

BLACKROCK MUNIYIELD CALIFORNIA QUALITY FUND, INC
Form N-CSR
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-06692

Name of Fund: BlackRock MuniYield California Quality Fund, Inc. (MCA)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield California 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: 07/31/2012

Item 1 – Report to Stockholders

July 31, 2012

Annual Report

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

Not FDIC Insured § No

Bank Guarantee § May

Lose Value

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Dear Shareholder

About this time one year ago, financial markets fell into turmoil, triggered by Standard & Poor's historic downgrade of US government debt. Since then, asset prices have continued to move broadly in risk-on rallies and risk-off retreats driven by macro-level concerns, primarily the sovereign debt crisis in Europe and uncertainty about global economic growth.

Equity markets crumbled in the third quarter of 2011 as fearful investors fled riskier assets in favor of traditionally safe investments including US Treasuries and gold. In October, however, improving economic data and more concerted efforts among European leaders toward stemming the region's debt crisis drew investors back to the markets. Improving sentiment carried over into early 2012 as investors saw some relief from the world's financial woes. Volatility abated and risk assets (including stocks, commodities and high yield bonds) moved boldly higher through the first two months of 2012 while climbing Treasury yields pressured higher-quality fixed income assets.

Markets reversed course in the spring when Europe's debt problems boiled over once again. High levels of volatility returned as political instability in Greece threatened the country's membership in the euro zone. Spain faced severe deficit issues while the nation's banks clamored for liquidity. Yields on Spanish and Italian government debt rose to levels deemed unsustainable. European leaders conferred and debated vehemently over the need for fiscal integration among the 17 nations comprising the euro currency bloc as a means to resolve the crisis for the long term.

Alongside the drama in Europe, investors were discouraged by gloomy economic reports from various parts of the world. A slowdown in China, a key powerhouse for global growth, became particularly worrisome. In the United States, disappointing jobs reports dealt a crushing blow to sentiment. Risk assets sold off in the second quarter as investors again retreated to safe haven assets.

The summer brought a modest rebound in most asset classes. However, financial markets continued to swing sharply in both directions as investors reacted to mixed economic data as well as comments and policy actions or lack of action from central banks around the globe.

On the whole, higher quality investments outperformed riskier asset classes for the 12 months ended July 31, 2012 as investors continued to focus on safety. US Treasury bonds delivered the strongest returns, followed by tax-exempt municipal bonds. Some higher-risk investments, including US large-cap stocks and corporate bonds, managed to post gains for the one-year period, and while US small-cap stocks generated a slight gain for the 12-month period, they posted a marginal loss for the last 6 months. International and emerging equities, which experienced significant downturns in 2011, lagged other asset classes amid ongoing global uncertainty. US large-cap stocks and high yield bonds rallied higher in recent months as many investors increased their appetite for risk. Continued low short-term interest rates kept yields on money market securities near their all-time lows.

We know that investors continue to face a world of uncertainty and highly volatile markets, but we also believe these challenging times present many opportunities. We remain committed to working with you and your financial professional to identify actionable ideas for your portfolio. We encourage you to visit www.blackrock.com/newworld for more information.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

We know that investors continue to face a world of uncertainty and highly volatile markets, but we also believe these challenging times present many opportunities.

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of July 31, 2012

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	6-month	12-month
US large cap equities (S&P 500® Index)	6.25%	9.13%
US small cap equities (Russell 2000® Index)	(0.03)	0.19
International equities (MSCI Europe, Australasia, Far East Index)	(1.15)	(11.45)
Emerging market equities (MSCI Emerging Markets Index)	(4.83)	(13.93)
3-month Treasury bill (BofA Merrill Lynch 3-Month US Treasury Bill Index)	0.05	0.07
US Treasury securities (BofA Merrill Lynch 10- Year US Treasury Index)	4.31	15.58
US investment grade bonds (Barclays US Aggregate Bond Index)	2.88	7.25
Tax-exempt municipal bonds (S&P Municipal Bond Index)	3.22	10.70
US high yield bonds (Barclays US Corporate High Yield 2% Issuer Capped Index)	6.05	8.00

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

THIS PAGE NOT PART OF YOUR FUND REPORT

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Municipal Market Overview

For the 12-Month Period Ended July 31, 2012

One year ago, the municipal bond market was rebounding from a prolonged weak period stemming from events in the fourth quarter of 2010. Municipals had suffered severe losses in late 2010 amid a steepening US Treasury yield curve, political uncertainty and a flood of inflated headlines about municipal finance troubles. A significant supply-demand imbalance had developed by the end of the year, leading to wider quality spreads and higher yields for municipal bonds heading into 2011.

Having lost confidence in municipals, retail investors retreated from the market, resulting in municipal mutual fund outflows totaling \$35.1 billion from the middle of November 2010 until the trend finally broke in June 2011. However, weak demand in the first half of 2011 was counterbalanced by lower supply. According to Thomson Reuters, total new issuance was down 32% in 2011 as compared to the prior year.

On August 5, 2011, Standard & Poor's (S&P) downgraded the US government's credit rating from AAA to AA+. While this led to the downgrade of approximately 11,000 municipal issues directly tied to the US debt rating, this represented a very small fraction of the municipal market and said nothing about the individual municipal credits themselves. In fact, demand for municipal bonds increased as severe volatility in US equities drove investors to more stable asset classes. The municipal market benefited from an exuberant Treasury market and continued muted new issuance. As supply remained constrained, demand from both traditional and non-traditional buyers was strong, pushing long-term municipal bond yields lower and sparking a curve-flattening trend that continued through year end. Ultimately, 2011 was one of the strongest performance years in municipal market history. The S&P Municipal Bond Index returned 10.62% in 2011, making municipal bonds a top-performing fixed income asset class for the year.

Strong demand carried over into 2012 as investors continued to search for yield in a low-rate environment. Municipal market supply-and-demand technicals typically strengthen considerably upon the conclusion of tax season as net negative supply takes hold. This theme remained intact for 2012. In the spring, a resurgence of concerns about Europe's financial crisis and weakening US economic data drove municipal bond yields lower and prices higher as investors were drawn to the asset class for its relatively low volatility in addition to the income and capital preservation it offers. The S&P Municipal Bond Index has gained 5.75% year-to-date.

Overall, the municipal yield curve flattened during the period from July 29, 2011 to July 31, 2012. As measured by Thomson Municipal Market Data, yields declined by 151 basis points (bps) to 2.84% on AAA-rated 30-year municipal bonds and by 101 bps to 1.66% on 10-year bonds, while yields on 5-year issues fell 51 bps to 0.65%. While the entire municipal curve flattened over the 12-month time period, the spread between 2- and 30-year maturities tightened by 140 bps, and in the 2- to 10-year range, the spread tightened by 90 bps.

The fundamental picture for municipalities continues to improve. Austerity has been the general theme across the country as states set their budgets, although a small number of states continue to rely on a kick-the-can approach to close their budget gaps, using aggressive revenue projections and accounting gimmicks. It has been over a year and a half since the fiscal problems plaguing state and local governments first became highly publicized. Thus far, the prophecy of widespread defaults across the municipal market has not materialized. Through the first half of 2012, approximately \$1.07 billion in par value of municipal bonds have entered into debt service default for the first time. This represents only 0.540% of total issuance for that period and 0.029% of total municipal bonds outstanding, as compared to 0.065% for the full year 2011. (Data provided by Bank of America Merrill Lynch.) BlackRock maintains the view that municipal bond defaults will remain in the periphery and the overall market is fundamentally sound. We continue to recognize that careful credit research and security selection remain imperative amid uncertainty in this economic environment.

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

Fund Summary as of July 31, 2012

BlackRock MuniHoldings Quality Fund II, Inc.

Fund Overview

BlackRock MuniHoldings Quality Fund II, Inc. s (MUE) (the Fund) investment objective is to provide shareholders with current income exempt from federal income taxes. The Fund seeks to achieve its investment objective by investing primarily in long-term, investment grade municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). Under normal market conditions, the Fund invests at least 80% of its assets in municipal obligations with remaining maturities of one year or more at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the 12 months ended July 31, 2012, the Fund returned 32.85% based on market price and 23.64% based on net asset value (NAV). For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 29.37% based on market price and 20.77% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund s long duration posture (greater sensitivity to interest rates) contributed positively to performance as the yield curve flattened (i.e., longer-term interest rates fell more than shorter rates) and bond prices moved higher on the long end of the municipal curve. The Fund s longer-dated holdings in the health, transportation and utilities sectors experienced the best price appreciation. The Fund used US Treasury financial futures contracts as a means of hedging interest rate risk. These positions had a slight negative impact on results as interest rates declined over the period.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions.

These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on New York Stock Exchange (NYSE)	MUE
Initial Offering Date	February 26, 1999
Yield on Closing Market Price as of July 31, 2012 (\$15.55) ¹	5.67%
Tax Equivalent Yield ²	8.72%
Current Monthly Distribution per Common Share ³	\$0.0735
Current Annualized Distribution per Common Share ³	\$0.8820
Economic Leverage as of July 31, 2012 ⁴	39%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution rate is not constant and is subject to change.

⁴ Represents Variable Rate Muni Term Preferred Shares (VMTP Shares) and tender option bond trusts (TOBs) as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VMTP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

The table below summarizes the changes in the Fund s market price and NAV per share:

	7/31/12	7/31/11	Change	High	Low
Market Price	\$ 15.55	\$ 12.46	24.80%	\$ 15.55	\$ 11.45
Net Asset Value	\$ 15.18	\$ 13.07	16.14%	\$ 15.25	\$ 13.07

The following charts show the sector and credit quality allocations of the Fund s long-term investments:

Sector Allocations

	7/31/12	7/31/11
County/City/Special District/School District	28%	26%
Transportation	21	19
Utilities	17	23
State	15	9
Health	10	9
Education	6	2
Housing	2	2
Tobacco	1	1
Corporate		9

Credit Quality Allocations⁵

	7/31/12	7/31/11
AAA/Aaa	16%	16%
AA/Aa	63	62
A	20	18
BBB/Baa	1	3
BB/Ba		1

⁵ Using the higher of S&P's or Moody's Investors Service (Moody's) ratings.

Fund Summary as of July 31, 2012

BlackRock MuniYield California Quality Fund, Inc.

Fund Overview

BlackRock MuniYield California Quality Fund, Inc. s (MCA) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from federal and California income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and California income taxes. Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the 12 months ended July 31, 2012, the Fund returned 35.48% based on market price and 23.15% based on NAV. For the same period, the closed-end Lipper California Municipal Debt Funds category posted an average return of 30.47% based on market price and 21.65% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund s long duration posture (sensitivity to interest rate movements) had a positive impact on performance as interest rates generally declined amid the investor flight-to-quality in the US Treasury market. Leverage achieved through the use of tender option bonds while the municipal yield curve was historically steep boosted returns. The Fund s holdings of higher quality essential service revenue bonds contributed positively, as did holdings of select general obligation bonds and school district credits with stronger underlying fundamentals. Investments in the health, education, transportation and utilities sectors were particularly strong contributors. Additionally, purchases of zero-coupon bonds deemed undervalued added to the Fund s total return. The Fund used US Treasury financial futures contracts to hedge against rising interest rates. These positions had a modestly negative impact on returns as interest rates declined over the period.

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Fund Information

Symbol on NYSE	MCA
Initial Offering Date	October 30, 1992
Yield on Closing Market Price as of July 31, 2012 (\$16.59) ¹	5.50%
Tax Equivalent Yield ²	8.46%
Current Monthly Distribution per Common Share ³	\$0.0760
Current Annualized Distribution per Common Share ³	\$0.9120
Economic Leverage as of July 31, 2012 ⁴	39%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution rate is not constant and is subject to change.

⁴ Represents Variable Rate Demand Preferred Shares (VRDP Shares) and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

The table below summarizes the changes in the Fund s market price and NAV per share:

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	7/31/12	7/31/11	Change	High	Low
Market Price	\$ 16.59	\$ 13.00	27.62%	\$ 16.59	\$ 12.60
Net Asset Value	\$ 16.60	\$ 14.31	16.00%	\$ 16.65	\$ 14.31

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

Sector Allocations

	7/31/12	7/31/11
County/City/Special District/School District	42%	45%
Utilities	26	28
Education	10	10
Health	10	4
Transportation	8	8
State	4	1
Corporate		4

Credit Quality Allocations⁵

	7/31/12	7/31/11
AAA/Aaa	11%	11%
AA/Aa	76	79
A	13	10

⁵ Using the higher of S&P's or Moody's ratings.

Fund Summary as of July 31, 2012

BlackRock MuniYield Michigan Quality Fund II, Inc.**Fund Overview**

BlackRock MuniYield Michigan Quality Fund II, Inc. s (MYM) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from federal and Michigan income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and Michigan income taxes. Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the 12 months ended July 31, 2012, the Fund returned 25.76% based on market price and 19.01% based on NAV. For the same period, the closed-end Lipper Michigan Municipal Debt Funds category posted an average return of 23.86% based on market price and 17.29% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. Over the one-year period, the Fund benefited from the declining interest rate environment (bond prices rise as interest rates fall), the flattening of the yield curve (long interest rates fell more than short and intermediate rates) and tightening of credit spreads. The Fund s exposure to zero-coupon bonds and the health sector had a positive impact on performance as these holdings derived the greatest benefit from the decline in interest rates and spread tightening during the period. The Fund s strategy for hedging interest rate risk was a modest detractor from performance as the Fund held a short position in US Treasury futures while rates generally declined.

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These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on NYSE	MYM
Initial Offering Date	February 28, 1992
Yield on Closing Market Price as of July 31, 2012 (\$14.52) ¹	5.70%
Tax Equivalent Yield ²	8.77%
Current Monthly Distribution per Common Share ³	\$ 0.0690
Current Annualized Distribution per Common Share ³	\$ 0.8280
Economic Leverage as of July 31, 2012 ⁴	36%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution rate is not constant and is subject to change.

⁴ Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

The table below summarizes the changes in the Fund s market price and NAV per share:

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	7/31/12	7/31/11	Change	High	Low
Market Price	\$ 14.52	\$ 12.28	18.24%	\$ 15.80	\$ 12.17
Net Asset Value	\$ 15.14	\$ 13.53	11.90%	\$ 15.18	\$ 13.53

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

Sector Allocations

	7/31/12	7/31/11
County/City/Special District/School District	27%	23%
Health	18	14
Utilities	14	17
State	14	11
Education	12	9
Transportation	8	11
Housing	4	4
Corporate	3	11

Credit Quality Allocations⁵

	7/31/12	7/31/11
AAA/Aaa	1%	2%
AA/Aa	74	69
A	20	24
BBB/Baa	4	3
Not Rated	1	2 ₆

⁵ Using the higher of S&P's or Moody's ratings.

⁶ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2011, the market value of these securities was \$5,295,911, representing 2% of the Fund's long-term investments.

Fund Summary as of July 31, 2012

BlackRock MuniYield New York Quality Fund, Inc.

Fund Overview

BlackRock MuniYield New York Quality Fund, Inc. s (MYN) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from federal income taxes and New York State and New York City personal income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and New York State and New York City personal income taxes. Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the 12 months ended July 31, 2012, the Fund returned 27.38% based on market price and 19.10% based on NAV. For the same period, the closed-end Lipper New York Municipal Debt Funds category posted an average return 23.42% based on market price and 16.21% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund s long duration posture (greater sensitivity to interest rates) contributed positively to performance as interest rates declined over the period. The Fund s holdings were concentrated on the long end of the yield curve, which benefited performance as the curve flattened and long-term interest rates declined more than rates on shorter-dated securities. Also having a positive impact were the Fund s heavy exposures to health and transportation, which were among the better performing sectors for the period. The Fund s lower quality holdings also enhanced results as credit spreads narrowed during the period. Conversely, the Fund s most significant credit exposure was in the tax-backed sector, which was one of the weaker performing sectors for the period. The strongest performing sector during the period was tobacco, to which the Fund held limited exposure.

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These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on NYSE	MYN
Initial Offering Date	February 28, 1992
Yield on Closing Market Price as of July 31, 2012 (\$15.11) ¹	5.64%
Tax Equivalent Yield ²	8.68%
Current Monthly Distribution per Common Share ³	\$0.0710
Current Annualized Distribution per Common Share ³	\$0.8520
Economic Leverage as of July 31, 2012 ⁴	38%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution rate is not constant and is subject to change.

⁴ Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

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The table below summarizes the changes in the Fund's market price and NAV per share:

	7/31/12	7/31/11	Change	High	Low
Market Price	\$ 15.11	\$ 12.60	19.92%	\$ 15.12	\$ 12.10
Net Asset Value	\$ 15.07	\$ 13.44	12.13%	\$ 15.12	\$ 13.44

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

Sector Allocations

	7/31/12	7/31/11
County/City/Special District/School District	30%	28%
Transportation	26	29
Education	13	11
State	10	11
Utilities	9	8
Health	6	5
Housing	3	3
Corporate	2	4
Tobacco	1	1

Credit Quality Allocations⁵

	7/31/12	7/31/11
AAA/Aaa	13%	12%
AA/Aa	48	54
A	29	21
BBB/Baa	9	10
BB/Ba	1	2
Not Rated ⁶		1

⁵ Using the higher of S&P's or Moody's ratings.

⁶ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2012 and July 31, 2011, the market value of these securities was \$3,070,810, representing less than 1%, and \$3,909,236, representing 1%, respectively, of the Fund's long-term investments.

Fund Summary as of July 31, 2012

BlackRock MuniYield Quality Fund III, Inc.

Fund Overview

BlackRock MuniYield Quality Fund III, Inc. s (MYI) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from federal income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the 12 months ended July 31, 2012, the Fund returned 38.08% based on market price and 23.45% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 29.37% based on market price and 20.77% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. Over the one-year period, the Fund benefited from the declining interest rate environment (bond prices rise as interest rates fall), the flattening of the yield curve (long interest rates fell more than short and intermediate rates) and tightening of credit spreads. The Fund s exposure to zero-coupon bonds and the health sector had a positive impact on performance as these holdings derived the greatest benefit from the decline in interest rates and spread tightening during the period. The Fund s strategy for hedging interest rate risk was a modest detractor from performance as the Fund held a short position in US Treasury futures while rates generally declined.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions.

These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on NYSE	MYI
Initial Offering Date	March 27, 1992
Yield on Closing Market Price as of July 31, 2012 (\$15.81) ¹	5.46%
Tax Equivalent Yield ²	8.40%
Current Monthly Distribution per Common Share ³	\$0.0720
Current Annualized Distribution per Common Share ³	\$0.8640
Economic Leverage as of July 31, 2012 ⁴	37%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution rate is not constant and is subject to change.

⁴ Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

The table below summarizes the changes in the Fund s market price and NAV per share:

7/31/12	7/31/11	Change	High	Low
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Market Price	\$ 15.81	\$ 12.17	29.91%	\$ 15.82	\$ 11.86
Net Asset Value	\$ 15.32	\$ 13.19	16.15%	\$ 15.36	\$ 13.19

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

Sector Allocations

	7/31/12	7/31/11
Transportation	27%	27%
State	23	10
Utilities	16	17
County/City/Special District/School District	12	24
Health	9	7
Education	8	9
Housing	4	5
Corporate	1	1

Credit Quality Allocations⁵

	7/31/12	7/31/11
AAA/Aaa	11%	7%
AA/Aa	64	65
A	22	21
BBB/Baa	3	3
Not Rated		4 ₆

⁵ Using the higher of S&P's or Moody's ratings.

⁶ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2011, the market value of these securities was \$20,992,023, representing 1% of the Fund's long-term investments.

The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the yield and NAV of their common shares (Common Shares). However, these objectives cannot be achieved in all interest rate environments.

To obtain leverage, the Funds issue Variable Rate Demand Preferred Shares (VRDP Shares) or Variable Rate Muni Term Preferred Shares (VMTP Shares) and previously issued and had outstanding Auction Market Preferred Shares (AMPS) (VRDP Shares, VMTP Shares, and as applicable AMPS, are collectively referred to as Preferred Shares). Preferred Shares pay dividends at prevailing short-term interest rates, and the Funds invest the proceeds in long-term municipal bonds. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's shareholders will benefit from the incremental net income.

The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV. However, in order to benefit shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. If the yield curve becomes negatively sloped, meaning short-term interest rates exceed long-term interest rates, income to shareholders will be lower than if the Funds had not used leverage.

To illustrate these concepts, assume a Fund's Common Shares capitalization is \$100 million and it issues Preferred Shares for an additional \$50 million, creating a total value of \$150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays dividends on the \$50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with assets received from Preferred Shares issuance earn income based on long-term interest rates. In this case, the dividends paid to holders of Preferred Shares (Preferred Shareholders) are significantly lower than the income earned on the Fund's long-term investments, and therefore the Common Shareholders are the beneficiaries of the incremental net income.

If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental net income pickup will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates, the yield curve has a negative slope. In this case, the Fund pays higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates.

Furthermore, the value of the Funds' portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Funds' Preferred Shares does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds' NAVs positively or negatively in addition to the impact on Fund performance from leverage from Preferred Shares discussed above.

The Funds may also leverage their assets through the use of TOBs, as described in Note 1 of the Notes to Financial Statements. TOB investments generally will provide the Funds with economic benefits in periods of declining short-term interest rates, but expose the Funds to risks during periods of rising short-term interest rates similar to those associated with Preferred Shares issued by the Funds, as described above. Additionally, fluctuations in the market value of municipal bonds deposited into the TOB trust may adversely affect each Fund's NAV per share.

The use of leverage may enhance opportunities for increased income to the Funds and Common Shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Funds' NAVs, market prices and dividend rates than comparable portfolios without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Funds' net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, each Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to Common Shareholders will be reduced. Each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause a Fund to incur losses. The use of leverage may limit each Fund's ability to invest in certain types of securities or use certain types of hedging strategies, such as in the case of certain restrictions imposed by rating agencies that rate the Preferred Shares issued by the Funds. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by Common Shareholders and may reduce income to the Common Shares.

Under the Investment Company Act of 1940, as amended (the 1940 Act), the Funds are permitted to issue senior securities in the form of equity securities (e.g., Preferred Shares) up to 50% of their total managed assets (each Fund's total assets less the sum of its accrued liabilities). In addition, each Fund voluntarily limits its economic leverage to 45% of its total managed assets. As of July 31, 2012, the Funds had economic leverage from Preferred Shares and/or TOBs as a percentage of their total managed assets as follows:

	Percent of Economic Leverage
MUE	39%
MCA	39%
MYM	36%
MYN	38%
MYI	37%

Derivative Financial Instruments

The Funds may invest in various derivative financial instruments, including financial futures contracts, as specified in Note 2 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a security, index and/or market without owning or taking physical custody of securities or to hedge market and/or interest rate risks. Derivative financial instruments involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Funds' ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require a Fund to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause a Fund to hold an investment that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

Schedule of Investments July 31, 2012

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)
(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Alabama 2.1%		
Birmingham Special Care Facilities Financing Authority, RB, Children's Hospital (AGC), 6.00%, 6/01/39	\$ 5,225	\$ 6,100,971
Selma IDB, RB, International Paper Co. Project, Series A, 5.38%, 12/01/35	940	1,024,121
		7,125,092
Arizona 2.8%		
Arizona Board of Regents, Refunding COP, University of Arizona, Series C, 5.00%, 6/01/28	4,180	4,821,756
Arizona Board of Regents, Refunding RB, Arizona State University System, Series A: 5.00%, 6/01/42	1,705	1,954,339
5.00%, 7/01/42	2,460	2,806,712
		9,582,807
California 17.1%		
California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38	5,050	6,031,114
California Health Facilities Financing Authority, RB: Stanford Hospital and Clinics, Series A, 5.00%, 8/15/42	2,770	3,059,853
Sutter Health, Series B, 6.00%, 8/15/42	2,865	3,440,865
California Statewide Communities Development Authority, RB, Kaiser Permanente, Series A, 5.00%, 4/01/42	2,345	2,566,790
City of San Jose California Airport, Refunding RB, Series A-1, AMT, 5.50%, 3/01/30	4,045	4,560,293
City of Sunnyvale California, Refunding RB, 5.25%, 4/01/40	2,800	3,230,584
County of Sacramento California, ARB, Senior Series A (AGC), 5.50%, 7/01/41	3,500	3,934,700
Emery Unified School District, GO, Election of 2010, Series A (AGM), 5.50%, 8/01/35	1,875	2,170,219
Los Angeles Community College District California, GO: Election of 2001, Series A (NPFGC), 5.00%, 8/01/32	5,000	5,636,700
Election of 2008, Series C, 5.25%, 8/01/39	2,500	2,914,850
Oceanside Unified School District California, GO, Series A (AGC), 5.25%, 8/01/33 (a)	1,675	1,880,539
Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/34	2,670	3,179,142
San Bernardino Community College District, GO, Election of 2002, Series A, 6.25%, 8/01/33	2,165	2,600,057
San Francisco City & County Airports Commission, RB, Specialty Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20	1,250	1,253,712
Municipal Bonds		
California (concluded)		
State of California, GO, Refunding: Various Purpose, 5.00%, 9/01/41	\$ 5,760	\$ 6,281,971
	10	10,017

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Veterans, Series BZ, AMT (NPFGC), 5.35%,
12/01/21

University of California, Refunding RB, Limited Project, Series G, 5.00%, 5/15/37 (a)	1,500	1,733,490
Ventura County Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/33	3,175	3,776,631
		58,261,527

Colorado 1.1%

Colorado Health Facilities Authority, RB, Hospital, NMC, Inc. Project, Series B (AGM), 6.00%, 5/15/26	3,300	3,909,609
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Florida 9.2%

City of Jacksonville Florida, RB, Series A, 5.25%, 10/01/26	2,000	2,403,880
County of Lee Florida, Refunding ARB, Series A, AMT, 5.38%, 10/01/32	2,500	2,752,575
County of Miami-Dade Florida, Refunding RB, Miami International Airport, Series A, AMT (AGM): 5.25%, 10/01/41	4,610	4,937,495
5.50%, 10/01/41	4,180	4,543,200
Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34	7,600	8,791,604
Tohopekaliga Water Authority, Refunding RB, Series A, 5.25%, 10/01/36	6,965	8,055,301
		31,484,055

Idaho 0.1%

Idaho Housing & Finance Association, RB, S/F Mortgage, Series E, AMT, 6.00%, 1/01/32	230	230,375
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Illinois 13.1%

Chicago Board of Education Illinois, GO, Series A, 5.50%, 12/01/39	3,405	3,969,617
Chicago Board of Education Illinois, GO, Refunding, Chicago School Reform Board, Series A (NPFGC), 5.50%, 12/01/26	895	1,112,915
Chicago Transit Authority, RB: Federal Transit Administration Section 5309, Series A (AGC), 6.00%, 6/01/26	3,400	4,021,418
Sales Tax Receipts, 5.25%, 12/01/36	1,060	1,211,103
Sales Tax Receipts, 5.25%, 12/01/40	3,135	3,576,502

Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedules 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)
ARB	Airport Revenue Bonds
BHAC	Berkshire Hathaway Assurance Corp.
BOCES	Board of Cooperative Educational Services
CAB	Capital Appreciation Bonds
COP	Certificates of Participation
EDA	Economic Development Authority
ERB	Education Revenue Bonds
EDC	Economic Development Corp.
FHA	Federal Housing Administration
GAB	Grant Anticipation Bonds
GO	General Obligation Bonds

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HDA	Housing Development Authority
HFA	Housing Finance Agency
IDB	Industrial Development Board
IDRB	Industrial Development Revenue Bonds
ISD	Independent School District
LRB	Lease Revenue Bonds
MRB	Mortgage Revenue Bonds
NPFGC	National Public Finance Guarantee Corp.
PILOT	Payment in Lieu of Taxes
PSF-GTD	Permanent School Fund Guaranteed
Q-SBLF	Qualified School Bond Loan Fund
RB	Revenue Bonds
S/F	Single-Family
SONYMA	State of New York Mortgage Agency
Syncora	Syncora Guarantee

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)
(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Illinois (concluded)		
City of Chicago Illinois, ARB, O Hare International Airport, General, Third Lien:		
Series A, 5.75%, 1/01/39	\$ 2,000	\$ 2,357,480
Series C, 6.50%, 1/01/41	9,085	11,153,473
City of Chicago Illinois, Refunding ARB, O Hare International Airport, General, Third Lien, Series C (AGM), 5.25%, 1/01/35	1,695	1,897,807
City of Chicago Illinois, Refunding RB, Sales Tax, Series A, 5.25%, 1/01/38	1,310	1,503,854
Cook County Forest Preserve District, GO, Series C, 5.00%, 12/15/32	965	1,100,476
Cook County Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/32	455	518,877
Metropolitan Pier & Exposition Authority, Refunding RB, McCormick Place Project, Series B, 5.00%, 12/15/28	3,400	3,936,248
Railsplitter Tobacco Settlement Authority, RB:		
5.50%, 6/01/23	2,350	2,742,262
6.00%, 6/01/28	670	779,686
State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/28	4,000	4,641,200
		44,522,918
Indiana 2.8%		
Indiana Municipal Power Agency, RB, Series A (NPFGC), 5.00%, 1/01/42	6,300	6,784,974
Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38	2,370	2,689,760
		9,474,734
Kansas 0.3%		
Sedgwick & Shawnee Counties Kansas, MRB, Series A-2, AMT (Ginnie Mae), 6.20%, 12/01/33	1,035	1,081,575
Kentucky 3.7%		
Kentucky Turnpike Authority, RB, Economic Development Road, Revitalization Projects, Series A, 5.00%, 7/01/28	10,430	12,676,726
Massachusetts 0.4%		
Massachusetts Development Finance Agency, RB, Wellesley College, Series J, 5.00%, 7/01/42	1,125	1,314,630
Michigan 5.6%		
City of Detroit Michigan, RB, Series B:		
Second Lien (NPFGC), 5.50%, 7/01/29	4,170	4,614,439
Senior Lien (AGM), 7.50%, 7/01/33	1,330	1,671,943
City of Detroit Michigan, Refunding RB, Senior Lien, Series C-1 (AGM), 7.00%, 7/01/27	4,180	5,012,029
Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41	3,420	3,867,575
Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39	3,115	4,018,070
		19,184,056

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Minnesota 0.7%		
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38	1,975	2,367,136
Nevada 2.5%		
County of Clark Nevada, RB: Las Vegas-McCarran International Airport, Series A (AGM), 5.25%, 7/01/39	6,510	7,297,970
Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/36	1,300	1,376,232
		8,674,202
	Par (000)	Value
Municipal Bonds		
New Jersey 6.1%		
New Jersey EDA, RB, Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/33	\$ 7,775	\$ 8,322,982
New Jersey Health Care Facilities Financing Authority, RB, Virtua Health (AGC), 5.50%, 7/01/38	3,400	3,783,520
New Jersey Transportation Trust Fund Authority, RB, Transportation System: Series A, 5.50%, 6/15/41	3,030	3,541,525
Series A (AGC), 5.63%, 12/15/28	2,930	3,466,629
Series B, 5.25%, 6/15/36	1,500	1,728,315
		20,842,971
New York 9.3%		
Hudson New York Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47	940	1,101,746
Metropolitan Transportation Authority, RB, Series E, 5.00%, 11/15/42	810	910,448
New York City Municipal Water Finance Authority, Refunding RB: Fiscal 2009, Series EE, 5.25%, 6/15/40	6,930	7,993,824
Second General Resolution, Series EE, 5.38%, 6/15/43	2,220	2,611,319
New York City Transitional Finance Authority, RB: Future Tax Secured, Sub-Series C, 5.00%, 11/01/39	2,760	3,147,670
Sub-Series S-2A, 5.00%, 7/15/30	4,045	4,710,686
New York State Dormitory Authority, RB, Series B: 5.00%, 3/15/37	5,750	6,657,925
5.00%, 3/15/42	2,365	2,721,429
New York State Thruway Authority, RB, Series I, 5.00%, 1/01/37	1,740	1,970,185
		31,825,232
North Carolina 1.9%		
North Carolina HFA, RB, Home Ownership, Series 14A, AMT (AMBAC), 5.35%, 1/01/22	865	865,000
North Carolina Medical Care Commission, RB, Duke University Health System, Series A, 5.00%, 6/01/32	3,400	3,918,874
North Carolina Medical Care Commission, Refunding RB, WakeMed, Series A, 5.00%, 10/01/31	1,420	1,611,231
		6,395,105
Pennsylvania 0.7%		
Philadelphia Hospitals & Higher Education Facilities Authority, Refunding RB, Children's Hospital, Series D, 5.00%, 7/01/32	1,940	2,238,256
Puerto Rico 1.2%		
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.38%, 8/01/39	3,500	4,146,205
South Carolina 3.9%		
City of North Charleston South Carolina, RB, 5.00%, 6/01/35	2,265	2,553,538

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South Carolina State Public Service Authority,
Refunding RB, Series A:

Santee Cooper, 5.50%, 1/01/38	2,500	2,978,325
(AMBAC), 5.00%, 1/01/42	7,000	7,883,400
		13,415,263

Texas 21.2%

City of Austin Texas, Refunding RB, Series A (AGM), 5.00%, 11/15/28	1,300	1,528,072
City of Houston Texas, Refunding RB, Combined, First Lien, Series A (AGC), 6.00%, 11/15/35	6,700	8,169,645
Dallas Area Rapid Transit, Refunding RB, Senior Lien, 5.25%, 12/01/38	5,655	6,408,133
Harris County Health Facilities Development Corp., Refunding RB, Memorial Hermann Healthcare System, Series B, 7.25%, 12/01/35	1,000	1,214,470
Katy ISD Texas, GO, Refunding, School Building, Series A (PSF-GTD), 5.00%, 2/15/42	1,890	2,204,949

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)
(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Texas (concluded)		
Lamar Texas Consolidated ISD, GO, Refunding, School House, Series A, 5.00%, 2/15/45	\$ 2,055	\$ 2,382,628
North Texas Tollway Authority, RB, Special Projects System, Series A, 5.50%, 9/01/41	7,000	8,314,810
North Texas Tollway Authority, Refunding RB, First Tier System:		
Series A (NPFGC), 5.63%, 1/01/33	10,975	12,248,210
Series A (NPFGC), 5.75%, 1/01/40	11,575	12,958,560
Series B (NPFGC), 5.75%, 1/01/40	1,000	1,119,530
Series K-2 (AGC), 6.00%, 1/01/38	1,000	1,158,090
Tarrant County Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC), 6.50%, 7/01/37	3,000	3,503,760
Texas State Turnpike Authority, RB, First Tier, Series A (AMBAC), 5.00%, 8/15/42	3,295	3,295,857
Texas Tech University, Refunding RB, Improvement Financing, 14th Series A, 5.00%, 8/15/29	2,000	2,379,100
University of Texas System, Refunding RB, Financing System, Series B, 5.00%, 8/15/43	4,575	5,376,037
		72,261,851
Virginia 1.9%		
Virginia Public School Authority, RB, School Financing, 6.50%, 12/01/35	2,195	2,736,836
Virginia Resources Authority, RB, 5.00%, 11/01/42	3,110	3,628,312
		6,365,148
Washington 2.7%		
City of Seattle Washington, Refunding RB, Series A, 5.25%, 2/01/36	2,400	2,804,472
State of Washington, GO:		
Motor Vehicle Tax, Senior 520, 5.00%, 6/01/41	3,600	4,100,976
Various Purpose, Series B, 5.25%, 2/01/36	1,865	2,190,014
		9,095,462
Wisconsin 1.0%		
Wisconsin Health & Educational Facilities Authority, RB, Ascension Health, Series D, 5.00%, 11/15/41	3,125	3,470,281
Total Municipal Bonds 111.4%		379,945,216
Municipal Bonds Transferred to Tender Option Bond Trusts (b)		
Alabama 1.2%		
Mobile Board of Water & Sewer Commissioners, RB (NPFGC), 5.00%, 1/01/31	3,750	3,981,713
California 1.7%		
Sequoia Union High School District California, GO, Refunding, Election of 2004, Series B (AGM), 5.50%, 7/01/35	5,189	5,679,055
Colorado 2.9%		
Colorado Health Facilities Authority, RB, Catholic Health, Series C-3 (AGM), 5.10%, 10/01/41	9,410	10,050,445

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District of Columbia 0.6%		
District of Columbia Water & Sewer Authority, Refunding RB, Series A, 6.00%, 10/01/35	1,700	2,069,739
Florida 7.5%		
City of St. Petersburg Florida, Refunding RB (NPFGC), 5.00%, 10/01/35	6,493	7,106,245
County of Miami-Dade Florida, GO, Building Better Communities Program, Series B-1, 6.00%, 7/01/38	12,500	14,563,000
Municipal Bonds Transferred to Tender Option Bond Trusts (b)	Par (000)	Value
Florida (concluded)		
County of Miami-Dade Florida, RB, Transit System, Sales Surtax, 5.00%, 7/01/42 (a)	\$ 1,650	\$ 1,851,415
Lee County Housing Finance Authority, RB, Multi-County Program, Series A-2, AMT (Ginnie Mae), 6.00%, 9/01/40	2,055	2,190,651
		25,711,311
Georgia 2.0%		
Augusta-Richmond County Georgia, Water & Sewer, RB (AGM), 5.25%, 10/01/34	6,290	6,786,218
Illinois 6.8%		
City of Chicago Illinois, ARB, O Hare International Airport, Series A, 5.00%, 1/01/38	15,000	16,090,200
City of Chicago Illinois, Refunding RB: Water System, 5.00%, 11/01/42	2,439	2,776,436
Water System, Second Lien (AGM), 5.25%, 11/01/33	3,969	4,452,512
		23,319,148
Kentucky 0.8%		
Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27	2,304	2,675,502
Massachusetts 3.3%		
Massachusetts School Building Authority, RB: Dedicated Sales Tax, Senior Series B, 5.00%, 10/15/41	5,080	5,869,635
Series A (AGM), 5.00%, 8/15/30	4,994	5,527,109
		11,396,744
Nevada 6.6%		
Clark County Water Reclamation District, GO: Limited Tax, 6.00%, 7/01/38	10,000	12,334,400
Series B, 5.50%, 7/01/29	8,247	10,220,218
		22,554,618
New Jersey 1.2%		
New Jersey State Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29	3,861	4,264,300
New York 10.0%		
New York City Municipal Water Finance Authority, Refunding RB, Series FF, 5.00%, 6/15/45	5,958	6,832,422
New York City Transitional Finance Authority, RB: Building Aid Revenue, Fiscal 2009, Series S-3, 5.25%, 1/15/39	2,300	2,598,206
Future Tax Secured, Sub-Series E-1, 5.00%, 2/01/42	2,919	3,370,259
New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Construction, 5.25%, 12/15/43	7,515	8,668,177
New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51	4,400	5,205,860
Sales Tax Asset Receivable Corp., Refunding RB, Series A (AMBAC), 5.25%, 10/15/27	6,751	7,399,019

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		34,073,943
Puerto Rico 1.0%		
Puerto Rico Sales Tax Financing Corp., Refunding RB, Sales Tax, Series C, 5.25%, 8/01/40	3,020	3,353,665
Texas 1.7%		
Waco Educational Finance Corp., Refunding RB, Baylor University, 5.00%, 3/01/43	4,995	5,727,467
Utah 0.8%		
City of Riverton Utah Hospital, RB, IHC Health Services Inc., 5.00%, 8/15/41	2,504	2,736,921

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)
(Percentages shown are based on Net Assets)

Municipal Bonds Transferred to Tender Option Bond Trusts (b)	Par (000)	Value
Washington 3.9%		
City of Bellevue Washington, GO, Refunding (NPFGC), 5.50%, 12/01/14 (c)	\$ 6,883	\$ 7,700,643
University of Washington, Refunding RB, Series A, 5.00%, 7/01/41	4,694	5,472,148
		13,172,791
Total Municipal Bonds Transferred to Tender Option Bond Trusts 52.0%		177,553,580
Total Investments (Cost \$506,170,498) 163.4%		557,498,796
Other Assets Less Liabilities 1.1%		3,602,773
Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (26.1)%		(88,957,167)
VMTP Shares, at Liquidation Value (38.4)%		(131,000,000)
Net Assets Applicable to Common Shares 100.0%		\$ 341,144,402

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

Counterparty	Value	Unrealized Appreciation (Depreciation)
JPMorgan Chase & Co.	\$ 1,851,415	\$ 17,242
Pershing LLC	\$ 1,733,490	\$ (3,681)
Stifel Nicolaus & Co.	\$ 1,880,539	\$ 220,134

(b) 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. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

(c) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.

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

Affiliate	Shares Held at July 31, 2011	Net Activity	Shares Held at July 31, 2012	Income
FFI Institutional Tax-Exempt Fund	13,223,965	(13,223,965)		\$ 1,465

Fair Value Measurements Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

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

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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)

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 is based on the pricing transparency of the investment 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 other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the Fund's investments categorized in the disclosure hierarchy as of July 31, 2012:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments ¹		\$ 557,498,796		\$ 557,498,796

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

Certain of the Fund's liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of July 31, 2012, such liabilities are categorized within the disclosure hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Liabilities:				
Bank overdraft		\$ (1,860,269)		\$ (1,860,269)
TOB trust certificates		(88,920,856)		(88,920,856)
VMTP Shares		(131,000,000)		(131,000,000)
Total		\$ (221,781,125)		\$ (221,781,125)

There were no transfers between levels during the year ended July 31, 2012.

See Notes to Financial Statements.

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Schedule of Investments July 31, 2012

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

	Par (000)	Value
Municipal Bonds		
California 87.1%		
Corporate 0.5%		
City of Chula Vista California, Refunding RB, San Diego Gas & Electric, Series A, 5.88%, 2/15/34	\$ 2,435	\$ 2,874,396
County/City/Special District/School District 30.7%		
Bay Area Governments Association, Refunding RB, California Redevelopment Agency Pool, Series A (AGM), 6.00%, 12/15/24	255	259,710
California State Public Works Board, RB, Various Capital Projects, Sub-Series I-1, 6.13%, 11/01/29	3,110	3,723,167
Chabot-Las Positas Community College District, GO, CAB, Series C (AMBAC), 5.31%, 8/01/37 (a)	10,000	2,699,700
County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 8/01/35	2,000	2,344,220
Desert Community College District, GO, CAB, Election of 2004, Series C (AGM), 5.48%, 8/01/46 (a)	5,000	794,550
Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/28	2,500	2,694,925
Fremont Unified School District Alameda County California, GO, Series A (NPFGC), 5.50%, 8/01/12 (b)	10,755	10,862,550
Grossmont Healthcare District, GO, Election of 2006, Series B, 6.13%, 7/15/40	2,500	3,068,075
Grossmont Union High School District, GO, Election of 2008, Series C, 5.50%, 8/01/33	1,855	2,229,766
Los Angeles Community Redevelopment Agency California, RB, Bunker Hill Project, Series A (AGM), 5.00%, 12/01/27	7,000	7,547,680
Los Angeles County Metropolitan Transportation Authority, Refunding RB, Proposition A, First Tier, Senior Series A (AMBAC), 5.00%, 7/01/27	4,000	4,410,080
Los Angeles Municipal Improvement Corp., Refunding RB, Real Property, Series B (AGC), 5.50%, 4/01/39	2,025	2,277,943
Merced Union High School District, GO, CAB, Election of 2008, Series C (a):		
5.17%, 8/01/33	2,500	855,900
5.22%, 8/01/36	4,000	1,160,240
Ohlone Community College District, GO, Election of 2010, Series A, 5.25%, 8/01/41	8,140	9,415,294
Orange County Sanitation District, COP, Series A, 5.00%, 2/01/35	2,500	2,816,875
Orange County Water District, COP, Refunding, 5.25%, 8/15/34	9,045	10,520,782
Orchard School District California, GO, Election of 2001, Series A (AGC), 5.00%, 8/01/34	7,490	8,439,582
Oxnard Union High School District California, GO, Refunding, Series A (NPFGC), 6.20%, 8/01/30	9,645	10,776,069
Pittsburg Unified School District, GO, Election of 2006, Series B (AGM):		
5.50%, 8/01/34	2,000	2,284,480
5.63%, 8/01/39	4,500	5,136,255
Port of Oakland, Refunding RB, Series M (NPFGC), 5.38%, 11/01/27	5,000	5,039,250
Redlands Unified School District California, GO, Election of 2008 (AGM), 5.25%, 7/01/33	5,000	5,605,600

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San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/38	4,895	5,373,046
San Jose Financing Authority, RB: Civic Center Project, Series B (AMBAC), 5.00%, 6/01/32	11,400	11,436,366
Convention Center Expansion & Renovation Project, 5.75%, 5/01/36	2,570	2,882,769
Convention Center Expansion & Renovation Project, 5.75%, 5/01/42	4,500	5,227,740
San Juan Unified School District, GO, Election of 2002 (AGM), 5.00%, 8/01/34	6,475	7,316,297

	Par (000)	Value
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Municipal Bonds		
California (continued)		
County/City/Special District/School District (concluded)		
San Leandro Unified School District California, GO, Election of 2010, Series A, 5.75%, 8/01/41	\$ 3,000	\$ 3,570,870
Snowline Joint Unified School District, COP, Refunding, Refining Project (AGC), 5.75%, 9/01/38	5,600	6,460,160
Walnut Valley Unified School District, GO, Election of 2007, Series B, 5.75%, 8/01/41	7,680	9,082,291
West Contra Costa Unified School District California, GO: Election of 2010, Series A, 5.25%, 8/01/41	6,140	6,993,951
Election of 2002, Series B (AGM), 5.00%, 8/01/32	6,690	6,690,000
Westminster Redevelopment Agency California, Tax Allocation Bonds, Subordinate, Commercial Redevelopment Project No. 1 (AGC), 6.25%, 11/01/39	4,300	5,225,188
		175,221,371

Education 5.5%		
Anaheim City School District California, GO, Election of 2010 (AGM), 6.25%, 8/01/40	3,750	4,600,425
California Municipal Finance Authority, RB, Emerson College, 6.00%, 1/01/42	2,500	2,949,250
Gavilan Joint Community College District, GO, Election of 2004, Series D: 5.50%, 8/01/31	2,165	2,632,965
5.75%, 8/01/35	8,400	10,217,592
Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C, 4.97%, 8/01/37 (a)	12,005	3,516,745
University of California, Refunding RB, Limited Project, Series G, 5.00%, 5/15/37 (c)	6,440	7,442,450
		31,359,427

Health 15.3%		
ABAG Finance Authority for Nonprofit Corps, Refunding RB, Sharp Healthcare, Series A, 6.00%, 8/01/30	2,270	2,795,596
California Health Facilities Financing Authority, RB: Children s Hospital, Series A, 5.25%, 11/01/41	8,000	8,851,040
Providence Health Services, Series B, 5.50%, 10/01/39	4,105	4,688,238
Stanford Hospital and Clinics, Series A, 5.00%, 8/15/51	6,500	7,128,810
Sutter Health, Series A, 5.25%, 11/15/46	10,000	10,603,200
Sutter Health, Series B, 6.00%, 8/15/42	7,715	9,265,715
California Health Facilities Financing Authority, Refunding RB, Catholic Healthcare West, Series A: 6.00%, 7/01/34	2,130	2,519,108
6.00%, 7/01/39	5,500	6,489,670
California Statewide Communities Development Authority, RB:		

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Health Facility, Memorial Health Services, Series A, 6.00%, 4/01/13 (b)	3,685	3,827,831
Kaiser Permanente, Series A, 5.00%, 4/01/42	15,000	16,418,700
Kaiser Permanente, Series B, 5.25%, 3/01/45	3,845	4,060,359
Sutter Health, Series A, 6.00%, 8/15/42	4,085	4,906,085
California Statewide Communities Development Authority, Refunding RB, Catholic Healthcare West, Series D (BHAC), 5.50%, 7/01/31	865	992,968
City of Newport Beach California, RB, Hoag Memorial Hospital Presbyterian, 6.00%, 12/01/40	3,825	4,707,389
		87,254,709

See Notes to Financial Statements.

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Schedule of Investments (continued)

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

	Par (000)	Value
Municipal Bonds		
California (continued)		
Housing 0.0%		
California Rural Home Mortgage Finance Authority, RB, Mortgage-Backed Securities Program, AMT (Ginnie Mae):		
Series A, 6.35%, 12/01/29 (d)	\$ 60	\$ 61,570
Series B, 6.25%, 12/01/31	50	50,514
County of San Bernardino California, Refunding RB, Home Mortgage-Backed Securities, Series A-1, AMT (Ginnie Mae), 6.25%, 12/01/31	95	103,241
		215,325
State 6.4%		
California State Public Works Board, RB, Department of Education, Riverside Campus Project, Series B, 6.50%, 4/01/34		
	3,670	4,435,782
State of California, GO, Various Purpose:		
6.00%, 3/01/33	7,000	8,622,880
6.00%, 4/01/38	16,500	19,480,890
6.00%, 11/01/39	3,375	4,030,155
		36,569,707
Transportation 12.5%		
City of San Jose California Airport, Refunding RB, Series A-1, AMT, 6.25%, 3/01/34		
	1,400	1,660,442
County of Orange California, RB, Series B, 5.75%, 7/01/34		
	5,000	5,648,450
County of Sacramento California, RB, Airport System:		
Senior Series B, AMT (AGM), 5.25%, 7/01/33	7,550	8,154,000
Subordinated and Passenger Facility Charges/Grant, Series C (AGC), 5.75%, 7/01/39		
	5,455	6,199,225
Los Angeles Department of Airports, RB, Los Angeles International Airport, Senior Series A:		
5.25%, 5/15/29	3,760	4,348,440
5.25%, 5/15/39	2,785	3,137,999
Los Angeles Harbor Department, RB, Series B:		
5.25%, 8/01/34	5,530	6,347,942
5.25%, 8/01/39	2,480	2,813,213
San Diego County Regional Airport Authority, RB, Series B, 5.00%, 7/01/40		
	6,350	6,962,076
San Francisco City & County Airports Commission, RB:		
Series E, 6.00%, 5/01/39	9,650	11,413,055
Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20		
	1,000	1,002,970
Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.13%, 1/01/27		
	985	987,187
San Francisco City & County Airports Commission, Refunding RB, Second Series 34E, AMT (AGM):		
5.75%, 5/01/24	5,000	5,822,250
5.75%, 5/01/25	3,500	4,040,050
San Joaquin County Transportation Authority, Refunding RB, Limited Tax, Series A, 6.00%, 3/01/36		
	2,400	2,939,184
		71,476,483

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Utilities 16.2%		
Anaheim Public Financing Authority, RB, Electric System Distribution Facilities, Series A, 5.38%, 10/01/36	5,000	5,883,450
City of Los Angeles California, Refunding RB, Sub-Series A:		
5.00%, 6/01/28	2,000	2,335,040
5.00%, 6/01/32	3,000	3,452,130
Dublin-San Ramon Services District, Refunding RB, 6.00%, 8/01/41	4,000	4,871,000
East Bay Municipal Utility District, RB, Series A (NPFGC), 5.00%, 6/01/37	4,000	4,571,920

	Par (000)	Value
Municipal Bonds		
California (concluded)		
Utilities (concluded)		
East Bay Municipal Utility District, Refunding RB, Sub-Series A:		
5.00%, 6/01/30	\$ 5,000	\$ 5,970,400
5.00%, 6/01/37	10,000	11,429,800
(AMBAC), 5.00%, 6/01/33	3,000	3,425,970
Imperial Irrigation District, Refunding RB, Electric System, Series B, 5.13%, 11/01/38	5,500	6,010,455
Los Angeles Department of Water & Power, Refunding RB, Series A:		
5.25%, 7/01/39	8,000	9,362,320
5.00%, 7/01/41 (c)	5,760	6,569,741
Power System, Sub-Series A-2 (NPFGC), 5.00%, 7/01/27	15,000	15,525,000
San Diego Public Facilities Financing Authority, Refunding RB, Senior Series A, 5.25%, 5/15/34	1,000	1,150,480
San Francisco City & County Public Utilities Commission, RB, Sub-Series A, 5.00%, 11/01/34	10,000	11,688,600
		92,246,306
Total Municipal Bonds in California		497,217,724

Puerto Rico 0.4%		
State 0.4%		
Puerto Rico Sales Tax Financing Corp., Refunding RB, CAB, Senior Series C, 5.43%, 8/01/39 (a)	8,750	2,059,575
Total Municipal Bonds 87.5%		499,277,299

Municipal Bonds Transferred to Tender Option Bond Trusts (e)		
California 76.1%		
County/City/Special District/School District 38.1%		
Arcadia Unified School District California, GO, Election of 2006, Series A (AGM), 5.00%, 8/01/37	7,925	8,521,887
Desert Community College District California, GO, Series C (AGM), 5.00%, 8/01/37	12,150	13,158,936
Fremont Unified School District Alameda County California, GO, Election of 2002, Series B (AGM), 5.00%, 8/01/30	15,997	17,708,360
Los Angeles Community College District California, GO: Election of 2001, Series A (AGM), 5.00%, 8/01/32	12,000	13,528,080
Election of 2001, Series A (NPFGC), 5.00%, 8/01/32	26,438	29,804,088
Election of 2003, Series E (AGM), 5.00%, 8/01/31	7,497	8,355,163
Election of 2003, Series F-1, 5.00%, 8/01/33	12,000	13,554,840
Election of 2008, Series A, 6.00%, 8/01/33	9,596	11,685,182
Los Angeles County Metropolitan Transportation Authority, Refunding RB, Proposition A, First Tier,	6,828	7,527,814

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Senior Series A (AMBAC), 5.00%, 7/01/35 Los Angeles County Sanitation Districts Financing Authority, Refunding RB, Capital Project 14 (BHAC), 5.00%, 10/01/34	4,998	5,501,065
Los Angeles Unified School District California, GO, Series I, 5.00%, 1/01/34	5,000	5,650,300
Ohlone Community College District, GO, Series B (AGM), 5.00%, 8/01/30	19,998	21,907,760
Poway Unified School District, GO, Election of 2002, Improvement District 02, Series 1-B (AGM), 5.00%, 8/01/30	10,000	10,878,400

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Municipal Bonds Transferred to Tender Option Bond Trusts (e) California (concluded)	Par (000)	Value
County/City/Special District/School District (concluded)		
San Bernardino Community College District California, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31	\$ 7,550	\$ 8,459,775
San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/30	7,350	7,784,826
San Francisco Bay Area Rapid Transit District, Refunding RB, Series A (NPFGC), 5.00%, 7/01/30	19,630	21,583,185
San Francisco Bay Area Transit Financing Authority, Refunding RB, Series A (NPFGC), 5.00%, 7/01/34	10,497	11,541,584
		217,151,245
Education 11.4%		
California State University, Refunding RB, Systemwide, Series C (NPFGC), 5.00%, 11/01/35	20,000	22,064,400
Los Rios Community College District, GO, Election of 2008, Series A, 5.00%, 8/01/35	11,000	12,429,230
University of California, RB: Limited Project, Series D (AGM), 5.00%, 5/15/41	8,000	8,961,920
Series L, 5.00%, 5/15/40	7,398	8,297,594
Series O, 5.75%, 5/15/34	11,190	13,455,565
		65,208,709
Transportation 1.0%		
City of Los Angeles California Department of Airports, Refunding RB, Senior, Los Angeles International Airport, Series A, 5.00%, 5/15/40	4,999	5,611,360
Utilities 25.6%		
City of Napa California, RB (AMBAC), 5.00%, 5/01/35	9,070	9,837,776
East Bay Municipal Utility District, RB, Sub-Series A (NPFGC), 5.00%, 6/01/35	15,000	16,525,500
East Bay Municipal Utility District, Refunding RB, Sub-Series A (AMBAC), 5.00%, 6/01/37	7,990	9,103,247
Los Angeles Department of Water & Power, RB, Power System: Sub-Series A-1 (AGM), 5.00%, 7/01/37	13,525	15,231,262
Sub-Series A-1 (AMBAC), 5.00%, 7/01/37	5,029	5,663,788
Sub-Series A-2 (AGM), 5.00%, 7/01/35	7,500	8,470,350
Metropolitan Water District of Southern California, RB: Series A, 5.00%, 7/01/37	15,000	17,094,450
Series B-1 (NPFGC), 5.00%, 10/01/33	7,175	7,573,489
Rancho Water District Financing Authority, Refunding RB, Series A (AGM), 5.00%, 8/01/34	9,277	10,262,102
San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33	8,510	9,449,844
San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/31	10,000	10,564,400
San Francisco City & County Public Utilities Commission, RB, Water System Improvement Program, Sub-Series A, 5.00%, 11/01/37	22,997	26,406,403
		146,182,611

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Total Municipal Bonds Transferred to Tender Option Bond Trusts 76.1%	434,153,925
Total Long-Term Investments (Cost \$853,456,251) 163.6%	933,431,224

Short-Term Securities	Shares	Value
BIF California Municipal Money Fund, 0.00% (f)(g)	4,870,908	\$ 4,870,908
Total Short-Term Securities (Cost \$4,870,908) 0.8%		4,870,908
Total Investments (Cost \$858,327,159) 164.4%		938,302,132
Liabilities in Excess of Other Assets (0.2)%		(1,257,439)
Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (35.0)%		(199,985,472)
VRDP Shares, at Liquidation Value (29.2)%		(166,500,000)
Net Assets Applicable to Common Shares 100.0%		\$ 570,559,221

- (a) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (b) 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.
- (c) When-issued security. Unsettled when-issued transactions were as follows:

Counterparty	Value	Unrealized Appreciation (Depreciation)
Wells Fargo & Co.	\$ 6,569,741	\$ 13,766
Barclays Plc	\$ 7,442,450	\$ (15,649)

- (d) Variable rate security. Rate shown is 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. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (f) Investments in companies considered to be an affiliate of the Fund during the year, for purposes of Section 2(a)(3) of the 1940 Act, as amended, were as follows:

Affiliate	Shares Held at July 31, 2011	Net Activity	Shares Held at July 31, 2012	Income
BIF California Municipal Money Fund	15,276,406	(10,405,498)	4,870,908	

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

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 such sector sub-classifications or reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement 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)

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

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 is based on the pricing transparency of the investment 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 other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the Fund's investments categorized in the disclosure hierarchy as of July 31, 2012:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments ¹		\$ 933,431,224		\$ 933,431,224
Short-Term Securities	\$ 4,870,908			4,870,908
Total	\$ 4,870,908	\$ 933,431,224		\$ 938,302,132

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

Certain of the Fund's liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of July 31, 2012, such liabilities are categorized within the disclosure hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Liabilities:				
TOB trust certificates		\$ (199,873,663)		\$ (199,873,663)
VRDP Shares		(166,500,000)		(166,500,000)
Total		\$ (366,373,663)		\$ (366,373,663)

There were no transfers between levels during the year ended July 31, 2012.

See Notes to Financial Statements.

Schedule of Investments July 31, 2012

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

	Par (000)	Value
Municipal Bonds		
Michigan 126.0%		
Corporate 4.2%		
Dickinson County EDC, Michigan, Refunding RB, International Paper Co. Project, Series A, 5.75%, 6/01/16	\$ 2,500	\$ 2,508,175
Monroe County EDC, Michigan, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22	3,805	5,136,674
		7,644,849
County/City/Special District/School District 37.6%		
Adrian City School District Michigan, GO (AGM), 5.00%, 5/01/14 (a)	2,400	2,594,832
Anchor Bay School District, GO, Refunding (Q-SBLF):		
4.13%, 5/01/25	2,000	2,204,320
4.25%, 5/01/26	1,145	1,261,515
4.38%, 5/01/27	640	706,067
4.00%, 5/01/28	760	806,056
4.38%, 5/01/28		