

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

Form N-Q

December 22, 2015

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: 07/31/2016

Date of reporting period: 10/31/2015

Item 1 Schedule of Investments

## Schedule of Investments October 31, 2015 (Unaudited)

## BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

(Percentages shown are based on Net Assets)

|   | Par          |               |
|---|--------------|---------------|
|   | (000)        | Value         |
| <b>Municipal Bonds</b>  |              |               |
| <b>Michigan 133.0%</b>  |              |               |
| <b>Corporate 4.1%</b>   |              |               |
| County of Monroe EDC Michigan, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22              | \$ 14,500    | \$ 18,920,035 |
| <b>County/City/Special District/School District 21.5%</b>   |              |               |
| Anchor Bay School District, GO, Refunding (Q-SBLF):   |              |               |
| 4.38%, 5/01/27  | 1,600        | 1,725,872     |
| 4.50%, 5/01/29  | 1,505        | 1,613,992     |
| Berkley School District, GO, School Building & Site (Q-SBLF), 5.00%, 5/01/35  | 2,965        | 3,339,776     |
| Charter Township of Canton Michigan, GO, Capital Improvement (AGM):   |              |               |
| 5.00%, 4/01/25  | 3,090        | 3,266,810     |
| 5.00%, 4/01/26  | 3,250        | 3,437,395     |
| 5.00%, 4/01/27  | 1,000        | 1,052,990     |
| City of Oak Park Michigan, GO, Street Improvement (NPFGC), 5.00%, 5/01/16 (a)   | 1,100        | 1,126,312     |
| Columbia Michigan School District, GO, Unlimited Tax, School Building & Site (Q-SBLF), 5.00%, 5/01/38                   | 5,185        | 5,777,386     |
| Comstock Park Public Schools, GO, School Building & Site, Series B (Q-SBLF):  |              |               |
| 5.50%, 5/01/36  | 1,200        | 1,391,316     |
| 5.50%, 5/01/41  | 2,185        | 2,529,072     |
| County of Genesee Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/19   | 1,000        | 1,019,870     |
| Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39             | 5,300        | 5,911,302     |
| Dearborn School District, GO, Series A (Q-SBLF):  |              |               |
| 5.00%, 5/01/32  | 1,500        | 1,707,450     |
| 5.00%, 5/01/33  | 1,600        | 1,812,784     |
| 5.00%, 5/01/34  | 1,200        | 1,354,152     |
| Farmington Public School District, GO, Refunding, School Building & Site (AGM):   |              |               |
| 5.00%, 5/01/33  | 1,500        | 1,701,315     |
| 5.00%, 5/01/34  | 1,500        | 1,701,315     |
| 5.00%, 5/01/35  | 1,000        | 1,132,470     |
|   | <b>Par</b>   |               |
|   | <b>(000)</b> | <b>Value</b>  |
| <b>Municipal Bonds</b>  |              |               |
| <b>Michigan (continued)</b>   |              |               |
| <b>County/City/Special District/School District (continued)</b>   |              |               |
| Flint EDC, RB, Michigan Department of Human Services Office Building Project, 5.25%, 10/01/41                           | \$ 4,950     | \$ 5,273,086  |
| Goodrich Area School District Michigan, GO, School Building & Site (Q-SBLF):  |              |               |
| 5.50%, 5/01/32  | 1,000        | 1,161,360     |
| 5.50%, 5/01/36  | 2,000        | 2,318,860     |
| 5.50%, 5/01/41  | 2,575        | 2,980,485     |
| Grandville Public Schools, GO, School Building & Site, Series II (Q-SBLF), 5.00%, 5/01/40                               | 3,250        | 3,564,080     |
| Harper Creek Community School District Michigan, GO, Refunding (AGM) (Q-SBLF), 5.00%, 5/01/22                           | 2,125        | 2,127,593     |
| Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41   | 6,750        | 7,669,215     |
| Jonesville Community Schools Michigan, GO, Refunding (NPFGC) (Q-SBLF), 5.00%, 5/01/29                                   | 1,085        | 1,085,152     |
| Lincoln Consolidated School District Michigan, GO, Refunding (NPFGC) (Q-SBLF), 4.63%, 5/01/28                           | 4,425        | 4,502,039     |
| Livonia Public Schools School District Michigan, GO, Series I (AGM), 5.00%, 5/01/43                                     | 5,000        | 5,501,550     |
| Mattawan Consolidated School District, GO, Series I (Q-SBLF), 5.00%, 5/01/39  | 3,375        | 3,755,295     |
| Montrose Community Schools, GO (NPFGC) (Q-SBLF), 6.20%, 5/01/17   | 415          | 433,858       |
| Thornapple Kellogg School District Michigan, GO, Refunding, School Building & Site (NPFGC) (Q-SBLF), 5.00%, 5/01/17 (a) | 3,000        | 3,201,900     |
| Troy School District, GO (Q-SBLF), 5.00%, 5/01/28   | 2,000        | 2,328,060     |
| Walled Lake Consolidated School District, GO (Q-SBLF):  |              |               |
| 5.00%, 5/01/37  | 2,850        | 3,188,323     |
| 5.00%, 5/01/40  | 2,630        | 2,918,774     |
| 5.00%, 5/01/43  | 1,530        | 1,692,364     |



## Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>Michigan (continued)</b>  |              |              |
| <b>County/City/Special District/School District (continued)</b>                                      |              |              |
| Zeeland Public Schools, GO, School Building & Site, Series A (AGM):                                  |              |              |
| 5.00%, 5/01/33   | \$ 1,000     | \$ 1,117,800 |
| 5.00%, 5/01/34   | 1,000        | 1,114,380    |
| 5.00%, 5/01/35   | 1,000        | 1,110,130    |
|  |              | 98,645,883   |
| <b>Education 20.7%</b>   |              |              |
| City of Grand Rapids Michigan, EDC, RB, Ferris State University Project, Series A, 5.50%, 10/01/35   |              |              |
|  | 760          | 857,865      |
| Ferris State University, Refunding RB, General (AGM):  |              |              |
| 4.50%, 10/01/24  | 1,595        | 1,742,490    |
| 4.50%, 10/01/25  | 1,405        | 1,534,920    |
| Grand Valley State University, RB (NPFGC), 5.50%, 2/01/18  | 1,115        | 1,163,224    |
| Michigan Finance Authority, Refunding RB, Series 25 A, AMT, Student Loan Revenue:                    |              |              |
| 4.00%, 11/01/28  | 8,750        | 8,845,637    |
| 4.00%, 11/01/29  | 5,900        | 5,938,586    |
| 4.00%, 11/01/30  | 2,850        | 2,851,454    |
| 4.00%, 11/01/31  | 3,150        | 3,143,952    |
| Michigan State University, Refunding RB, General:  |              |              |
| Series A, 5.00%, 8/15/41   | 5,000        | 5,612,450    |
| Series C, 5.00%, 2/15/40   | 8,470        | 9,445,659    |
| Series C, 5.00%, 2/15/44   | 1,000        | 1,115,190    |
| Michigan Technological University, RB, General, Series A, 5.00%, 10/01/45                            | 1,800        | 1,964,628    |
| Michigan Technological University, Refunding RB, Series A, 5.00%, 10/01/34                           | 840          | 948,310      |
| Oakland University, RB, General:   |              |              |
| 5.00%, 3/01/32   | 400          | 438,816      |
| Series A, 5.00%, 3/01/38   | 6,515        | 7,173,145    |
| Series A, 5.00%, 3/01/43   | 16,845       | 18,466,500   |
| University of Michigan, RB, Series A, 5.00%, 4/01/39   | 3,425        | 3,893,026    |
| Wayne State University, RB, Series A, 5.00%, 11/15/40  | 3,000        | 3,326,310    |
| Western Michigan University, Refunding RB, General, University and College Improvements:             |              |              |
| 5.25%, 11/15/40  | 3,500        | 3,860,955    |
| 5.25%, 11/15/43  | 8,475        | 9,576,326    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Michigan (continued)</b>  |              |              |
| <b>Education (continued)</b>   |              |              |
| Western Michigan University, Refunding RB, General, University and College Improvements (continued): |              |              |
| (AGM), 5.25%, 11/15/33   | \$ 1,000     | \$ 1,134,460 |
| (AGM), 5.00%, 11/15/39   | 1,750        | 1,927,433    |
|  |              | 94,961,336   |
| <b>Health 34.8%</b>  |              |              |
| Grand Traverse County Hospital Finance Authority, RB, Series A:                                      |              |              |
| 5.00%, 7/01/44   | 4,230        | 4,569,288    |
| 5.00%, 7/01/47   | 2,200        | 2,371,424    |
| Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36           | 7,500        | 8,072,700    |
| Kent Hospital Finance Authority Michigan, Refunding RB, Spectrum Health, Series A, 5.00%, 11/15/29   | 7,500        | 8,486,850    |
| Michigan Finance Authority, RB, Sparrow Obligated Group:   |              |              |
| 5.00%, 11/15/36  | 2,500        | 2,696,600    |
| 5.00%, 11/15/45  | 3,750        | 4,113,563    |
| Michigan Finance Authority, Refunding RB:  |              |              |
| 5.00%, 6/01/39   | 1,500        | 1,637,670    |
| Hospital, McLaren Health Care, 5.00%, 5/15/32  | 1,000        | 1,125,090    |
| Hospital, McLaren Health Care, 5.00%, 5/15/33  | 2,000        | 2,240,280    |
| Hospital, McLaren Health Care, 5.00%, 5/15/34  | 5,000        | 5,590,950    |
| Hospital, McLaren Health Care, 5.00%, 5/15/34  | 1,500        | 1,677,285    |

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|   |       |           |
|---|-------|-----------|
| Hospital, McLaren Health Care, 5.00%, 5/15/35         | 4,945 | 5,508,235 |
| Hospital, Oakwood Obligated Group, 5.00%, 8/15/31     | 1,500 | 1,646,835 |
| Trinity Health Credit Group, 5.00%, 12/01/31          | 5,000 | 5,573,000 |
| Trinity Health Credit Group, 5.00%, 12/01/35          | 6,500 | 7,164,885 |
| Trinity Health Credit Group, 5.00%, 12/01/39          | 5,000 | 5,470,850 |
| Michigan State Hospital Finance Authority, RB:        |       |           |
| Ascension Health Senior Credit Group, 5.00%, 11/15/25 | 6,000 | 6,775,860 |

## Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Michigan (continued)</b>   |              |              |
| <b>Health (continued)</b>   |              |              |
| Michigan State Hospital Finance Authority, RB (continued):  |              |              |
| MidMichigan Obligated Group, Series A, 5.00%, 4/15/16 (a)   | \$ 1,000     | \$ 1,021,600 |
| MidMichigan Obligated Group, Series A, 5.00%, 4/15/16 (a)   | 3,550        | 3,626,680    |
| Trinity Health Credit, Series A, 5.00%, 12/01/16 (a)  | 855          | 897,382      |
| Michigan State Hospital Finance Authority, Refunding RB:  |              |              |
| Henry Ford Health System, Series A, 5.25%, 11/15/46   | 2,500        | 2,595,600    |
| Henry Ford Health System, 5.75%, 11/15/39   | 3,165        | 3,591,959    |
| Hospital, Oakwood Obligated Group, 5.00%, 11/01/32  | 4,000        | 4,398,440    |
| Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/17 (a)   | 5,730        | 6,162,271    |
| Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/17 (a)   | 3,970        | 4,269,497    |
| Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/17 (a)   | 1,000        | 1,075,440    |
| Hospital, Sparrow Obligated Group, 5.00%, 11/15/17 (a)  | 3,330        | 3,626,170    |
| Hospital, Sparrow Obligated Group, 5.00%, 11/15/31  | 1,365        | 1,440,880    |
| McLaren Health Care, Series A, 5.75%, 5/15/18 (a)   | 6,000        | 6,746,700    |
| McLaren Health Care, Series A, 5.00%, 6/01/35   | 2,250        | 2,477,498    |
| Trinity Health Credit Group, 6.50%, 12/01/18 (a)  | 1,895        | 2,218,079    |
| Trinity Health Credit Group, 6.50%, 12/01/33  | 505          | 576,599      |
| Trinity Health Credit Group, Series A, 6.13%, 12/01/18 (a)  | 940          | 1,089,554    |
| Trinity Health Credit Group, Series A, 6.25%, 12/01/18 (a)  | 1,500        | 1,744,350    |
| Trinity Health Credit Group, Series C, 4.00%, 12/01/32  | 5,300        | 5,463,982    |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital:                                       |              |              |
| Series D, 5.00%, 9/01/39  | 25,505       | 27,787,187   |
| Series V, 8.25%, 9/01/18 (a)  | 2,000        | 2,409,820    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Michigan (continued)</b>   |              |              |
| <b>Health (continued)</b>   |              |              |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital(continued):                            |              |              |
| Series W, 6.00%, 8/01/19 (a)  | \$ 1,500     | \$ 1,771,065 |
|   |              | 159,712,118  |
| <b>Housing 6.9%</b>   |              |              |
| Michigan State HDA, RB:   |              |              |
| Deaconess Tower, AMT (Ginnie Mae), 5.25%, 2/20/48   | 2,000        | 2,039,720    |
| Series A, 4.75%, 12/01/25   | 6,840        | 7,342,261    |
| Series A, 4.45%, 10/01/34   | 1,000        | 1,028,610    |
| Series A, 4.63%, 10/01/39   | 3,490        | 3,590,338    |
| Series A, 4.30%, 10/01/40   | 3,320        | 3,346,859    |
| Series A, 4.75%, 10/01/44   | 5,000        | 5,147,850    |
| Williams Pavilion, AMT (Ginnie Mae), 4.75%, 4/20/37   | 3,485        | 3,513,542    |
| Michigan State HDA, Refunding RB, Series A, 6.05%, 10/01/41   | 5,460        | 5,884,406    |
|   |              | 31,893,586   |
| <b>State 15.1%</b>  |              |              |
| Michigan Finance Authority, Refunding RB, Detroit Regional Convention Facility Authority Local Project Bonds, 5.00%, 10/01/39 |              |              |
|   | 5,400        | 5,920,452    |
| Michigan State Finance Authority, RB, Local Government Loan Program, Series F, 5.00%, 4/01/31                                 | 1,000        | 1,077,880    |
| Michigan Strategic Fund, RB, Michigan Senate Offices Project, Series A, 5.25%, 10/15/40                                       | 3,000        | 3,365,730    |
| Michigan Strategic Fund, Refunding RB, Cadillac Place Office Building Project, 5.25%, 10/15/31                                | 7,000        | 7,962,430    |
| State of Michigan, COP (AMBAC), 0.00%, 6/01/22 (b)(c)   | 3,000        | 2,663,910    |
| State of Michigan Building Authority, RB, Local Government Loan Program, Series F, 5.25%, 10/01/41                            | 8,595        | 9,202,752    |
| State of Michigan Building Authority, Refunding RB, Facilities Program:   |              |              |
| Series I, 6.25%, 10/15/18 (a)   | 3,780        | 4,372,591    |
| Series I, 6.25%, 10/15/38   | 2,470        | 2,804,957    |

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|                                 |       |           |
|---------------------------------|-------|-----------|
| Series I (AGC), 5.25%, 10/15/24 | 6,000 | 6,836,280 |
|---------------------------------|-------|-----------|

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

OCTOBER 31, 2015

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## Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

|  | Par          |                    |
|--|--------------|--------------------|
|  | (000)        | Value              |
| <b>Municipal Bonds</b>   |              |                    |
| <b>Michigan (continued)</b>  |              |                    |
| <b>State (continued)</b>   |              |                    |
| State of Michigan Building Authority, Refunding RB, Facilities Program (continued):                      |              |                    |
| Series I (AGC), 5.25%, 10/15/25  | \$ 3,500     | \$ 3,976,910       |
| Series I (AGC), 5.25%, 10/15/26  | 1,000        | 1,133,270          |
| Series I-A, 5.50%, 10/15/45  | 2,000        | 2,232,780          |
| Series II (AGM), 5.00%, 10/15/26   | 7,500        | 8,428,125          |
| State of Michigan Trunk Line Fund, RB:   |              |                    |
| 5.00%, 11/15/33  | 3,000        | 3,466,950          |
| 5.00%, 11/15/36  | 5,345        | 6,067,590          |
|  |              | 69,512,607         |
| <b>Transportation 14.4%</b>  |              |                    |
| State of Michigan, RB, GAB (AGM), 5.25%, 9/15/27   |              |                    |
|  | 8,500        | 9,188,755          |
| Wayne County Airport Authority, RB:  |              |                    |
| Detroit Metropolitan Wayne County Airport, AMT (NPFGC), 5.25%, 12/01/25                                  | 10,000       | 10,042,300         |
| Detroit Metropolitan Wayne County Airport, AMT (NPFGC), 5.00%, 12/01/34                                  | 7,985        | 8,017,100          |
| Detroit Metropolitan Wayne County Airport, AMT (NPFGC), 5.00%, 12/01/39                                  | 1,475        | 1,565,609          |
| Series D, 5.00%, 12/01/45  | 5,000        | 5,424,450          |
| Wayne County Airport Authority, Refunding RB, AMT:   |              |                    |
| (AGC), 5.75%, 12/01/25   | 4,000        | 4,490,120          |
| (AGC), 5.75%, 12/01/26   | 4,060        | 4,557,472          |
| (AGC), 5.38%, 12/01/32   | 13,000       | 14,339,650         |
| Series F, 5.00%, 12/01/34  | 8,000        | 8,665,280          |
|  |              | 66,290,736         |
| <b>Utilities 15.5%</b>   |              |                    |
| City of Detroit Michigan Sewage Disposal System, Refunding RB, Senior Lien, Series A, 5.25%, 7/01/39     |              |                    |
|  | 2,655        | 2,874,914          |
| City of Detroit Michigan Water Supply System, RB, Senior Lien, Series A (NPFGC), 5.00%, 7/01/34          |              |                    |
|  | 2,340        | 2,347,769          |
|  | <b>Par</b>   |                    |
|  | <b>(000)</b> | <b>Value</b>       |
| <b>Municipal Bonds</b>   |              |                    |
| <b>Michigan (continued)</b>  |              |                    |
| <b>Utilities (continued)</b>   |              |                    |
| City of Detroit Michigan Water Supply System, Refunding RB, 2nd Lien, Series C (AGM), 5.00%, 7/01/29     |              |                    |
|  | \$ 16,745    | \$ 16,998,184      |
| City of Grand Rapids Michigan Sanitary Sewer System, Refunding RB, Series A (NPFGC), 5.50%, 1/01/22      |              |                    |
|  | 1,500        | 1,726,860          |
| City of Holland Michigan Electric Utility System, RB, Series A, 5.00%, 7/01/39                           |              |                    |
|  | 10,000       | 11,305,500         |
| City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A:                         |              |                    |
| 5.00%, 7/01/27   | 3,180        | 3,698,181          |
| 5.00%, 7/01/31   | 6,830        | 7,782,034          |
| 5.00%, 7/01/37   | 3,335        | 3,737,401          |
| 5.50%, 7/01/41   | 5,000        | 5,887,950          |
| City of Port Huron Michigan, RB, Water Supply System:  |              |                    |
| 5.25%, 10/01/31  | 500          | 544,450            |
| 5.63%, 10/01/40  | 1,500        | 1,675,845          |
| Michigan Finance Authority, Refunding RB, Senior Lien, Detroit Water and Sewer, Series C-3:              |              |                    |
| 5.00%, 7/01/31   | 1,000        | 1,116,830          |
| 5.00%, 7/01/32   | 5,250        | 5,825,977          |
| 5.00%, 7/01/33   | 3,000        | 3,329,130          |
| Michigan Municipal Bond Authority, RB, State Clean Water Revolving Fund, Pooled Project, 5.00%, 10/01/27 |              |                    |
|  | 2,000        | 2,311,200          |
|  |              | 71,162,225         |
| <b>Total Municipal Bonds in Michigan</b>   |              | <b>611,098,526</b> |
| <b>Guam 3.0%</b>   |              |                    |
| <b>State 3.0%</b>  |              |                    |

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Territory of Guam, RB:

|  |       |           |
|--|-------|-----------|
| Business Privilege Tax Bonds, Series A, 5.25%, 1/01/36   | 810   | 887,533   |
| Business Privilege Tax Bonds, Series A, 5.13%, 1/01/42   | 8,240 | 8,891,372 |
| Business Privilege Tax Bonds, Series B-1, 5.00%, 1/01/32 | 1,495 | 1,634,872 |
| Business Privilege Tax Bonds, Series B-1, 5.00%, 1/01/37 | 70    | 75,376    |

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BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

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## Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

|   | Par        |               |
|---|------------|---------------|
|   | (000)      | Value         |
| <b>Municipal Bonds</b>  |            |               |
| <b>Guam (continued)</b>   |            |               |
| <b>State (continued)</b>  |            |               |
| Territory of Guam, RB (continued):  |            |               |
| Limited Obligation Bonds, Section 30, Series A, 5.63%, 12/01/29                                 | \$ 2,250   | \$ 2,486,430  |
| <b>Total Municipal Bonds in Guam</b>  |            | 13,975,583    |
| <b>U.S. Virgin Islands 2.1%</b>   |            |               |
| <b>State 2.1%</b>   |            |               |
| Virgin Islands Public Finance Authority, Refunding RB, Series C, 5.00%, 10/01/39                | 8,935      | 9,489,238     |
| <b>Total Municipal Bonds 138.1%</b>   |            | 634,563,347   |
| <b>Municipal Bonds Transferred to</b>   |            |               |
| <b>Tender Option Bond Trusts (d)</b>  |            |               |
| <b>Michigan 17.6%</b>   |            |               |
| <b>County/City/Special District/School District 4.3%</b>  |            |               |
| Lakewood Public Schools Michigan, GO, School Building & Site (AGM) (Q-SBLF), 5.00%, 5/01/17 (a) | 10,925     | 11,660,227    |
| Portage Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/31               | 7,500      | 8,070,825     |
|   |            | 19,731,052    |
| <b>Education 12.0%</b>  |            |               |
| Michigan State University, Refunding RB, General, Series A, 5.00%, 8/15/38                      | 10,000     | 11,291,000    |
| Saginaw Valley State University, Refunding RB, General (AGM), 5.00%, 7/01/31                    | 10,000     | 10,823,400    |
| Wayne State University, RB, General, Series A, 5.00%, 11/15/40                                  | 10,000     | 11,087,700    |
|   | <b>Par</b> |               |
| <b>Municipal Bonds Transferred to</b>   |            |               |
| <b>Tender Option Bond Trusts (d)</b>  |            |               |
| <b>Michigan (continued)</b>   |            |               |
| <b>Education (continued)</b>  |            |               |
| Wayne State University, Refunding RB, General (AGM), 5.00%, 11/15/35                            | \$ 20,000  | \$ 21,883,568 |
|   |            | 55,085,668    |
| <b>Health 1.3%</b>  |            |               |
| Michigan Finance Authority, RB, Hospital, Trinity Health Credit Group, 5.00%, 12/01/39          | 190        | 207,892       |
| Michigan State Building Authority, Refunding RB, Facilities Program, Series I, 5.00%, 10/15/45  | 5,150      | 5,707,900     |
|   |            | 5,915,792     |
| <b>Total Municipal Bonds Transferred to</b>   |            | 80,732,512    |
| <b>Tender Option Bond Trusts 17.6%</b>  |            | 80,732,512    |
| <b>Total Long-Term Investments</b>  |            | 715,295,859   |
| <b>(Cost \$667,728,650) 155.7%</b>  |            | 715,295,859   |
| <b>Short-Term Securities</b>  |            |               |
| <b>Shares</b>   |            |               |
| FFI Institutional Tax-Exempt Fund, 0.02% (e)(f)   | 7,153,514  | 7,153,514     |
| <b>Total Short-Term Securities</b>  |            | 7,153,514     |
| <b>(Cost \$7,153,514) 1.5%</b>  |            | 7,153,514     |
| <b>Total Investments (Cost \$674,882,164*) 157.2%</b>   |            | 722,449,373   |
| <b>Other Assets Less Liabilities 1.9%</b>   |            | 8,614,933     |

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|   |                       |
|---|-----------------------|
| <b>Liability for TOB Trust Certificates, Including Interest</b> |                       |
| <b>Expense and Fees Payable (8.6)%</b>                          | (39,564,867)          |
| <b>VRDP Shares, at Liquidation Value (50.5)%</b>                | (231,900,000)         |
| <b>Net Assets Applicable to Common Shares 100.0%</b>            | <b>\$ 459,599,439</b> |

\* As of period end, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

|                               |                |
|-------------------------------|----------------|
| Tax cost                      | \$ 635,392,369 |
| Gross unrealized appreciation | \$ 47,862,426  |
| Gross unrealized depreciation | (360,420)      |
| Net unrealized appreciation   | \$ 47,502,006  |

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

OCTOBER 31, 2015

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## Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

## Notes to Schedule of Investments

- (a) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) Security is collateralized by municipal bonds or U.S. Treasury obligations.
- (c) Zero-coupon bond.
- (d) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing.
- (e) During the period ended October 31, 2015, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                         | Shares Held<br>at July 31,<br>2015 | Net<br>Activity | Shares Held<br>at October 31,<br>2015 | Income |
|-----------------------------------|------------------------------------|-----------------|---------------------------------------|--------|
| FFI Institutional Tax-Exempt Fund | 1,873,459                          | 5,280,055       | 7,153,514                             | \$ 340 |

- (f) Represents the current yield as of period end.

## Portfolio Abbreviations

|              |   |
|--------------|---|
| <b>AGC</b>   | Assured Guarantee Corp.                 |
| <b>AGM</b>   | Assured Guaranty Municipal Corp.        |
| <b>AMBAC</b> | American Municipal Bond Assurance Corp. |
| <b>AMT</b>   | Alternative Minimum Tax (subject to)    |
| <b>COP</b>   | Certificates of Participation           |
| <b>EDC</b>   | Economic Development Corp.              |
| <b>GAB</b>   | Grant Anticipation Bonds                |
| <b>GO</b>    | General Obligation Bonds                |
| <b>HDA</b>   | Housing Development Authority           |
| <b>NPFGC</b> | National Public Finance Guarantee Corp. |
| <b>RB</b>    | Revenue Bonds                           |

## Derivative Financial Instruments Outstanding as of Period End

## Financial Futures Contracts

| Contracts<br>Short | Issue | Expiration | Notional<br>Value | Unrealized<br>Appreciation |
|--------------------|-------|------------|-------------------|----------------------------|
|--------------------|-------|------------|-------------------|----------------------------|

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|              |                            |               |             |    |         |
|--------------|----------------------------|---------------|-------------|----|---------|
| (27)         | 5-Year U.S. Treasury Note  | December 2015 | \$3,233,883 | \$ | 37,733  |
| (46)         | 10-Year U.S. Treasury Note | December 2015 | \$5,873,625 |    | 83,678  |
| (19)         | Long U.S. Treasury Bond    | December 2015 | \$2,972,312 |    | 62,518  |
| (3)          | U.S. Ultra Bond            | December 2015 | \$479,250   |    | 10,215  |
| <b>Total</b> |                            |               |             | \$ | 194,144 |

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BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

OCTOBER 31, 2015

## Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

**Fair Value Hierarchy as of Period End**

Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial reporting purposes as follows:

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

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

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

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

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value 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 investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Fund's most recent financial statements as contained in its annual report.

As of period end, the following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 715,295,859 |         | \$ 715,295,859 |
| Short-Term Securities              | \$ 7,153,514 |                |         | 7,153,514      |
| <b>Total</b>                       | \$ 7,153,514 | \$ 715,295,859 |         | \$ 722,449,373 |

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

| Derivative Financial Instruments <sup>1</sup> | Level 1    | Level 2 | Level 3 | Total      |
|---|------------|---------|---------|------------|
| <b>Assets:</b>                                |            |         |         |            |
| Interest rate contracts                       | \$ 194,144 |         |         | \$ 194,144 |

<sup>1</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation (depreciation) on the instrument.

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 the investment advisor. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.





## Schedule of Investments (concluded)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial reporting purposes. As of period end, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1    | Level 2          | Level 3 | Total            |
|--|------------|------------------|---------|------------------|
| <b>Assets:</b>                               |            |                  |         |                  |
| Cash pledged for financial futures contracts | \$ 375,950 |                  |         | \$ 375,950       |
| <b>Liabilities:</b>                          |            |                  |         |                  |
| Bank overdraft                               |            | \$ (391,755)     |         | (391,755)        |
| TOB Trust Certificates                       |            | (39,554,998)     |         | (39,554,998)     |
| VRDP Shares                                  |            | (231,900,000)    |         | (231,900,000)    |
| <b>Total</b>                                 | \$ 375,950 | \$ (271,846,753) |         | \$ (271,470,803) |

During the period ended October 31, 2015, there were no transfers between levels.

Item 2 Controls and Procedures

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

Item 3 Exhibits

Certifications Attached hereto

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

BlackRock MuniYield Michigan Quality Fund, Inc.

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

Date: December 22, 2015

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

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

Date: December 22, 2015

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

Date: December 22, 2015