refunding RB, St. Joseph Health System, Series A, 5.75%, 7/01/39 | 775 | 810,704 |
| California State University, RB, Systemwide, Series A (NPFGC), 5.00%, 11/01/35 | 2,400 | 2,422,536 |
| Carlsbad Unified School District, GO, Election of 2006, Series B, 6.09%, 5/01/34 (a) | 5,000 | 3,069,050 |
| | Par (000) | Value |
| Municipal Bonds | | |
| California (continued) | | |

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| | | | | |
|---|----|-------|----|-----------|
| Chino Valley Unified School District, GO, Election of 2002, Series C (NPFGC), 5.25%, 8/01/30 | \$ | 1,200 | \$ | 1,225,908 |
| City of San Jose California, Refunding RB, Series A, AMT (AMBAC), 5.50%, 3/01/32 | | 5,100 | | 5,181,294 |
| Coast Community College District California, GO, Refunding, CAB, Election of 2002, Series C (AGM), 5.52%, 8/01/13 (a) | | 2,800 | | 2,351,188 |
| El Monte Union High School District California, GO, Election of 2002, Series C (AGM), 5.25%, 6/01/28 | | 6,110 | | 6,471,468 |
| Fresno Unified School District California, GO, Election of 2001, Series E (AGM), 5.00%, 8/01/30 | | 1,230 | | 1,261,390 |
| Golden State Tobacco Securitization Corp. California, RB, Enhanced Asset- Backed, Series B (Syncora), 5.50%, 6/01/13 (c) | | 7,500 | | 8,496,150 |
| Hartnell Community College District California, GO, CAB, Election of 2002, Series D, 7.44%, 8/01/34 (c) | | 4,125 | | 2,125,530 |
| Los Angeles Municipal Improvement Corp., RB, Series B1 (NPFGC), 4.75%, 8/01/37 | | 3,210 | | 3,068,888 |
| Metropolitan Water District of Southern California, RB, Series B-1 (NPFGC): 5.00%, 10/01/29 | | 4,000 | | 4,149,120 |
| 5.00%, 10/01/36 | | 2,275 | | 2,338,564 |
| Mount Diablo Unified School District California, GO, Election of 2002 (NPFGC), 5.00%, 7/01/27 | | 2,000 | | 2,021,540 |
| Orange County Sanitation District, COP, Series B (AGM): 5.00%, 2/01/30 | | 3,500 | | 3,698,660 |
| 5.00%, 2/01/31 | | 1,200 | | 1,262,496 |
| Port of Oakland, RB, Series K, AMT (NPFGC), 5.75%, 11/01/29 | | 2,405 | | 2,405,120 |

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:

| | |
|-------|---|
| AGC | Assured Guaranty Corp. |
| AGM | Assured Guaranty Municipal Corp. |
| AMBAC | American Municipal Bond Assurance Corp. |
| AMT | Alternative Minimum Tax (subject to) |
| ARB | Airport Revenue Bonds |
| BHAC | Berkshire Hathaway Assurance Corp. |
| CAB | Capital Appreciation Bonds |
| CIFG | CDC IXIS Financial Guaranty |
| COP | Certificates of Participation |
| EDA | Economic Development Authority |
| ERB | Education Revenue Bonds |
| FGIC | Financial Guaranty Insurance Co. |

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| | |
|---------|---|
| GAN | Grant Anticipation Notes |
| GO | General Obligation Bonds |
| HDA | Housing Development Authority |
| HFA | Housing Finance Agency |
| IDA | Industrial Development Authority |
| ISD | Independent School District |
| NPFGC | National Public Finance Guarantee Corp. |
| PSF-GTD | Permanent School Fund Guaranteed |
| RB | Revenue Bonds |
| S/F | Single - Family |

BLACKROCK MUNIYIELD QUALITY FUND, INC.

JULY 31, 2010

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Schedule of Investments (continued)

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

| Municipal Bonds | Par (000) | Value |
|---|--------------|-------------------|
| California (concluded) | | |
| Poway Redevelopment Agency California, Tax Allocation Bonds, Refunding, Paguay Redevelopment Project (AMBAC), 5.13%, 6/15/33 | \$ 2,000 | \$ 1,813,600 |
| Sacramento Unified School District California, GO, Election of 2002 (NPFGC), 5.00%, 7/01/30 | 2,500 | 2,553,425 |
| San Bernardino Community College District California, GO, CAB, Election of 2008, Series B, 6.52%, 8/01/34 (a) | 10,000 | 6,068,500 |
| San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/38 | 3,000 | 3,101,010 |
| San Jose Unified School District Santa Clara County California, GO, Election of 2002, Series B (NPFGC), 5.00%, 8/01/29 | 2,825 | 2,926,022 |
| San Mateo County Community College District, GO, Election of 2001, Series A (NPFGC), 5.00%, 9/01/26 | 2,725 | 2,837,869 |
| State of California, GO: 5.13%, 6/01/27 | 30 | 30,094 |
| 5.50%, 4/01/28 | 5 | 5,249 |
| Ventura County Community College District, GO, Election of 2002, Series B (NPFGC), 5.00%, 8/01/30 | 3,150 | 3,244,027 |
| Yosemite Community College District, GO, CAB, Election of 2004, Series D, 6.55%, 8/01/36 (b) | 15,000 | 2,849,850 |
| | | <u>83,281,530</u> |
| Colorado 1.1% | | |
| Colorado Health Facilities Authority, RB, Covenant Retirement Communities, Series A (Radian): 5.50%, 12/01/27 | 1,600 | 1,506,160 |
| 5.50%, 12/01/33 | 900 | 821,718 |
| E-470 Public Highway Authority Colorado, Refunding RB, CAB, Series B (NPFGC), 5.52%, 9/01/29 (b) | 9,000 | 2,530,260 |
| | | <u>4,858,138</u> |

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Florida 8.6%

| | | |
|---|-------|-----------|
| City of Tallahassee Florida, RB (NPFGC), 5.00%, 10/01/32 | 2,700 | 2,770,119 |
| County of Duval Florida, COP, Master Lease Program (AGM), 5.00%, 7/01/33 | 4,050 | 4,073,368 |
| County of Miami-Dade Florida, GO, Building Better Communities Program, Series B, 6.38%, 7/01/28 | 3,300 | 3,785,166 |
| County of Miami-Dade Florida, RB, Water & Sewer System (AGM), 5.00%, 10/01/39 | 4,000 | 4,115,440 |
| County of Miami-Dade Florida, Refunding RB, AMT, Miami International Airport: (AGC), 5.00%, 10/01/40 | 8,200 | 7,987,620 |
| Series A (CIFG), 5.00%, 10/01/38 | 2,900 | 2,673,858 |
| County of Orange Florida, Refunding RB, Series B (NPFGC), 5.13%, 1/01/32 | 2,200 | 2,229,084 |

| Municipal Bonds | Par (000) | Value |
|-----------------|--------------|-------|
|-----------------|--------------|-------|

Florida (concluded)

| | | |
|---|----------|--------------|
| Florida State Department of Environmental Protection, RB, Series B (NPFGC), 5.00%, 7/01/27 | \$ 2,545 | \$ 2,644,357 |
| Orange County School Board, COP, Series A (NPFGC), 5.00%, 8/01/31 | 5,000 | 5,041,250 |
| Sarasota County Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39 | 375 | 390,315 |
| South Florida Water Management District, COP (AGC), 5.00%, 10/01/22 | 2,700 | 2,864,349 |

38,574,926

Georgia 0.9%

| | | |
|---|-------|-----------|
| Augusta-Richmond County Georgia, RB (AGM), 5.25%, 10/01/39 | 2,820 | 2,936,381 |
| Gwinnett County Hospital Authority, Refunding RB, Gwinnett Hospital System, Series D (AGM), 5.50%, 7/01/41 | 1,125 | 1,151,213 |

4,087,594

Illinois 21.6%

| | | |
|---|--------|-----------|
| Chicago Board of Education Illinois, GO, Refunding, Chicago School Reform Board, Series A (NPFGC), 5.50%, 12/01/26 | 2,000 | 2,279,960 |
| City of Chicago Illinois, ARB, General, Third Lien, Series B-2, AMT: (AGM), 5.75%, 1/01/23 | 3,400 | 3,560,582 |
| (AGM), 5.75%, 1/01/24 | 4,000 | 4,165,680 |
| (Syncora), 6.00%, 1/01/29 | 3,300 | 3,414,939 |
| | 13,000 | 4,353,440 |

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| | | |
|---|--------|------------|
| City of Chicago Illinois, GO, CAB, City Colleges (NPFGC), 5.89%, 1/01/31 (b) | | |
| City of Chicago Illinois, RB, Series A (AGC), 5.00%, 1/01/38 | 4,000 | 4,089,360 |
| City of Chicago Illinois, Refunding ARB, General, Third Lien, Series A-2, AMT (AGM), 5.75%, 1/01/21 | 2,665 | 2,814,320 |
| City of Chicago Illinois, Refunding RB, General Airport, Third Lien, Series A, AMT (NPFGC): | | |
| 5.75%, 1/01/21 | 13,665 | 14,046,527 |
| 5.50%, 1/01/22 | 5,000 | 5,108,550 |
| 5.38%, 1/01/32 | 12,500 | 12,444,250 |
| County of Cook Illinois, GO, Capital Improvement, Series C (AMBAC), 5.50%, 11/15/12 (c) | 5,080 | 5,648,706 |
| Illinois Sports Facilities Authority, RB, State Tax Supported (AMBAC), 5.50%, 6/15/30 | 28,525 | 29,802,064 |
| Regional Transportation Authority, RB, Series B (NPFGC), 5.75%, 6/01/33 | 3,200 | 3,593,664 |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34 | 1,700 | 1,757,137 |
| | | 97,079,179 |
| Indiana 2.4% | | |
| Indiana Municipal Power Agency, RB: | | |
| Series A (NPFGC), 5.00%, 1/01/37 | 2,750 | 2,789,078 |
| Series B, 5.75%, 1/01/34 | 550 | 586,790 |

Schedule of Investments (continued)

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

| Municipal Bonds | Par (000) | Value |
|---|--------------|-------------------|
| Indiana (concluded) | | |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Airport Authority Project, Series B, AMT (NPFGC): | | |
| 5.25%, 1/01/28 | \$ 2,370 | \$ 2,396,591 |
| 5.25%, 1/01/30 | 5,055 | 5,085,532 |
| | | <u>10,857,991</u> |
| Iowa 1.8% | | |
| Iowa Finance Authority, RB, Series A (AGC), 5.63%, 8/15/37 | 7,700 | 8,143,982 |
| Louisiana 0.7% | | |
| Louisiana Public Facilities Authority, Refunding RB, Christus Health, Series B (AGC), 6.50%, 7/01/30 | 1,800 | 2,036,430 |
| Louisiana State Transportation Authority, RB, CAB, Senior Lien, Louisiana 1 Project, Series B (AMBAC), 5.31%, 12/01/27 (b) | 1,335 | 538,646 |
| Rapides Finance Authority Louisiana, RB, Cleco Power LLC Project, AMT (AMBAC), 4.70%, 11/01/36 (d) | 800 | 704,520 |
| | | <u>3,279,596</u> |
| Maryland 0.3% | | |
| Maryland Community Development Administration, Refunding RB, Residential, Series A, AMT, 5.75%, 9/01/39 | 1,190 | 1,263,268 |
| Massachusetts 1.8% | | |
| Massachusetts HFA, RB, AMT (AGM): Rental Mortgage, Series C, 5.60%, 1/01/45 | 4,000 | 4,033,760 |
| S/F Housing, Series 128, 4.80%, 12/01/27 (d) | 2,200 | 2,176,900 |
| Massachusetts Water Resources Authority, Refunding RB, General, Series A (NPFGC), 5.00%, 8/01/34 | 1,800 | 1,894,392 |
| | | <u>8,105,052</u> |

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| Michigan 8.5% | | |
|---|-------|-----------|
| City of Detroit Michigan, RB, System, Second Lien, Series B (NPFGC), 5.00%, 7/01/36 | 3,150 | 3,104,861 |
| City of Detroit Michigan, Refunding RB: | | |
| Second Lien, Series E (BHAC), 5.75%, 7/01/31 | 8,300 | 8,870,376 |
| Series D (NPFGC), 5.00%, 7/01/28 | 6,000 | 6,002,820 |
| Series D (NPFGC), 5.00%, 7/01/33 | 1,000 | 985,870 |
| Michigan Higher Education Student Loan Authority, Refunding RB, Student Loan, Series XVII-G, AMT (AMBAC), 5.20%, 9/01/20 | | |
| | 2,140 | 2,165,166 |
| Michigan Strategic Fund, RB, Detroit Edison Co. Project, Series C, AMT (Syncora), 5.45%, 12/15/32 | | |
| | 5,800 | 5,575,018 |
| Michigan Strategic Fund, Refunding RB, AMT (Syncora): | | |
| Detroit Edison Co., Pollution, Series C, 5.65%, 9/01/29 | 1,935 | 1,937,922 |
| Detroit Edison Co. Project, Series A, 5.50%, 6/01/30 | 1,700 | 1,657,806 |

| Municipal Bonds | Par (000) | Value |
|--|----------------------|--------------|
| Michigan (concluded) | | |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39 | \$ 3,510 | \$ 4,191,221 |
| State of Michigan, RB, GAN (AGM), 5.25%, 9/15/26 | 3,350 | 3,585,773 |
| | | 38,076,833 |

| Minnesota 0.7% | | |
|---|-------|-----------|
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38 | 2,700 | 3,036,231 |

| Nevada 8.7% | | |
|---|--------|------------|
| City of Carson City Nevada, RB, Carson- Tahoe Hospital Project, Series A (Radian), 5.50%, 9/01/33 | 4,100 | 3,835,673 |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34 | 1,150 | 1,273,487 |
| County of Clark Nevada, RB: | | |
| Southwest Gas Corp. Project, Series A, AMT (FGIC), 4.75%, 9/01/36 | 45 | 37,499 |
| Southwest Gas Corp. Project, Series D, AMT (NPFGC), 5.25%, 3/01/38 | 12,000 | 10,860,120 |
| Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/30 | 2,000 | 2,013,340 |
| Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/36 | 19,100 | 19,126,167 |
| Las Vegas Valley Water District, GO, Refunding, Series A (NPFGC), 5.00%, | 2,050 | 2,153,935 |

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6/01/24

39,300,221

New Jersey 7.2%

| | | |
|---|--------|------------|
| New Jersey EDA, RB: | | |
| Cigarette Tax (Radian), 5.75%, 6/15/29 | 710 | 710,675 |
| Cigarette Tax (Radian), 5.50%, 6/15/31 | 1,285 | 1,252,849 |
| Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/31 | 20,065 | 20,376,208 |
| School Facilities Construction, Series O, 5.13%, 3/01/30 | 7,500 | 7,826,400 |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series A (NPFGC), 5.75%, 6/15/25 | 2,000 | 2,367,140 |
| | | 32,533,272 |

New York 1.1%

| | | |
|--|-------|-----------|
| City of New York New York, GO, Series B (NPFGC), 5.88%, 8/01/10 (c) | 5,000 | 5,050,800 |
|--|-------|-----------|

Ohio 0.3%

| | | |
|--|-------|-----------|
| Ohio Higher Educational Facility Commission, Refunding RB, Summa Health System, 2010 Project (AGC), 5.25%, 11/15/40 | 1,400 | 1,413,020 |
|--|-------|-----------|

Pennsylvania 1.1%

| | | |
|--------------------------------------|-------|-----------|
| Pennsylvania HFA, Refunding RB, AMT: | | |
| S/F, Series 73A, 5.45%, 10/01/32 | 2,120 | 2,130,791 |
| Series 99A, 5.25%, 10/01/32 | 2,000 | 2,027,180 |

BLACKROCK MUNIYIELD QUALITY FUND, INC.

JULY 31, 2010

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Schedule of Investments (continued)

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

| Municipal Bonds | Par (000) | Value |
|--|--------------|-------------------|
| Pennsylvania (concluded) | | |
| Pennsylvania Turnpike Commission, RB, CAB, Sub-Series E, 6.48%, 12/01/38 (a) | \$ 1,100 | \$ 792,627 |
| | | <u>4,950,598</u> |
| Puerto Rico 2.4% | | |
| Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.38%, 8/01/39 | 4,700 | 5,188,988 |
| Puerto Rico Sales Tax Financing Corp., Refunding RB: CAB, Series A (NPFGC), 5.74%, 8/01/41 (b) | 28,000 | 4,213,720 |
| First Sub-Series C, 6.00%, 8/01/39 | 1,050 | 1,133,569 |
| | | <u>10,536,277</u> |
| Texas 14.5% | | |
| Bell County Health Facility Development Corp. Texas, RB, Lutheran General Health Care System, 6.50%, 7/01/19 (e) | 1,000 | 1,243,450 |
| City of Houston Texas, Refunding RB, Combined, First Lien, Series A (AGC), 6.00%, 11/15/35 | 2,850 | 3,280,207 |
| Dallas-Fort Worth International Airport Facilities Improvement Corp., Refunding RB, Joint Series A, AMT (NPFGC): 5.88%, 11/01/17 | 1,835 | 1,920,364 |
| 5.88%, 11/01/18 | 2,145 | 2,247,531 |
| 5.88%, 11/01/19 | 2,385 | 2,465,661 |
| Gregg County Health Facilities Development Corp. Texas, RB, Good Shepherd Medical Center Project (Radian) (c): 6.38%, 10/01/10 | 2,600 | 2,652,286 |
| 6.88%, 10/01/10 | 3,000 | 3,062,850 |
| Harris County-Houston Sports Authority, Refunding RB, Senior Lien, Series G (NPFGC), 5.75%, 11/15/20 | 3,900 | 3,968,952 |
| Lewisville ISD Texas, GO, Refunding, CAB, School Building (NPFGC), 4.67%, 8/15/24 (b) | 6,150 | 3,138,776 |
| | 4,800 | 5,100,096 |

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| | | |
|---|--------|------------|
| Lone Star College System, GO, 5.00%, 8/15/33 | | |
| Mansfield ISD Texas, GO, School Building (PSF-GTD), 5.00%, 2/15/33 | 2,300 | 2,431,192 |
| North Texas Tollway Authority, Refunding RB, First Tier: | | |
| CAB, System (AGC), 5.73%, 1/01/31 (b) | 10,000 | 3,256,900 |
| Series A, 6.00%, 1/01/28 | 3,380 | 3,694,779 |
| System (NPFGC), 5.75%, 1/01/40 | 12,300 | 12,803,562 |
| Texas State Turnpike Authority, RB, First Tier, Series A (AMBAC): | | |
| 5.75%, 8/15/38 | 7,200 | 7,321,536 |
| 5.00%, 8/15/42 | 7,000 | 6,708,940 |
| | | 65,297,082 |

| Municipal Bonds | Par (000) | Value |
|---|--------------|---------------|
| Utah 3.9% | | |
| City of Salt Lake City Utah, Refunding RB, IHC Hospitals Inc. (NPFGC), 6.30%, 2/15/15 (e) | \$ 15,000 | \$ 17,343,600 |
| Vermont 0.4% | | |
| Vermont HFA, Refunding RB, Multiple Purpose, Series C, AMT (AGM), 5.50%, 11/01/38 (d) | 1,800 | 1,843,632 |
| Virginia 0.6% | | |
| Virginia HDA, RB, Sub-Series H-1 (NPFGC), 5.35%, 7/01/31 | 2,715 | 2,737,154 |
| Washington 1.7% | | |
| City of Tacoma Washington, RB (NPFGC), 5.00%, 12/01/32 | 5,100 | 5,178,234 |
| Washington Health Care Facilities Authority, RB, Providence Health & Services, Series A: | | |
| 5.00%, 10/01/39 | 1,525 | 1,537,703 |
| 5.25%, 10/01/39 | 850 | 873,290 |
| | | 7,589,227 |
| Wisconsin 0.7% | | |
| Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit Group, 5.00%, 11/15/33 | 1,850 | 1,881,654 |
| Wisconsin Housing & EDA, Refunding RB, Series C, AMT, 4.88%, 3/01/36 | 1,480 | 1,440,898 |
| | | 3,322,552 |
| Total Municipal Bonds 113.3% | | 509,456,916 |

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

California 10.8%

| | | |
|--|--------|------------|
| Anaheim Public Financing Authority California, RB, Electric System Distribution Facilities, Series A (AGM), 5.00%, 10/01/31 | 1,244 | 1,250,364 |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/32 | 7,000 | 7,107,660 |
| Golden State Tobacco Securitization Corp., RB, Enhanced Asset-Backed, Series B (CIFG), 5.63%, 6/01/13 (c) | 10,000 | 11,363,200 |
| Los Angeles Community College District California, GO, Series A: Election of 2001 (NPFGC), 5.00%, 8/01/32 | 6,120 | 6,268,838 |
| Election of 2008, 6.00%, 8/01/33 | 2,639 | 2,977,224 |
| Orange County Sanitation District, COP (NPFGC), 5.00%, 2/01/33 | 2,749 | 2,805,374 |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33 | 509 | 542,003 |
| San Diego County Water Authority, COP, Refunding: Series 2008-A (AGM), 5.00%, 5/01/33 | 5,170 | 5,368,114 |
| Series A (NPFGC), 5.00%, 5/01/32 | 9,003 | 9,109,976 |

Schedule of Investments (continued)

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

| Municipal Bonds Transferred to Tender Option Bond Trusts (f) | Par (000) | Value |
|---|--------------|-------------------|
| California (concluded) | | |
| Tamalpais Union High School District California, GO, Election of 2001 (AGM), 5.00%, 8/01/28 | \$ 1,950 | \$ 2,023,418 |
| | | <u>48,816,171</u> |
| Colorado 0.3% | | |
| Colorado Health Facilities Authority, Refunding RB, Catholic Healthcare, Series A, 5.50%, 7/01/34 | 1,220 | 1,301,062 |
| District of Columbia 0.3% | | |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 | 1,320 | 1,494,913 |
| Florida 9.6% | | |
| City of Tallahassee Florida, RB (NPFGC), 5.00%, 10/01/37 | 6,000 | 6,115,440 |
| County of Miami-Dade Florida, RB, Water & Sewer System (AGM), 5.00%, 10/01/39 | 8,728 | 8,980,001 |
| County of Seminole Florida, Refunding RB, Series B (NPFGC), 5.25%, 10/01/31 | 6,300 | 7,022,988 |
| Florida State Board of Education, GO, Series D, 5.00%, 6/01/37 | 2,399 | 2,501,436 |
| Jacksonville Electric Authority Florida, RB, Sub-Series A, 5.63%, 10/01/32 | 4,310 | 4,670,661 |
| Miami-Dade County School Board, COP, Refunding, Series B (AGC), 5.25%, 5/01/27 | 11,350 | 11,808,540 |
| Orange County School Board, COP, Series A (NPFGC), 5.00%, 8/01/30 | 2,000 | 2,024,800 |
| | | <u>43,123,866</u> |
| Georgia 3.4% | | |
| Augusta-Richmond County Georgia, RB (AGM), 5.25%, 10/01/34 | 5,000 | 5,218,050 |
| City of Atlanta Georgia, RB, General, Subordinate Lien, Series C (AGM), 5.00%, 1/01/33 | 10,000 | 10,113,000 |
| | | <u>15,331,050</u> |

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| | | |
|--|------------------|--------------|
| Hawaii 1.4% | | |
| Honolulu City & County Board of Water Supply, RB, Series A (NPFGC), 5.00%, 7/01/33 | 6,000 | 6,149,820 |
| Illinois 3.9% | | |
| City of Chicago Illinois, Refunding RB, Second Lien (AGM), 5.25%, 11/01/33 | 14,429 | 15,381,986 |
| Illinois State Toll Highway Authority, RB, Series B, 5.50%, 1/01/33 | 2,000 | 2,183,833 |
| | | 17,565,819 |
| Massachusetts 3.9% | | |
| Massachusetts School Building Authority, RB, Series A (AGM), 5.00%, 8/15/30 | 16,500 | 17,307,417 |
| Nevada 1.8% | | |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/39 | 5,007 | 5,525,960 |
| Municipal Bonds Transferred to Tender Option Bond Trusts (f) | Par (000) | Value |
| Nevada (concluded) | | |
| Clark County Water Reclamation District, GO, Series B, 5.75%, 7/01/34 | \$ 2,429 | \$ 2,710,686 |
| | | 8,236,646 |
| New Hampshire 2.3% | | |
| New Hampshire Health & Education Facilities Authority, RB, Dartmouth-Hitchcock Obligation (AGM), 5.50%, 8/01/27 | 10,000 | 10,432,300 |
| New York 5.4% | | |
| Erie County Industrial Development Agency, RB, City School District of Buffalo Project, Series A (AGM), 5.75%, 5/01/28 | 2,007 | 2,203,727 |
| New York City Municipal Water Finance Authority, RB, Fiscal 2009, Series A, 5.75%, 6/15/40 | 3,509 | 3,973,561 |
| New York State Dormitory Authority, ERB, Series B, 5.75%, 3/15/36 | 1,545 | 1,758,627 |
| New York State Thruway Authority, RB, Series G (AGM), 5.00%, 1/01/32 | 14,200 | 14,706,088 |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34 | 1,500 | 1,620,120 |
| | | 24,262,123 |
| North Carolina 0.5% | | |

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| | | |
|---|-------|-------------|
| North Carolina HFA, RB, Series 31-A, AMT, 5.25%, 7/01/38 | 2,379 | 2,391,260 |
| Ohio 0.2% | | |
| State of Ohio, RB, Cleveland Clinic Health, Series B, 5.50%, 1/01/34 | 780 | 832,439 |
| South Carolina 1.1% | | |
| South Carolina State Public Service Authority, RB, Santee Cooper, Series A, 5.50%, 1/01/38 | 4,695 | 5,134,358 |
| Texas 2.6% | | |
| Clear Creek ISD Texas, GO, Refunding, School Building (PSF-GTD), 5.00%, 2/15/33 | 5,900 | 6,404,804 |
| Cypress-Fairbanks ISD, GO, Refunding, Schoolhouse (PSF-GTD), 5.00%, 2/15/32 | 4,750 | 5,037,803 |
| | | 11,442,607 |
| Virginia 0.1% | | |
| Fairfax County IDA Virginia, Refunding RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35 | 450 | 478,998 |
| Washington 0.6% | | |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/32 | 2,504 | 2,652,616 |
| Total Municipal Bonds Transferred to Tender Option Bond Trusts 48.2% | | 216,953,465 |
| Total Long-Term Investments (Cost \$708,279,354) 161.5% | | 726,410,381 |

BLACKROCK MUNIYIELD QUALITY FUND, INC.

JULY 31, 2010

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Schedule of Investments (concluded)

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

| Short-Term Securities | Shares | Value |
|--|-----------|-----------------------|
| FFI Institutional Tax-Exempt Fund, 0.21% (g)(h) | 1,676,203 | \$ 1,676,203 |
| Total Short-Term Securities (Cost \$1,676,203) 0.4% | | 1,676,203 |
| Total Investments (Cost \$709,955,557*) 161.9% | | 728,086,584 |
| Other Assets Less Liabilities 1.3% | | 6,089,975 |
| Liability for Trust Certificates, Including Interest Expense and Fees Payable (23.9)% | | (107,710,119) |
| Preferred Shares, at Redemption Value (39.3)% | | (176,654,596) |
| Net Assets Applicable to Common Shares 100.0% | | <u>\$ 449,811,844</u> |

* The cost and unrealized appreciation (depreciation) of investments as of July 31, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|----------------------|
| Aggregate cost | \$ 602,719,973 |
| Gross unrealized appreciation | \$ 25,832,164 |
| Gross unrealized depreciation | (8,060,334) |
| Net unrealized appreciation | <u>\$ 17,771,830</u> |

- (a) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown reflects the current yield as of report date.
- (b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (c) US government securities, held in escrow, are used to pay interest on this security as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (d) Variable rate security. Rate shown is as of report date.
- (e) Security is collateralized by Municipal or US Treasury obligations.
- (f) Securities represent bonds transferred to a tender option bond trust in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction.
- (g)

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

| Affiliate | Shares Held at April 30, 2010 | Net Activity | Shares Held at July 31, 2010 | Income |
|-----------------------------------|-------------------------------------|-----------------|------------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 8,066,496 | (6,390,293) | 1,676,203 | \$ 3,348 |

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

Financial futures contracts sold as of July 31, 2010 were as follows:

| Contracts | Issue | Expiration Date | Notional Value | Unrealized Depreciation |
|-----------|-------------------------------|--------------------|-------------------|----------------------------|
| 90 | 10-Year U.S. Treasury Bond | September 2010 | \$ 10,948,865 | \$ (194,260) |

Fair Value Measurements - Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

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

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

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

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent financial statements as contained in its annual report.

The following table summarizes the inputs used as of July 31, 2010 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments in Securities: | | | | |
| Long-Term Investments ¹ | | \$ 726,410,381 | | \$ 726,410,381 |
| Short-Term Securities | \$ 1,676,203 | | | 1,676,203 |
| Total | \$ 1,676,203 | \$ 726,410,381 | | \$ 728,086,584 |

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

Derivative Financial Instruments²

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|----------------|----------------|----------------|--------------|
| Liabilities: | | | | |
| Interest rate contracts | \$ (194,260) | | | \$ (194,260) |

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

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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 Quality Fund, Inc.

By: /s/ Anne F. Ackerley
Anne F. Ackerley
Chief Executive Officer of
BlackRock MuniYield Quality Fund, Inc.

Date: September 27, 2010

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/ Anne F. Ackerley
Anne F. Ackerley
Chief Executive Officer (principal executive officer) of
BlackRock MuniYield Quality Fund, Inc.

Date: September 27, 2010

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

Date: September 27, 2010