

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

Form N-Q

June 27, 2011

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 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 07/31/2011

Date of reporting period: 04/30/2011

Item 1 Schedule of Investments

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BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

**Schedule of Investments** April 30, 2011 (Unaudited)

(Percentages shown are based on Net Assets)

|                                                                                                                  | Par<br>(000)   | Value                    |
|------------------------------------------------------------------------------------------------------------------|----------------|--------------------------|
| Municipal Bonds                                                                                                  |                |                          |
| Michigan — 139.2%                                                                                                |                |                          |
| Corporate — 11.1%                                                                                                |                |                          |
| Delta County EDC, Refunding RB, Mead<br>Westvaco-Escanaba, Series B, AMT,<br>6.45%, 4/15/12 (a)                  | \$ 1,500       | \$ 1,585,500             |
| Dickinson County EDC Michigan,<br>Refunding RB, International Paper Co.<br>Project, Series A, 5.75%, 6/01/16     | 3,900          | 3,944,499                |
| Michigan Strategic Fund, Refunding RB,<br>Detroit Edison Co. Project, Series A,<br>AMT (NPFGC), 5.55%, 9/01/29   | 10,250         | 10,251,025               |
| Monroe County EDC Michigan,<br>Refunding RB, Detroit Edison Co.<br>Project, Series AA (NPFGC), 6.95%,<br>9/01/22 | 10,695         | 12,921,806<br>28,702,830 |
| County/City/Special District/School District — 45.8%                                                             |                |                          |
| Adrian City School District Michigan, GO<br>(AGM) (a):<br>5.00%, 5/01/14<br>5.00%, 5/01/14                       | 2,000<br>1,600 | 2,240,080<br>1,792,064   |
| Avondale School District Michigan, GO<br>(AGC):<br>4.00%, 5/01/20<br>4.30%, 5/01/22                              | 1,000<br>400   | 990,820<br>400,348       |
| Bay City School District Michigan, GO,<br>School Building & Site (AGM), 5.00%,<br>5/01/36                        | 6,735          | 6,621,717                |
| Birmingham City School District<br>Michigan, GO, School Building & Site<br>(AGM), 5.00%, 11/01/33                | 1,000          | 1,003,180                |
| Charter Township of Canton Michigan,<br>GO, Capital Improvement (AGM):<br>5.00%, 4/01/25                         | 1,840          | 1,892,882                |

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|                                                                                    |       |           |
|------------------------------------------------------------------------------------|-------|-----------|
| 5.00%, 4/01/26                                                                     | 2,000 | 2,044,100 |
| 5.00%, 4/01/27                                                                     | 500   | 513,375   |
| City of Oak Park Michigan, GO, Street<br>Improvement (NPFGC), 5.00%,<br>5/01/30    | 500   | 505,955   |
| County of Genesee Michigan, GO,<br>Refunding, Series A (NPFGC), 5.00%,<br>5/01/19  | 600   | 631,140   |
| County of Genesee Michigan, GO, Water<br>Supply System (NPFGC), 5.13%,<br>11/01/33 | 1,000 | 984,900   |

|                                                                                                                                   | Par<br>(000) | Value        |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Municipal Bonds                                                                                                                   |              |              |
| Michigan (continued)                                                                                                              |              |              |
| County/City/Special District/School<br>District (continued)                                                                       |              |              |
| County of Wayne Michigan, GO (NPFGC):                                                                                             |              |              |
| Airport Hotel, Detroit Metropolitan<br>Airport, Series A, 5.00%, 12/01/30                                                         | \$1,750      | \$ 1,559,092 |
| Building Authority, Capital<br>Improvement, Series A, 5.25%,<br>6/01/16                                                           | 1,000        | 1,003,620    |
| Dearborn Brownfield Redevelopment<br>Authority, GO, Limited Tax,<br>Redevelopment, Series A (AGC),<br>5.50%, 5/01/39              | 3,300        | 3,334,023    |
| Detroit City School District Michigan, GO,<br>Refunding, School Building & Site<br>Improvement, Series A (AGM), 5.00%,<br>5/01/21 | 3,000        | 3,014,790    |
| Detroit City School District Michigan, GO,<br>School Building & Site Improvement<br>(FGIC):                                       |              |              |
| Series A, 5.38%, 5/01/13 (a)                                                                                                      | 1,300        | 1,420,471    |
| Series B, 5.00%, 5/01/28                                                                                                          | 3,100        | 2,956,532    |
| Eaton Rapids Public Schools Michigan,<br>GO, School Building & Site (AGM):                                                        |              |              |
| 5.25%, 5/01/20                                                                                                                    | 1,325        | 1,423,288    |
| 5.25%, 5/01/21                                                                                                                    | 1,675        | 1,776,287    |

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Gibraltar School District Michigan, GO,

School Building & Site:

|                            |       |           |
|----------------------------|-------|-----------|
| (FGIC), 5.00%, 5/01/14 (a) | 2,940 | 3,292,918 |
|----------------------------|-------|-----------|

|                         |     |         |
|-------------------------|-----|---------|
| (NPFGC), 5.00%, 5/01/28 | 710 | 715,708 |
|-------------------------|-----|---------|

Grand Blanc Community Schools

Michigan, GO (NPFGC), 5.63%,

|         |       |           |
|---------|-------|-----------|
| 5/01/20 | 1,100 | 1,121,472 |
|---------|-------|-----------|

Grand Rapids Building Authority

Michigan, RB, Series A (AMBAC) (a):

|                 |     |         |
|-----------------|-----|---------|
| 5.50%, 10/01/12 | 435 | 466,042 |
|-----------------|-----|---------|

|                 |     |         |
|-----------------|-----|---------|
| 5.50%, 10/01/12 | 600 | 642,816 |
|-----------------|-----|---------|

Grand Rapids Public Schools Michigan,

GO, School Building & Site (AGM),

|                |     |         |
|----------------|-----|---------|
| 4.13%, 5/01/11 | 500 | 500,100 |
|----------------|-----|---------|

Gull Lake Community School District,

GO, Refunding (AGM), 4.00%,

|         |     |         |
|---------|-----|---------|
| 5/01/26 | 995 | 933,887 |
|---------|-----|---------|

## 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   | ACA Financial Guaranty Corp.            | FGIC   | Financial Guaranty Insurance Co.        |
| AGC   | Assured Guaranty Corp.                  | GAN    | Grant Anticipation Notes                |
| AGM   | Assured Guaranty Municipal Corp.        | GO     | General Obligation Bonds                |
| AMBAC | American Municipal Bond Assurance Corp. | HDA    | Housing Development Authority           |
| AMT   | Alternative Minimum Tax (subject to)    | NPFGC  | National Public Finance Guarantee Corp. |
| CAB   | Capital Appreciation Bonds              | Q-SBLF | Qualified School Bond Loan Fund         |
| COP   | Certificates of Participation           | RB     | Revenue Bonds                           |
| EDC   | Economic Development Corp.              |        |                                         |

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

APRIL 30, 2011

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BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

**Schedule of Investments** (continued)

(Percentages shown are based on Net Assets)

|                                          | Par<br>(000) | Value        |
|------------------------------------------|--------------|--------------|
| Municipal Bonds                          |              |              |
| Michigan (continued)                     |              |              |
| County/City/Special District/School      |              |              |
| District (continued)                     |              |              |
| Gull Lake Community School District      |              |              |
| Michigan, GO, School Building & Site     |              |              |
| (AGM) (a):                               |              |              |
| 5.00%, 5/01/14                           | \$ 2,000     | \$ 2,244,520 |
| 5.00%, 5/01/14                           | 3,625        | 4,068,192    |
| Harper Creek Community School District   |              |              |
| Michigan, GO, Refunding (AGM),           |              |              |
| 5.00%, 5/01/22                           | 1,125        | 1,187,404    |
| Harper Woods School District Michigan,   |              |              |
| GO, Refunding, School Building & Site:   |              |              |
| (FGIC), 5.00%, 5/01/14 (a)               | 4,345        | 4,859,709    |
| (NPFGC), 5.00%, 5/01/34                  | 430          | 427,093      |
| Jenison Public Schools Michigan, GO,     |              |              |
| Building and Site (NPFGC), 5.50%,        |              |              |
| 5/01/12 (a)                              | 1,575        | 1,656,254    |
| L'Anse Creuse Public Schools Michigan,   |              |              |
| GO, School Building & Site (AGM):        |              |              |
| 5.00%, 5/01/12                           | 650          | 678,275      |
| 5.00%, 5/01/24                           | 1,000        | 1,040,810    |
| 5.00%, 5/01/25                           | 1,525        | 1,571,558    |
| 5.00%, 5/01/26                           | 1,600        | 1,609,792    |
| 5.00%, 5/01/35                           | 3,000        | 2,962,830    |
| Lansing Building Authority Michigan, GO, |              |              |
| Series A (NPFGC), 5.38%, 6/01/13 (a)     | 1,510        | 1,659,007    |
| Lincoln Consolidated School District     |              |              |
| Michigan, GO, Refunding (NPFGC),         |              |              |
| 4.63%, 5/01/28                           | 5,500        | 5,357,770    |
| Livonia Public Schools School District   |              |              |
| Michigan, GO, Refunding, Series A        |              |              |
| (NPFGC), 5.00%, 5/01/24                  | 1,000        | 1,008,870    |
| Michigan State Building Authority,       |              |              |

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## Facilities, Series I:

|                                                                                                            |        |            |
|------------------------------------------------------------------------------------------------------------|--------|------------|
| 5.50%, 10/15/11 (a)                                                                                        | 145    | 148,386    |
| 5.50%, 10/15/18                                                                                            | 2,355  | 2,393,646  |
| Michigan State Building Authority, RB,<br>Facilities Program, Series H (AGM),<br>5.00%, 10/15/26           | 4,500  | 4,552,515  |
| Michigan State Building Authority,<br>Refunding RB, Facilities Program,<br>Series I (AGM), 5.50%, 10/15/11 | 12,175 | 12,433,719 |
| Montrose Community Schools, GO<br>(NPFGC), 6.20%, 5/01/17                                                  | 1,000  | 1,176,590  |
| New Haven Community Schools<br>Michigan, GO, Refunding, School<br>Building & Site (AGM), 5.00%,<br>5/01/23 | 1,500  | 1,555,305  |
| Orchard View Schools Michigan, GO,<br>School Building & Site (NPFGC),<br>5.00%, 11/01/13 (a)               | 5,320  | 5,889,985  |
| Pennfield School District Michigan, GO,<br>School Building & Site (a):<br>(FGIC), 5.00%, 5/01/14           | 765    | 855,622    |
| (NPFGC), 5.00%, 5/01/14                                                                                    | 605    | 676,668    |
| Reed City Public Schools Michigan, GO,<br>School Building & Site (AGM), 5.00%,<br>5/01/14 (a)              | 1,425  | 1,599,220  |
| Rochester Community School District,<br>GO (NPFGC), 5.00%, 5/01/19                                         | 435    | 474,072    |

| Municipal Bonds                                                                                          | Par<br>(000) | Value        |
|----------------------------------------------------------------------------------------------------------|--------------|--------------|
| Michigan (continued)                                                                                     |              |              |
| County/City/Special District/School<br>District (concluded)                                              |              |              |
| Southfield Public Schools Michigan, GO,<br>School Building & Site, Series B<br>(AGM), 5.00%, 5/01/14 (a) | \$ 3,500     | \$ 3,923,465 |
| Thornapple Kellogg School District<br>Michigan, GO, School Building & Site<br>(NPFGC), 5.00%, 5/01/32    | 2,500        | 2,493,550    |
| Van Dyke Public Schools Michigan, GO,                                                                    |              |              |

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|                                                                                                                            |       |             |
|----------------------------------------------------------------------------------------------------------------------------|-------|-------------|
| School Building & Site (AGM), 5.00%,<br>5/01/28                                                                            | 1,250 | 1,271,413   |
| West Bloomfield School District<br>Michigan, GO, Refunding (NPFGC):                                                        |       |             |
| 5.50%, 5/01/17                                                                                                             | 1,710 | 1,762,753   |
| 5.50%, 5/01/18                                                                                                             | 1,225 | 1,257,230   |
| Zeeland Public Schools Michigan, GO,<br>School Building & Site (NPFGC),<br>5.00%, 5/01/29                                  | 1,600 | 1,611,520   |
|                                                                                                                            |       | 118,189,350 |
| <b>Education — 8.6%</b>                                                                                                    |       |             |
| Eastern Michigan University, Refunding<br>RB, General (AMBAC), 6.00%,<br>6/01/20                                           | 435   | 436,653     |
| Fraser Public School District, GO, School<br>Building & Site (AGM), 5.00%,<br>5/01/25                                      | 2,000 | 2,042,500   |
| Goodrich Area School District, GO,<br>School Building & Site (Q-SBLF) (b):                                                 |       |             |
| 5.50%, 5/01/32                                                                                                             | 600   | 613,434     |
| 5.50%, 5/01/36                                                                                                             | 1,200 | 1,201,824   |
| 5.50%, 5/01/41                                                                                                             | 1,575 | 1,582,214   |
| Grand Valley State University Michigan,<br>RB, General (NPFGC), 5.50%,<br>2/01/18                                          | 2,070 | 2,268,099   |
| Michigan Higher Education Facilities<br>Authority, RB, Limited Obligation,<br>Hillsdale College Project, 5.00%,<br>3/01/35 | 1,875 | 1,669,125   |
| Michigan Higher Education Facilities<br>Authority, Refunding RB, Limited<br>Obligation, Creative Studies (a):              |       |             |
| 5.85%, 6/01/12                                                                                                             | 1,235 | 1,305,617   |
| 5.90%, 6/01/12                                                                                                             | 1,145 | 1,211,089   |
| Michigan Higher Education Student<br>Loan Authority, RB, Student Loan,<br>Series XVII-Q, AMT (AMBAC), 5.00%,<br>3/01/31    | 3,000 | 2,973,720   |
| Michigan State University, Refunding<br>RB, General, Series C, 5.00%,<br>2/15/40                                           | 4,700 | 4,699,671   |

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Saginaw Valley State University

Michigan, Refunding RB, General

(NPFGC), 5.00%, 7/01/24

2,100

2,109,324

22,113,270

### Health — 19.5%

Dickinson County Healthcare System,

Refunding RB, Series A (ACA), 5.80%,

11/01/24

3,100

3,119,840

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APRIL 30, 2011

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

**Schedule of Investments** (continued)

(Percentages shown are based on Net Assets)

|                                       | Par<br>(000) | Value        |
|---------------------------------------|--------------|--------------|
| Municipal Bonds                       |              |              |
| Michigan (continued)                  |              |              |
| Health (concluded)                    |              |              |
| Flint Hospital Building Authority     |              |              |
| Michigan, Refunding RB, Hurley        |              |              |
| Medical Center (ACA):                 |              |              |
| 6.00%, 7/01/20                        | \$ 1,205     | \$ 1,136,737 |
| Series A, 5.38%, 7/01/20              | 615          | 555,031      |
| Kalamazoo Hospital Finance Authority, |              |              |
| RB, Bronson Methodist Hospital        |              |              |
| (AGM), 5.25%, 5/15/36                 | 4,750        | 4,424,767    |
| Kent Hospital Finance Authority       |              |              |
| Michigan, RB, Spectrum Health,        |              |              |
| Series A (NPFGC), 5.50%, 7/15/11 (a)  | 3,000        | 3,062,340    |
| Kent Hospital Finance Authority       |              |              |
| Michigan, Refunding RB, Butterworth,  |              |              |
| Series A (NPFGC), 7.25%, 1/15/13 (c)  | 1,170        | 1,235,391    |
| Michigan State Hospital Finance       |              |              |
| Authority, RB:                        |              |              |
| Ascension Health Senior Credit        |              |              |
| Group, 5.00%, 11/15/25                | 3,700        | 3,753,872    |
| Hospital, MidMichigan Obligation      |              |              |
| Group, Series A (AMBAC), 5.50%,       |              |              |
| 4/15/18                               | 2,530        | 2,564,206    |
| McLaren Health Care, Series C,        |              |              |
| 5.00%, 8/01/35                        | 1,000        | 912,190      |
| MidMichigan Obligation Group,         |              |              |
| Series A, 5.00%, 4/15/36              | 3,750        | 3,207,525    |
| Michigan State Hospital Finance       |              |              |
| Authority, Refunding RB:              |              |              |
| Henry Ford Health System, Series A,   |              |              |
| 5.25%, 11/15/46                       | 2,500        | 2,085,900    |
| Hospital, Crittenton, Series A,       |              |              |
| 5.63%, 3/01/27                        | 2,050        | 1,986,163    |
| Hospital, Oakwood Obligation          |              |              |

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|                                                                                                              |       |                         |
|--------------------------------------------------------------------------------------------------------------|-------|-------------------------|
| Group, Series A, 5.00%, 7/15/21                                                                              | 600   | 601,830                 |
| Hospital, Oakwood Obligation                                                                                 |       |                         |
| Group, Series A, 5.00%, 7/15/25                                                                              | 3,260 | 3,084,742               |
| Hospital, Oakwood Obligation                                                                                 |       |                         |
| Group, Series A, 5.00%, 7/15/37                                                                              | 630   | 536,943                 |
| Hospital, Sparrow Obligated, 5.00%,<br>11/15/31                                                              | 3,100 | 2,733,270               |
| McLaren Health Care, 5.75%,<br>5/15/38                                                                       | 4,500 | 4,510,170               |
| Trinity Health Credit, Series A,<br>6.25%, 12/01/28                                                          | 930   | 985,754                 |
| Trinity Health Credit, Series A,<br>6.50%, 12/01/33                                                          | 1,000 | 1,056,220               |
| Trinity Health Credit, Series C,<br>5.38%, 12/01/23                                                          | 1,000 | 1,010,170               |
| Trinity Health Credit, Series C,<br>5.38%, 12/01/30                                                          | 3,755 | 3,650,724               |
| Trinity Health Credit, Series D,<br>5.00%, 8/15/34                                                           | 3,100 | 2,825,557               |
| Royal Oak Hospital Finance Authority<br>Michigan, Refunding RB, William<br>Beaumont Hospital, 8.25%, 9/01/39 | 1,000 | 1,133,770<br>50,173,112 |

[Housing — 7.4%](#)

|                                                                                |       |           |
|--------------------------------------------------------------------------------|-------|-----------|
| Michigan State HDA, RB:<br>Deaconess Tower AMT (Ginnie<br>Mae), 5.25%, 2/20/48 | 1,000 | 945,010   |
| Series A, 4.75%, 12/01/25                                                      | 4,400 | 4,147,528 |

|                                                       | Par<br>(000) | Value       |
|-------------------------------------------------------|--------------|-------------|
| Municipal Bonds                                       |              |             |
| <a href="#">Michigan (continued)</a>                  |              |             |
| <a href="#">Housing (concluded)</a>                   |              |             |
| Michigan State HDA, RB (concluded):                   |              |             |
| Series A, 6.00%, 10/01/45                             | \$ 6,990     | \$7,049,904 |
| Series A AMT (NPFGC), 5.30%,<br>10/01/37              | 130          | 126,394     |
| Williams Pavilion AMT (Ginnie Mae),<br>4.75%, 4/20/37 | 3,850        | 3,517,668   |
| Michigan State HDA, Refunding RB,                     |              |             |

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|                           |       |            |
|---------------------------|-------|------------|
| Series A, 6.05%, 10/01/41 | 3,260 | 3,283,537  |
|                           |       | 19,070,041 |

## State — 10.9%

|                                                                                                                   |       |            |
|-------------------------------------------------------------------------------------------------------------------|-------|------------|
| Michigan Municipal Bond Authority, RB,<br>Local Government Loan Program,<br>Group A (AMBAC), 5.50%, 11/01/20      | 1,065 | 1,063,285  |
| Michigan Municipal Bond Authority,<br>Refunding RB, Local Government,<br>Charter County Wayne, Series B<br>(AGC): |       |            |
| 5.00%, 11/01/14                                                                                                   | 2,400 | 2,621,544  |
| 5.00%, 11/01/15                                                                                                   | 1,500 | 1,642,170  |
| 5.00%, 11/01/16                                                                                                   | 500   | 554,980    |
| 5.38%, 11/01/24                                                                                                   | 125   | 133,588    |
| Michigan State Building Authority,<br>Refunding RB:                                                               |       |            |
| Facilities Program, Series I, 6.25%,<br>10/15/38                                                                  | 3,900 | 4,118,400  |
| Facilities Program, Series I (AGC),<br>5.25%, 10/15/24                                                            | 4,000 | 4,182,160  |
| Facilities Program, Series I (AGC),<br>5.25%, 10/15/25                                                            | 2,000 | 2,063,620  |
| Facilities Program, Series I (AGC),<br>5.25%, 10/15/26                                                            | 600   | 614,808    |
| Facilities Program, Series II<br>(NPFGC), 5.00%, 10/15/29                                                         | 3,500 | 3,500,735  |
| State of Michigan, COP (AMBAC), 5.54%,<br>6/01/22 (c)(d)                                                          | 3,000 | 2,004,600  |
| State of Michigan, RB, GAN (AGM),<br>5.25%, 9/15/27                                                               | 5,250 | 5,457,060  |
|                                                                                                                   |       | 27,956,950 |

## Transportation — 13.4%

|                                                                                                   |       |           |
|---------------------------------------------------------------------------------------------------|-------|-----------|
| Sturgis Building Authority, RB, Sturgis<br>Hospital Project (NPFGC), 4.75%,<br>10/01/34           | 475   | 437,774   |
| Wayne County Airport Authority, RB,<br>Detroit Metropolitan Wayne County<br>Airport, AMT (NPFGC): |       |           |
| 5.25%, 12/01/25                                                                                   | 7,525 | 7,271,709 |
| 5.25%, 12/01/26                                                                                   | 6,300 | 6,009,381 |
| 5.00%, 12/01/34                                                                                   | 9,160 | 7,716,750 |

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Wayne County Airport Authority,

Refunding RB, AMT (AGC):

|                 |       |            |
|-----------------|-------|------------|
| 5.75%, 12/01/25 | 4,000 | 4,038,920  |
| 5.75%, 12/01/26 | 1,000 | 1,002,990  |
| 5.38%, 12/01/32 | 8,700 | 8,008,698  |
|                 |       | 34,486,222 |

## Utilities — 22.5%

City of Detroit Michigan, RB:

Second Lien, Series B (AGM),

|                |       |           |
|----------------|-------|-----------|
| 7.00%, 7/01/36 | 3,000 | 3,361,890 |
|----------------|-------|-----------|

Second Lien, Series B (NPFGC),

|                    |       |           |
|--------------------|-------|-----------|
| 5.00%, 7/01/13 (a) | 1,550 | 1,690,244 |
|--------------------|-------|-----------|

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

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BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

**Schedule of Investments**(continued)

(Percentages shown are based on Net Assets)

|                                                     | Par<br>(000) | Value        |
|-----------------------------------------------------|--------------|--------------|
| Municipal Bonds                                     |              |              |
| Michigan (concluded)                                |              |              |
| Utilities (concluded)                               |              |              |
| City of Detroit Michigan, RB (concluded):           |              |              |
| Second Lien, Series B (NPFGC),                      |              |              |
| 5.00%, 7/01/34                                      | \$ 2,420     | \$ 2,078,466 |
| Senior Lien, Series A (AGM), 5.00%,                 |              |              |
| 7/01/25                                             | 4,000        | 3,850,320    |
| Senior Lien, Series A (FGIC), 5.75%,                |              |              |
| 7/01/11 (a)                                         | 5,250        | 5,348,228    |
| Senior Lien, Series A (NPFGC),                      |              |              |
| 5.00%, 7/01/34                                      | 6,900        | 5,926,203    |
| Series B (NPFGC), 5.25%,                            |              |              |
| 7/01/13 (a)                                         | 11,790       | 12,920,189   |
| City of Detroit Michigan, Refunding RB:             |              |              |
| Second Lien, Series C (AGM),                        |              |              |
| 5.00%, 7/01/29                                      | 10,570       | 9,671,444    |
| (FGIC), 6.25%, 7/01/12 (c)                          | 525          | 542,740      |
| City of Grand Rapids Michigan, RB                   |              |              |
| (NPFGC), 5.00%, 1/01/34                             | 11,385       | 11,407,315   |
| Michigan Municipal Bond Authority, RB,              |              |              |
| Clean Water Revolving-Pooled, 5.00%,                |              |              |
| 10/01/27                                            | 1,240        | 1,323,464    |
|                                                     |              | 58,120,503   |
| Total Municipal Bonds in Michigan                   |              | 358,812,278  |
| Guam — 1.1%                                         |              |              |
| County/City/Special District/School District — 0.5% |              |              |
| Territory of Guam, RB, Section 30,                  |              |              |
| Series A, 5.63%, 12/01/29                           | 1,400        | 1,359,876    |
| Utilities — 0.6%                                    |              |              |
| Guam Power Authority, Refunding RB,                 |              |              |
| Series A (AGM), 5.00%, 10/01/37                     | 1,565        | 1,410,362    |
| Total Municipal Bonds in Guam                       |              | 2,770,238    |
| Puerto Rico — 5.8%                                  |              |              |
| County/City/Special District/School District — 1.9% |              |              |

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|                                                                                                                        |        |             |
|------------------------------------------------------------------------------------------------------------------------|--------|-------------|
| Puerto Rico Sales Tax Financing Corp.,<br>Refunding RB, First Sub-Series C<br>(AGM), 5.13%, 8/01/42                    | 5,100  | 4,830,159   |
| <b>Housing — 0.8%</b>                                                                                                  |        |             |
| Puerto Rico Housing Finance Authority,<br>Refunding RB, Subordinate, Capital<br>Fund Modernization, 5.13%,<br>12/01/27 | 2,000  | 2,008,020   |
| <b>State — 2.1%</b>                                                                                                    |        |             |
| Puerto Rico Public Buildings Authority,<br>Refunding RB, Government Facilities,<br>Series M-3 (NPFGC), 6.00%, 7/01/27  | 2,100  | 2,145,129   |
| Puerto Rico Sales Tax Financing Corp.,<br>Refunding RB, CAB, Series A<br>(NPFGC) (d):<br>5.18%, 8/01/43                | 12,500 | 1,451,875   |
| 4.99%, 8/01/46                                                                                                         | 20,000 | 1,852,200   |
|                                                                                                                        |        | 5,449,204   |
| <b>Transportation — 1.0%</b>                                                                                           |        |             |
| Puerto Rico Highway & Transportation<br>Authority, Refunding RB, Series CC<br>(AGC), 5.50%, 7/01/31                    | 2,750  | 2,733,198   |
| Total Municipal Bonds in Puerto Rico                                                                                   |        | 15,020,581  |
| Total Municipal Bonds – 146.1%                                                                                         |        | 376,603,097 |

| Municipal Bonds Transferred to Tender                                                    | Par       |               |
|------------------------------------------------------------------------------------------|-----------|---------------|
| Option Bond Trusts (e)                                                                   | (000)     | Value         |
| <b>Michigan — 12.0%</b>                                                                  |           |               |
| <b>Corporate — 4.7%</b>                                                                  |           |               |
| Wayne State University, Refunding RB,<br>General (AGM), 5.00%, 11/15/35                  | \$ 12,210 | \$ 12,107,314 |
| <b>County/City/Special District/School District — 2.6%</b>                               |           |               |
| Lakewood Public Schools Michigan, GO,<br>School Building & Site (AGM), 5.00%,<br>5/01/37 | 6,470     | 6,673,611     |
| <b>Education — 4.7%</b>                                                                  |           |               |
| Portage Public Schools Michigan, GO,<br>School Building & Site (AGM), 5.00%,<br>5/01/31  | 4,650     | 4,663,624     |
| Saginaw Valley State University,                                                         |           |               |

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Refunding RB, General (AGM), 5.00%,

|         |       |            |
|---------|-------|------------|
| 7/01/31 | 7,500 | 7,544,400  |
|         |       | 12,208,024 |

Total Municipal Bonds Transferred to

|                                   |  |            |
|-----------------------------------|--|------------|
| Tender Option Bond Trusts – 12.0% |  | 30,988,949 |
|-----------------------------------|--|------------|

Total Long-Term Investments

|                                 |  |             |
|---------------------------------|--|-------------|
| (Cost – \$409,308,247) – 158.1% |  | 407,592,046 |
|---------------------------------|--|-------------|

Short-Term Securities

BIF Michigan Municipal Money Fund

|              |           |           |
|--------------|-----------|-----------|
| 0.00% (f)(g) | 7,713,140 | 7,713,140 |
|--------------|-----------|-----------|

Total Short-Term Securities

|                             |  |           |
|-----------------------------|--|-----------|
| (Cost – \$7,713,140) – 3.0% |  | 7,713,140 |
|-----------------------------|--|-----------|

Total Investments

|                                  |  |             |
|----------------------------------|--|-------------|
| (Cost – \$417,021,387*) – 161.1% |  | 415,305,186 |
|----------------------------------|--|-------------|

Other Assets Less Liabilities – 1.3%

3,353,596

Liability for Trust Certificates, Including Interest

|                                   |  |              |
|-----------------------------------|--|--------------|
| Expense and Fees Payable – (6.3)% |  | (16,211,291) |
|-----------------------------------|--|--------------|

|                                                 |  |               |
|-------------------------------------------------|--|---------------|
| Preferred Shares, at Redemption Value – (56.1)% |  | (144,612,547) |
|-------------------------------------------------|--|---------------|

|                                                 |  |                |
|-------------------------------------------------|--|----------------|
| Net Assets Applicable to Common Shares – 100.0% |  | \$ 257,834,944 |
|-------------------------------------------------|--|----------------|

\* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2011, as computed for federal income tax purposes, were as follows:

|                               |  |                |
|-------------------------------|--|----------------|
| Aggregate cost                |  | \$ 401,061,276 |
| Gross unrealized appreciation |  | \$ 11,432,529  |
| Gross unrealized depreciation |  | (13,378,619)   |
| Net unrealized depreciation   |  | \$ (1,946,090) |

(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) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty                | Value        | Unrealized<br>Appreciation |
|-----------------------------|--------------|----------------------------|
| Stifel Nicolaus & Co., Inc. | \$ 3,397,472 | \$ 41,975                  |

(c) Security is collateralized by Municipal or US Treasury obligations.

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APRIL 30, 2011

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

**Schedule of Investments** (continued)

(d) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(e) 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.

(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:

|                                         | Shares<br>Held at<br>July 31,<br>2010 | Net<br>Activity | Shares<br>Held at<br>April 30,<br>2011 | Income |
|-----------------------------------------|---------------------------------------|-----------------|----------------------------------------|--------|
| Affiliate                               |                                       |                 |                                        |        |
| BIF Michigan<br>Municipal<br>Money Fund | 1,734,583                             | 5,978,557       | 7,713,140                              | —      |

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

- Financial futures contracts sold as of April 30, 2011 were as follows:

| Contracts | Issue                      | Exchange               | Expiration | Notional<br>Value | Unrealized<br>Depreciation |
|-----------|----------------------------|------------------------|------------|-------------------|----------------------------|
| 96        | 10-Year U.S. Treasury Note | Chicago Board of Trade | June 2011  | \$ 11,377,318     | \$ (252,182)               |

•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 ratings group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine 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 are summarized in three broad levels for financial reporting purposes 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 derivative financial instruments)

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

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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.

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

APRIL 30, 2011

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BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

**Schedule of Investments** (concluded)

The following tables summarize the inputs used as of April 30, 2011 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 <sup>1</sup> | —            | \$ 407,592,046 | —       | \$ 407,592,046 |
| Short-Term               |              |                |         |                |
| Securities               | \$ 7,713,140 | —              | —       | 7,713,140      |
| Total                    | \$ 7,713,140 | \$ 407,592,046 | —       | \$ 415,305,186 |

<sup>1</sup> See above Schedule of Investments for values in each sector.

| Valuation Inputs                              | Level 1      | Level 2 | Level 3 | Total        |
|-----------------------------------------------|--------------|---------|---------|--------------|
| Derivative Financial Instruments <sup>2</sup> |              |         |         |              |
| Liabilities:                                  |              |         |         |              |
| Interest rate                                 |              |         |         |              |
| contracts                                     | \$ (252,182) | —       | —       | \$ (252,182) |

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

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APRIL 30, 2011

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 of

BlackRock MuniYield Michigan Quality Fund, Inc.

Date: June 24, 2011

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 24, 2011

By: /S/ Neal J. Andrews

Neal J. Andrews

Chief Financial Officer (principal financial officer) of

BlackRock MuniYield Michigan Quality Fund, Inc.

Date: June 24, 2011