

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

Form N-Q

December 23, 2013

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 811-06540

Name of Fund: BlackRock MuniYield Quality Fund III, Inc. (MYI)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield

Quality Fund III, 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: 07/31/2014

Date of reporting period: 10/31/2013

Item 1 Schedule of Investments

## Schedule of Investments October 31, 2013 (Unaudited)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Alabama 0.6%</b>		
City of Birmingham Alabama, GO, CAB, Series A, 5.05%, 3/01/43 (a)	\$ 1,940	\$ 1,631,501
City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39	3,605	4,046,577
		5,678,078
<b>Alaska 1.9%</b>		
Alaska Housing Finance Corp., RB, General Housing, Series B (NPFGC), 5.25%, 12/01/30	2,000	2,131,180
Alaska Housing Finance Corp., Refunding RB, Series A, 4.13%, 12/01/37	1,045	982,572
Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41	2,690	2,830,794
Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC), 6.00%, 9/01/28	10,150	11,821,096
		17,765,642
<b>Arizona 0.5%</b>		
City of Phoenix & County of Maricopa Arizona IDA, Refunding RB, S/F, Series A-2, AMT (Fannie Mae), 5.80%, 7/01/40	365	376,151
State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27	3,725	3,966,864
		4,343,015
<b>California 14.7%</b>		
Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.40%, 10/01/24	10,000	10,714,000
California Health Facilities Financing Authority, RB:		
St. Joseph Health System, Series A, 5.75%, 7/01/39	1,550	1,723,151
Sutter Health, Series A, 5.00%, 8/15/52	3,885	3,749,413
Sutter Health, Series B, 5.88%, 8/15/31	3,200	3,641,280
California Health Facilities Financing Authority, Refunding RB, St. Joseph s Health System, Series A, 5.00%, 7/01/37	2,965	2,998,801
California HFA, RB, S/F, Home Mortgage, Series K, AMT, 5.50%, 2/01/42	2,250	2,312,393
California State Public Works Board, LRB, Various Judicial Council Projects, Series A, 5.00%, 3/01/38	1,940	1,957,150
California State University, RB, Systemwide, Series A, 5.50%, 11/01/39	1,525	1,663,440
California Statewide Communities Development Authority, RB:		
Kaiser Permanente, Series A, 5.00%, 4/01/42	4,030	4,060,104
St. Joseph Health System, Series E (AGM), 5.25%, 7/01/47	4,000	4,055,640
City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30	1,900	2,010,105
City of San Jose California, Refunding ARB, AMT:		
Series A (AMBAC), 5.50%, 3/01/32	11,965	12,826,121
Series A-1, 5.75%, 3/01/34	2,300	2,437,931
Coast Community College District, GO, Election of 2002, Series C (AGM), 5.47%, 8/01/33 (b)	8,100	2,790,774
County of Sacramento California, ARB, Senior Series A, 5.00%, 7/01/41	12,500	12,630,500
County of San Joaquin Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36	1,830	2,101,316
Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 5.94%, 8/01/34 (b)	5,000	1,485,500
Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/14 (c)	5,800	6,031,710
Grossmont Union High School District, GO, CAB, Election of 2004, 5.27%, 8/01/31 (b)	5,110	2,029,692
Long Beach Unified School District, GO, Election of 2008, Series B, 5.58%, 8/01/34 (b)	5,000	1,595,900

## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California (continued)</b>		
Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32	\$ 1,200	\$ 1,265,988
Mount San Antonio Community College District, GO, Refunding, CAB, Election of 2008, Series A, 5.56%, 8/01/43 (a)	3,975	1,892,537
Norwalk-La Mirada Unified School District, GO, Refunding, CAB, Election of 2002, Series E (AGC), 5.83%, 8/01/38 (b)	7,620	1,837,639
Oceanside Unified School District, GO, Series A (AGC), 5.25%, 8/01/33	2,500	2,628,300
Poway Unified School District, GO, Refunding, CAB, School Facilities Improvement, Election of 2008, Series B (b):		
5.68%, 8/01/35	7,820	2,312,921
5.76%, 8/01/36	10,000	2,747,500
Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C (b):		
5.54%, 8/01/37	8,000	2,184,960
5.59%, 8/01/38	12,940	3,306,170
San Bernardino Community College District, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31	2,165	2,301,698
San Diego Unified School District California, GO, Refunding, CAB, Series R-1, 5.08%, 7/01/31 (b)	3,485	1,436,517
San Francisco Bay Area Rapid Transit District, RB, Sales Tax Revenue (AGM), 5.00%, 7/01/14 (c)	10,000	10,322,300
San Marcos Unified School District, GO, Election of 2010, Series A:		
5.00%, 8/01/34	1,800	1,896,732
5.00%, 8/01/38	1,600	1,662,352
State of California, GO, Refunding, Various Purpose:		
5.00%, 2/01/38	4,000	4,111,280
5.00%, 9/01/41	2,700	2,759,508
5.00%, 10/01/41	2,555	2,611,874
State of California, GO:		
Series 2007-2 (NPPFGC), 5.50%, 4/01/30	10	10,157
Various Purpose, 5.50%, 3/01/40	1,020	1,105,384
Various Purposes, 5.00%, 4/01/42	2,000	2,045,420
Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 5.76%, 8/01/36 (b)	6,545	1,798,631
West Valley-Mission Community College District, GO, Refunding, Election of 2004, Series A (AGM), 5.00%, 8/01/30	3,600	3,831,084
		136,883,873
<b>Florida 12.0%</b>		
City of Jacksonville Florida Transportation, Refunding RB, Series A, 5.00%, 10/01/30	770	818,341
County of Broward Florida School Board, COP, Series A (AGM), 5.25%, 7/01/33	13,100	13,912,986
County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/34	2,250	2,432,385
County of Collier Florida School Board, COP (AGM), 5.00%, 2/15/23	5,000	5,414,600
County of Lee Florida, Refunding ARB, Series A, AMT:		
5.63%, 10/01/26	2,600	2,837,016
5.38%, 10/01/32	3,440	3,527,686
County of Miami-Dade Florida, GO, Building Better Communities Program:		
Series B, 6.38%, 7/01/28	6,000	6,931,980
Series B-1, 5.75%, 7/01/33	3,700	4,096,529
County of Miami-Dade Florida, RB:		
Seaport, Series A, 6.00%, 10/01/38	5,695	6,233,690
Seaport, Series B, AMT, 6.00%, 10/01/30	1,820	1,947,618
Seaport, Series B, AMT, 6.25%, 10/01/38	1,165	1,244,814
Seaport, Series B, AMT, 6.00%, 10/01/42	1,865	1,947,041
Transit System Sales Surtax (AGM), 5.00%, 7/01/35	2,800	2,878,540
County of Miami-Dade Florida, Refunding RB:		
Subordinate Special Obligation, Series B, 5.00%, 10/01/37	2,940	3,005,680
Water & Sewer System, Series C, 6.00%, 10/01/23	20,095	23,872,860

## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Florida (concluded)</b>		
County of Miami-Dade Florida Aviation, Refunding ARB, Miami International Airport, Series A (AGM), AMT, 5.50%, 10/01/41	\$ 19,020	\$ 20,145,223
County of Palm Beach Florida Solid Waste Authority, Refunding RB, 5.00%, 10/01/31	3,100	3,231,502
County of Sarasota Florida Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39	5,135	5,258,240
County of Highlands Florida Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37	1,750	1,973,703
		111,710,434
<b>Georgia 1.8%</b>		
City of Atlanta Georgia Department of Aviation, Refunding GARB, Series B (AGM), 5.25%, 1/01/33	10,000	10,222,700
County of Burke Georgia Development Authority, Refunding RB, Oglethorpe Power-Vogle Project, Series C, 5.70%, 1/01/43	6,450	6,752,118
		16,974,818
<b>Illinois 19.8%</b>		
City of Chicago Illinois, GARB, O Hare International Airport, Third Lien: Series A, 5.75%, 1/01/39	9,000	9,374,220
Series B-2, AMT (NPFGC), 5.25%, 1/01/27	10,000	10,045,100
Series B-2, AMT (NPFGC), 6.00%, 1/01/27	26,230	26,406,528
City of Chicago Illinois, GO, CAB, City Colleges (NPFGC) (b): 6.28%, 1/01/29	4,000	1,565,920
6.59%, 1/01/33	7,950	2,294,370
City of Chicago Illinois, GO, Refunding, Series A (AGC), 5.25%, 1/01/24	11,000	11,305,360
City of Chicago Illinois, Refunding GARB, O Hare International Airport, Third Lien, Series C-2, AMT (AGM), 5.25%, 1/01/30	16,400	16,411,316
City of Chicago Illinois, Refunding RB, Waterworks, Second Lien, Series A (AMBAC), 5.00%, 11/01/36	3,500	3,501,925
City of Chicago Illinois Board of Education, GO, Series A, 5.50%, 12/01/39	6,470	6,381,490
City of Chicago Illinois Park District, GO, Harbor Facilities, Series C: 5.25%, 1/01/37	4,000	4,044,920
5.25%, 1/01/40	1,505	1,528,222
City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36	1,620	1,661,747
Cook County Community College District No. 508, GO, 5.13%, 12/01/38	3,250	3,271,483
County of Cook Illinois Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/37	775	797,374
County of Cook Illinois Forest Preserve District, GO, Series C, 5.00%, 12/15/37	890	918,258
Illinois Finance Authority, RB, Carle Foundation, Series A, 5.75%, 8/15/34	8,700	9,277,680
Illinois Finance Authority, Refunding RB, Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39	5,250	5,882,100
Illinois Municipal Electric Agency, RB, Series A (NPFGC): 5.00%, 2/01/35	17,935	17,992,213
5.25%, 2/01/35	15,000	15,486,150
Illinois State Toll Highway Authority, RB, Series B: 5.50%, 1/01/33	4,000	4,326,800
(BHAC), 5.50%, 1/01/33	2,000	2,173,140
Metropolitan Pier & Exposition Authority, RB, CAB, McCormick Place Explosion Project, Series A (NPFGC) (b): 5.11%, 12/15/26	9,600	4,953,504
5.88%, 6/15/32	14,000	4,758,180
5.94%, 12/15/34	41,880	12,163,208
Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project, Series B (AGM), 6.05%, 6/15/44 (b)	9,430	1,520,022
Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28	1,700	1,822,740

## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Illinois (concluded)</b>		
Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 6/01/20	\$ 1,000	\$ 1,209,470
State of Illinois, GO, Various Purposes:		
5.50%, 7/01/33	2,235	2,281,868
5.50%, 7/01/38	1,200	1,204,368