

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

Form N-Q

June 25, 2012

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: 07/31/2012

Date of reporting period: 04/30/2012

Item 1 – Schedule of Investments

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Schedule of Investments April 30, 2012 (Unaudited)

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

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Michigan 128.4% | | |
| Corporate 6.3% | | |
| Dickinson County EDC, Michigan, Refunding RB, International Paper Co. Project, Series A, 5.75%, 6/01/16 | \$ 3,900 | \$ 3,909,321 |
| Monroe County EDC, Michigan, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22 | 10,695 | 14,261,675 |
| | | 18,170,996 |
| County/City/Special District/School District 35.7% | | |
| Adrian City School District Michigan, GO (AGM) (a): | | |
| 5.00%, 5/01/14 | 2,000 | 2,183,880 |
| 5.00%, 5/01/14 | 1,600 | 1,747,104 |
| Anchor Bay School District, GO, Refunding (Q-SBLF): | | |
| 4.13%, 5/01/25 | 3,000 | 3,198,630 |
| 4.25%, 5/01/26 | 1,800 | 1,921,698 |
| 4.38%, 5/01/27 | 960 | 1,024,925 |
| 4.00%, 5/01/28 | 1,240 | 1,272,091 |
| 4.38%, 5/01/28 | 600 | 633,120 |
| 4.00%, 5/01/29 | 620 | 630,800 |
| 4.50%, 5/01/29 | 900 | 952,578 |
| Bay City School District Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/36 | 2,800 | 2,919,448 |
| Birmingham City School District Michigan, GO, School Building & Site (AGM), 5.00%, 11/01/33 | 1,000 | 1,033,220 |
| Charter Township of Canton Michigan, GO, Capital Improvement (AGM): | | |
| 5.00%, 4/01/25 | 1,840 | 2,008,250 |
| 5.00%, 4/01/26 | 2,000 | 2,168,100 |
| 5.00%, 4/01/27 | 500 | 539,895 |
| City of Oak Park Michigan, GO, Street Improvement (NPFGC), 5.00%, 5/01/30 | 500 | 529,510 |
| Comstock Park Public Schools, GO, School Building & Site, Series B (Q-SBLF): | | |
| 5.50%, 5/01/36 | 750 | 842,190 |
| 5.50%, 5/01/41 | 1,355 | 1,516,082 |
| County of Genesee Michigan, GO (NPFGC): | | |
| Refunding, Series A, 5.00%, 5/01/19 | 600 | 654,900 |
| Water Supply System, 5.13%, 11/01/33 | 1,000 | 1,018,880 |
| Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39 | 3,300 | 3,644,223 |

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| Municipal Bonds | Par (000) | Value |
|--|--------------|--------------|
| Michigan (continued) | | |
| County/City/Special District/School District (continued) | | |
| Detroit City School District Michigan, GO, School Building & Site Improvement (NPFGC) (a): | | |
| Series A, 5.38%, 5/01/13 | \$ 1,300 | \$ 1,366,508 |
| Series B, 5.00%, 5/01/13 | 2,850 | 2,985,119 |
| Eaton Rapids Public Schools Michigan, GO, School Building & Site (AGM) (a): | | |
| 5.25%, 5/01/14 | 1,325 | 1,439,149 |
| 5.25%, 5/01/14 | 1,675 | 1,819,301 |
| Flint EDC, RB, Michigan Department of Human Services Office Building Project, 5.25%, 10/01/41 | | |
| | 3,070 | 3,168,885 |
| Fraser Public School District, GO, School Building & Site (AGM), 5.00%, 5/01/25 | | |
| | 2,000 | 2,186,500 |
| Gibraltar School District Michigan, GO, School Building & Site Improvement (NPFGC) (a): | | |
| 5.00%, 5/01/14 | 2,940 | 3,210,304 |
| 5.00%, 5/01/14 | 710 | 733,345 |
| Goodrich Area School District, GO, School Building & Site (Q-SBLF): | | |
| 5.50%, 5/01/32 | 600 | 688,986 |
| 5.50%, 5/01/36 | 1,200 | 1,351,392 |
| 5.50%, 5/01/41 | 1,575 | 1,760,976 |
| Grand Rapids Building Authority Michigan, RB, Series A (AMBAC) (a): | | |
| 5.50%, 10/01/12 | 435 | 444,661 |
| 5.50%, 10/01/12 | 600 | 613,326 |
| Gull Lake Community School District, GO, School Building & Site (AGM), 5.00%, 5/01/14 (a) | | |
| | 3,625 | 3,962,125 |
| Harper Creek Community School District Michigan, GO, Refunding (AGM), 5.00%, 5/01/22 | | |
| | 1,125 | 1,257,683 |
| Harper Woods School District Michigan, GO, Refunding, School Building & Site (NPFGC), 5.00%, 5/01/34 | | |
| | 430 | 440,195 |
| Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41 | | |
| | 4,100 | 4,507,048 |
| L Anse Creuse Public Schools Michigan, GO, School Building & Site (AGM): | | |
| 5.00%, 5/01/24 | 1,000 | 1,096,020 |
| 5.00%, 5/01/25 | 1,525 | 1,671,431 |
| 5.00%, 5/01/26 | 1,600 | 1,753,632 |
| 5.00%, 5/01/35 | 3,000 | 3,099,540 |
| Lansing Building Authority Michigan, GO, Series A (NPFGC), 5.38%, 6/01/13 (a) | | |
| | 1,510 | 1,593,714 |
| Lincoln Consolidated School District Michigan, GO, Refunding (NPFGC), 4.63%, 5/01/28 | | |
| | 5,000 | 5,208,400 |

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 | \$ 1,061,860 |
| Montrose Community Schools, GO (NPFGC), 6.20%, 5/01/17 | 1,000 | 1,229,230 |
| Orchard View Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 11/01/13 (a) | 5,320 | 5,694,900 |
| Parchment School District, County of Kalamazoo, State of Michigan, GO, School Building and Site, 5.00%, 5/01/25 | 1,000 | 1,145,390 |
| Pennfield School District Michigan, GO, School Building & Site (NPFGC) (a): 5.00%, 5/01/14 | 605 | 659,988 |
| 5.00%, 5/01/15 | 765 | 834,531 |
| Reed City Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/14 (a) | 1,425 | 1,557,525 |
| Romulus Community Schools, GO, Refunding (AGM, Q-SBLF): 4.13%, 5/01/25 | 1,150 | 1,224,946 |
| 4.25%, 5/01/26 | 1,200 | 1,276,620 |
| 4.25%, 5/01/27 | 1,200 | 1,263,300 |
| 4.50%, 5/01/29 | 1,025 | 1,085,690 |
| Southfield Public Schools Michigan, GO, School Building & Site, Series B (AGM), 5.00%, 5/01/14 (a) | 2,000 | 2,185,140 |
| Thornapple Kellogg School District Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/32 | 2,500 | 2,647,200 |
| Van Dyke Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/28 | 1,250 | 1,365,575 |
| Warren Consolidated Schools District, GO, Unlimited Tax, 5.00%, 5/01/32 | 740 | 815,909 |
| Zeeland Public Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/29 | 1,600 | 1,689,888 |
| | | 102,535,456 |
| Education 9.6% | | |
| Eastern Michigan University, Refunding RB, General (AMBAC), 6.00%, 6/01/20 | 435 | 436,670 |
| Grand Valley State University Michigan, RB, General (NPFGC), 5.50%, 2/01/18 | 2,070 | 2,295,382 |

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| | | |
|--|-----|---------|
| Lake Superior State University, Refunding RB (AGM): | | |
| 4.00%, 11/15/26 | 770 | 783,698 |
| 4.00%, 11/15/27 | 465 | 470,148 |
| 4.00%, 11/15/28 | 310 | 310,973 |
| 4.00%, 11/15/29 | 400 | 397,996 |
| 4.00%, 11/15/30 | 310 | 306,395 |

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| Education (concluded) | | |
| Michigan Higher Education Facilities Authority, Refunding RB, Limited Obligation, Hillsdale College Project, 5.00%, 3/01/35 | \$ 1,720 | \$ 1,740,932 |
| Michigan Higher Education Facilities Authority, Refunding RB, Limited Obligation, Creative Studies, 5.90%, 6/01/12 (a) | 1,145 | 1,150,462 |
| Michigan Higher Education Student Loan Authority, RB, Student Loan: Series XVII-I, 5.20%, 3/01/24 | 2,900 | 2,963,133 |
| Series XVII-P (AMBAC), 4.88%, 3/01/30 | 2,300 | 2,314,260 |
| Series XVII-Q AMT (AMBAC), 5.00%, 3/01/31 | 3,000 | 3,046,500 |
| Michigan State University, Refunding RB, General: 5.00%, 10/01/34 | 1,650 | 1,805,496 |
| General, Series C, 5.00%, 2/15/40 | 4,700 | 5,113,365 |
| Saginaw Valley State University Michigan, Refunding RB, General (NPFGC), 5.00%, 7/01/24 | 2,100 | 2,166,486 |
| Western Michigan University, Refunding RB, General, 5.25%, 11/15/40 | 2,100 | 2,315,250 |
| | | 27,617,146 |
| Health 26.4% | | |
| Dickinson County Healthcare System, Refunding RB, Series A (ACA), 5.80%, 11/01/24 | 3,100 | 3,100,341 |
| Flint Hospital Building Authority Michigan, Refunding RB, Hurley Medical Center (ACA): 6.00%, 7/01/20 | 1,125 | 1,144,834 |
| Series A, 5.38%, 7/01/20 | 615 | 615,443 |
| Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36 | 4,750 | 5,134,418 |
| Kent Hospital Finance Authority Michigan, RB, Spectrum Health, Series A, 5.00%, 11/15/29 | 4,500 | 4,970,430 |
| Kent Hospital Finance Authority Michigan, Refunding RB, Butterworth, Series A (NPFGC), 7.25%, 1/15/13 (b) | 330 | 339,237 |
| Michigan State Hospital Finance Authority, RB: Ascension Health Senior Credit Group, 5.00%, 11/15/25 | 3,700 | 4,140,448 |
| | 2,530 | 2,536,578 |

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Hospital, MidMichigan Obligation
Group, Series A (AMBAC), 5.50%,
4/15/18

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

APRIL 30, 2012

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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) | | |
| Health (concluded) | | |
| Michigan State Hospital Finance Authority, RB (concluded): Hospital, Oakwood Obligation Group, Series A, 5.75%, 4/01/13 (a) | \$ 5,000 | \$ 5,079,850 |
| McLaren Health Care, Series C, 5.00%, 8/01/35 | 1,000 | 1,058,160 |
| MidMichigan Obligation Group, Series A, 5.00%, 4/15/26 | 620 | 641,421 |
| MidMichigan Obligation Group, Series A, 5.00%, 4/15/36 | 3,550 | 3,620,077 |
| Trinity Health Credit, 5.00%, 12/01/31 | 3,100 | 3,441,155 |
| Trinity Health Credit, 5.00%, 12/01/35 | 3,100 | 3,352,402 |
| Trinity Health Credit, Series C, 5.38%, 12/01/12 (a) | 3,410 | 3,442,497 |
| Michigan State Hospital Finance Authority, Refunding RB: 4.00%, 12/01/32 (c) | 6,200 | 6,148,230 |
| Henry Ford Health System, Series A, 5.25%, 11/15/46 | 2,500 | 2,585,325 |
| Hospital, Crittenton, Series A, 5.63%, 3/01/27 | 2,050 | 2,070,090 |
| Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/21 | 600 | 650,598 |
| Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/25 | 3,260 | 3,435,681 |
| Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/37 | 630 | 644,729 |
| Hospital, Sparrow Obligated, 5.00%, 11/15/31 | 3,100 | 3,241,701 |
| McLaren Health Care, 5.75%, 5/15/38 | 4,500 | 4,949,280 |
| Oakwood Obligated Group, 5.00%, 11/01/32 (c) | 4,000 | 4,255,520 |
| Trinity Health Credit, Series A, 6.25%, 12/01/28 | 930 | 1,074,513 |
| Trinity Health Credit, Series A, 6.50%, 12/01/33 | 1,000 | 1,181,510 |
| Trinity Health Credit, Series C, 5.38%, 12/01/12 (a) | 1,000 | 1,030,160 |
| Trinity Health Credit, Series C, 5.38%, 12/01/12 (a) | 345 | 355,405 |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, William | 1,000 | 1,271,680 |

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| | | |
|---|-----|------------|
| Beaumont Hospital, 8.25%, 9/01/39 | | |
| Sturgis Building Authority, RB, Sturgis | | |
| Hospital Project (NPFGC), 4.75%, | | |
| 10/01/34 | 475 | 481,151 |
| | | 75,992,864 |

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| Housing 4.6% | | |
| Michigan State HDA, RB: | | |
| Deaconess Tower AMT (Ginnie Mae), 5.25%, 2/20/48 | \$ 1,000 | \$ 1,023,720 |
| Series A, 4.75%, 12/01/25 | 4,400 | 4,726,568 |
| Series A, AMT (NPFGC), 5.30%, 10/01/37 | 130 | 130,068 |
| Williams Pavilion, AMT (Ginnie Mae), 4.75%, 4/20/37 | 3,775 | 3,826,642 |
| Michigan State HDA, Refunding RB, Series A, 6.05%, 10/01/41 | 3,260 | 3,506,651 |
| | | 13,213,649 |
| State 16.2% | | |
| Michigan Municipal Bond Authority, Refunding RB, Local Government, Charter County Wayne, Series B (AGC), 5.38%, 11/01/24 | | |
| | 125 | 144,359 |
| Michigan State Building Authority, Refunding RB: | | |
| Facilities Program, Series H (AGM), 5.00%, 10/15/26 | 4,500 | 5,027,895 |
| Series I, 5.50%, 10/15/45 | 1,250 | 1,402,712 |
| Series I (AGC), 5.25%, 10/15/26 | 600 | 682,392 |
| Series II (NPFGC), 5.00%, 10/15/29 | 3,500 | 3,639,510 |
| Michigan State Building Authority, Refunding RB, Facilities Program, Series I: | | |
| 6.25%, 10/15/38 | 3,900 | 4,491,981 |
| (AGC), 5.25%, 10/15/24 | 4,000 | 4,621,400 |
| (AGC), 5.25%, 10/15/25 | 2,000 | 2,293,820 |
| Michigan State Finance Authority, RB, Series F: | | |
| 5.00%, 4/01/31 | 1,000 | 1,048,970 |
| 5.25%, 10/01/41 | 6,085 | 6,379,636 |
| Michigan Strategic Fund, RB, Cadillac Place Office Building Project, 5.25%, 10/15/31 | | |
| | 1,500 | 1,653,885 |
| State of Michigan, RB, GAB (AGM), 5.25%, 9/15/27 | | |
| | 5,250 | 5,763,817 |
| State of Michigan Trunk Line Revenue, RB: | | |
| 5.00%, 11/15/29 | 1,000 | 1,147,870 |
| 5.00%, 11/15/33 | 1,850 | 2,095,902 |
| 5.00%, 11/15/36 | 3,500 | 3,946,915 |
| State of Michigan, COP (AMBAC), 5.56%, 6/01/22 (b)(d) | 3,000 | 2,340,390 |
| | | 46,681,454 |

Schedule of Investments (continued)

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

| | Par (000) | Value |
|---|--------------|--------------------|
| Municipal Bonds | | |
| Michigan (concluded) | | |
| Transportation 11.6% | | |
| Wayne County Airport Authority, RB, Detroit Metropolitan Wayne County Airport, AMT (NPFGC): | | |
| 5.25%, 12/01/25 | \$ 7,525 | \$ 7,844,512 |
| 5.25%, 12/01/26 | 6,300 | 6,535,494 |
| 5.00%, 12/01/34 | 4,435 | 4,450,700 |
| Wayne County Airport Authority, Refunding RB, AMT (AGC): | | |
| 5.75%, 12/01/25 | 4,000 | 4,356,480 |
| 5.75%, 12/01/26 | 1,000 | 1,079,560 |
| 5.38%, 12/01/32 | 8,700 | 9,089,064 |
| | | 33,355,810 |
| Utilities 18.0% | | |
| City of Detroit Michigan, RB: Second Lien, Series B (AGM), 7.00%, 7/01/36 | | |
| | 3,000 | 3,586,920 |
| Second Lien, Series B (NPFGC), 5.00%, 7/01/13 (a) | | |
| | 1,550 | 1,634,599 |
| Senior Lien, Series A (NPFGC), 5.00%, 7/01/34 | | |
| | 6,000 | 6,029,340 |
| Series B (NPFGC), 5.25%, 7/01/13 (a) | | |
| | 11,790 | 12,467,925 |
| City of Detroit Michigan, Refunding RB: (NPFGC), 6.25%, 7/01/12 (b) | | |
| | 280 | 282,554 |
| Second Lien, Series C (AGM), 5.00%, 7/01/29 | | |
| | 10,570 | 10,784,360 |
| City of Port Huron Michigan, RB, Water Supply: | | |
| 5.25%, 10/01/31 | 310 | 333,098 |
| 5.63%, 10/01/40 | 1,000 | 1,080,770 |
| Lansing Board of Water & Light Utilities, RB, Series A: | | |
| 5.00%, 7/01/27 | 1,970 | 2,248,105 |
| 5.00%, 7/01/31 | 4,230 | 4,744,960 |
| 5.00%, 7/01/37 | 2,065 | 2,294,091 |
| Lansing Board of Water & Light Utilities System, RB, Series A, 5.50%, 7/01/41 | | |
| | 3,000 | 3,467,010 |
| Michigan Municipal Bond Authority, RB: Clean Water Revolving-Pooled, 5.00%, 10/01/27 | | |
| | 1,240 | 1,442,616 |
| State Clean Water, 5.00%, 10/01/27 | | |
| | 1,250 | 1,436,387 |
| | | 51,832,735 |
| Total Municipal Bonds in Michigan | | 369,400,110 |
| Guam 1.5% | | |
| County/City/Special District/School District 0.5% | | |
| | 1,400 | 1,484,518 |

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Territory of Guam, Limited Obligation
 Bonds, RB, Section 30, Series A,
 5.63%, 12/01/29

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| Guam (concluded) | | |
| State 0.9% | | |
| Government of Guam Business Privilege, RB, Series A, 5.13%, 1/01/42 | \$ 2,300 | \$ 2,496,075 |
| Utilities 0.1% | | |
| Guam Power Authority, Refunding RB, Series A (AGM), 5.00%, 10/01/37 | 265 | 285,938 |
| Total Municipal Bonds in Guam | | 4,266,531 |
| Puerto Rico 8.0% | | |
| State 5.0% | | |
| Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities, Series M-3 (NPFGC), 6.00%, 7/01/27 | 2,000 | 2,215,500 |
| Puerto Rico Sales Tax Financing Corp., RB: First Sub-Series A, 5.50%, 8/01/42 | 500 | 539,510 |
| First Sub-Series C (AGM), 5.13%, 8/01/42 | 5,100 | 5,418,495 |
| Series A-1, 5.25%, 8/01/43 | 1,070 | 1,143,477 |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, CAB, Series A (NPFGC) (d): 5.18%, 8/01/43 | 12,500 | 2,132,750 |
| 5.00%, 8/01/46 | 20,000 | 2,797,400 |
| | | 14,247,132 |
| Transportation 1.1% | | |
| Puerto Rico Highway & Transportation Authority, Refunding RB, Series CC (AGC), 5.50%, 7/01/31 | 2,750 | 3,185,600 |
| Utilities 1.9% | | |
| Puerto Rico Electric Power Authority, RB, 5.50%, 7/01/38 | 1,400 | 1,439,648 |
| Puerto Rico Electric Power Authority, Refunding RB, 5.00%, 7/01/42 (c) | 4,100 | 4,093,358 |
| | | 5,533,006 |
| Total Municipal Bonds in Puerto Rico | | 22,965,738 |
| Total Municipal Bonds 137.9% | | 396,632,379 |

**Municipal Bonds Transferred to Tender Option Bond
(TOB) Trusts (e)**

| | | |
|--|--------|------------|
| Michigan 19.6% | | |
| County/City/Special District/School District 8.4% | | |
| City of Grand Rapids Michigan, RB (NPFGC), 5.00%, 1/01/34 | 11,387 | 11,926,714 |
| Lakewood Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/37 | 6,470 | 7,112,341 |

Schedule of Investments (continued)

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

| | Par (000) | Value |
|---|---------------|----------------|
| Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (e) | | |
| Michigan (concluded) | | |
| County/City/Special District/School District (concluded) | | |
| Portage Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/31 | \$ 4,650 | \$ 4,990,845 |
| | | 24,029,900 |
| Education 7.3% | | |
| Saginaw Valley State University, Refunding RB, General (AGM), 5.00%, 7/01/31 | 7,500 | 8,080,200 |
| Wayne State University, Refunding RB: 5.00%, 11/15/35 | 5,997 | 6,413,840 |
| General (AGM), 5.00%, 11/15/35 | 6,210 | 6,641,657 |
| | | 21,135,697 |
| Health 1.3% | | |
| Michigan Finance Authority, RB, Refunding Trinity Health, 5.00%, 12/01/39 | 3,350 | 3,603,394 |
| Housing 2.6% | | |
| Michigan State HDA, RB, Series A, 6.00%, 10/01/45 | 6,990 | 7,470,807 |
| Total Municipal Bonds in Michigan | | 56,239,798 |
| Puerto Rico 0.4% | | |
| State 0.4% | | |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, Series C, 5.25%, 8/01/40 | 1,060 | 1,159,852 |
| Total Municipal Bonds in Puerto Rico | | 1,159,852 |
| Total Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts 20.0% | | 57,399,650 |
| Total Long-Term Investments (Cost \$425,783,880) 157.9% | | 454,032,029 |
| Short-Term Securities | Shares | Value |
| BIF Michigan Municipal Money Fund, 0.00% (f)(g) | 9,426,044 | \$ 9,426,044 |
| Total Short-Term Securities (Cost \$9,426,044) 3.3% | | 9,426,044 |
| Total Investments (Cost - \$435,209,924*) 161.2% | | 463,458,073 |
| Liabilities in Excess of Other Assets (1.0)% | | (2,754,053) |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (9.9)% | | (28,596,975) |
| VRDP Shares, at Liquidation Value (50.3)% | | (144,600,000) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 287,507,045 |

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As of April 30, 2012, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

| | |
|-------------------------------|----------------|
| Tax cost | \$ 406,813,333 |
| Gross unrealized appreciation | \$ 29,391,394 |
| Gross unrealized depreciation | (1,325,539) |
| Net unrealized appreciation | \$ 28,065,855 |

- (a) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) Security is collateralized by Municipal or US Treasury obligations.
- (c) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty | Value | Unrealized Appreciation |
|-------------------------------|--------------|----------------------------|
| Bank of America Merrill Lynch | \$ 6,148,230 | \$ 50,840 |
| Morgan Stanley & Co., Inc. | \$ 4,093,358 | \$ 44,034 |
| RBC Capital Markets | \$ 4,255,520 | \$ 27,880 |

- (d) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (e) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction.
- (f) 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 July 31, 2011 | Net Activity | Shares Held at April 30, 2012 | Income |
|---|------------------------------------|-----------------|-------------------------------------|--------|
| BIF Michigan Municipal Money Fund | 6,928,754 | 2,497,290 | 9,426,044 | |

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

Schedule of Investments (concluded)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

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 industry sub-classifications for reporting ease.

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 Corp. |
| AGC | Assured Guaranty Corp. |
| AGM | Assured Guaranty Municipal Corp. |
| AMBAC | American Municipal Bond Assurance Corp. |
| AMT | Alternative Minimum Tax (subject to) |
| COP | Certificates 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 sold as of April 30, 2012 were as follows:

| Contracts | Issue | Exchange | Expiration | Notional Value | Unrealized Depreciation |
|-----------|--------------------------|------------------------|------------|----------------|-------------------------|
| 170 | 10-Year US Treasury Note | Chicago Board of Trade | June 2012 | \$ 22,487,813 | \$ (270,636) |

Fair Value Measurements - Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs 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 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 derivative financial instruments)

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

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those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to the Fund's most recent financial statements as contained in its semi-annual report.

The following tables summarize the inputs used as of April 30, 2012 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long Term Investments ¹ | | \$ 454,032,029 | | \$ 454,032,029 |
| Short-Term Securities | \$ 9,426,044 | | | 9,426,044 |
| Total | \$ 9,426,044 | \$ 454,032,029 | | \$ 463,458,073 |

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

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---|--------------|---------|---------|--------------|
| Derivative Financial Instruments² | | | | |
| Interest rate contracts | \$ (270,636) | | | \$ (270,636) |

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 liabilities are held at carrying amount which approximates fair value. Such assets and liabilities are categorized within the disclosure hierarchy as follows:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|--|------------|------------------|---------|------------------|
| Assets: | | | | |
| Cash pledged as collateral for financial futures contracts | \$ 225,000 | | | \$ 225,000 |
| Liabilities: | | | | |
| Bank Overdraft | (12,050) | | | (12,050) |
| TOB trust certificates | | \$ (28,578,885) | | (28,578,885) |
| VRDP Shares | | (144,600,000) | | (144,600,000) |
| Total | \$ 212,950 | \$ (173,178,885) | | \$ (172,965,935) |

There were no transfers between levels during the period ended April 30, 2012.

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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 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: June 22, 2012

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: June 22, 2012

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

Date: June 22, 2012

