

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

Form N-Q

December 22, 2010

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: Anne F. Ackerley, Chief Executive Officer, BlackRock  
MuniYield Michigan Quality Fund, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 07/31/2011

Date of reporting period: 10/31/2010

Item 1 Schedule of Investments

---

## Schedule of Investments October 31, 2010 (Unaudited)

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

|  | Par<br>(000) | Value                    |
|--|--------------|--------------------------|
| Municipal Bonds  |              |                          |
| <b>Michigan 136.1%</b>   |              |                          |
| <b>Corporate 11.9%</b>   |              |                          |
| Delta County EDC, Refunding RB,<br>Mead Westvaco-Escanaba, Series B,<br>AMT, 6.45%, 4/15/12 (a)                  | \$ 1,500     | \$ 1,630,785             |
| Dickinson County EDC Michigan,<br>Refunding RB, International Paper Co.<br>Project, Series A, 5.75%, 6/01/16     | 3,900        | 4,000,581                |
| Michigan Strategic Fund, Refunding RB,<br>Detroit Edison Co. Project, Series A,<br>AMT (NPFGC), 5.55%, 9/01/29   | 10,250       | 10,279,110               |
| Monroe County EDC Michigan,<br>Refunding RB, Detroit Edison Co.<br>Project, Series AA (NPFGC), 6.95%,<br>9/01/22 | 13,800       | 17,135,046<br>33,045,522 |
| <b>County/City/Special District/School<br/>District 44.7%</b>  |              |                          |
| Adrian City School District Michigan,<br>GO (AGM) (a):<br>5.00%, 5/01/14   | 2,000        | 2,278,620                |
| 5.00%, 5/01/14   | 1,600        | 1,822,896                |
| Avondale School District Michigan,<br>GO (AGC):<br>4.00%, 5/01/20  | 1,000        | 1,015,360                |
| 4.30%, 5/01/22   | 400          | 407,796                  |
| Bay City School District Michigan, GO,<br>School Building & Site (AGM), 5.00%,<br>5/01/36                        | 9,000        | 9,257,040                |
| Birmingham City School District<br>Michigan, GO, School Building & Site<br>(AGM), 5.00%, 11/01/33                | 1,000        | 1,031,070                |
| Charter Township of Canton Michigan,   |              |                          |

Edgar Filing: BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC. - Form N-Q

GO, Capital Improvement (AGM):

|   |       |           |
|---|-------|-----------|
| 5.00%, 4/01/25  | 1,840 | 1,955,018 |
| 5.00%, 4/01/26  | 2,000 | 2,114,540 |
| 5.00%, 4/01/27  | 500   | 533,305   |
| City of Oak Park Michigan, GO, Street Improvement (NPFGC), 5.00%, 5/01/30   | 500   | 521,475   |
| County of Genesee Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/19 | 600   | 649,596   |

| Municipal Bonds  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Michigan (continued)</b>  |              |              |
| <b>County/City/Special District/School District (continued)</b>  |              |              |
| County of Genesee Michigan, GO, Water Supply System (NPFGC), 5.13%, 11/01/33   | \$ 1,000     | \$ 1,014,860 |
| County of Wayne Michigan, GO, Series A, (NPFGC):   |              |              |
| Airport Hotel, Detroit Metropolitan Airport, 5.00%, 12/01/30   | 1,750        | 1,677,148    |
| Building Authority, Capital Improvement, 5.25%, 6/01/16  | 1,000        | 1,003,730    |
| Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39              | 3,300        | 3,523,146    |
| Detroit City School District Michigan, GO, Refunding, School Building & Site Improvement, Series A (AGM), 5.00%, 5/01/21 | 3,000        | 3,105,060    |
| Detroit City School District Michigan, GO, School Building & Site Improvement, (FGIC):                                   |              |              |
| Series A, 5.38%, 5/01/13 (a)   | 1,300        | 1,448,382    |
| Series B, 5.00%, 5/01/28   | 3,100        | 3,119,561    |
| Eaton Rapids Public Schools Michigan, GO, School Building & Site (AGM):  |              |              |

Edgar Filing: BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC. - Form N-Q

|  |       |           |
|--|-------|-----------|
| 5.25%, 5/01/20   | 1,325 | 1,460,336 |
| 5.25%, 5/01/21   | 1,675 | 1,830,591 |
| Gibraltar School District Michigan, GO,<br>School Building & Site:                           |       |           |
| (FGIC), 5.00%, 5/01/14 (a)   | 2,940 | 3,349,571 |
| (NPFGC), 5.00%, 5/01/28  | 710   | 728,801   |
| Grand Blanc Community Schools<br>Michigan, GO (NPFGC), 5.63%,<br>5/01/20                     |       |           |
|  | 1,100 | 1,141,998 |
| Grand Rapids Building Authority<br>Michigan, RB, Series A (AMBAC) (a):                       |       |           |
| 5.50%, 10/01/12  | 435   | 476,821   |
| 5.50%, 10/01/12  | 600   | 657,684   |
| Grand Rapids Public Schools Michigan,<br>GO, School Building & Site (AGM),<br>4.13%, 5/01/11 |       |           |
|  | 500   | 508,915   |

[Portfolio Abbreviations](#)

To simplify the listings of portfolio holdings in the Schedule of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

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

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

OCTOBER 31, 2010

Schedule of Investments<sup>(continued)</sup>

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

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| Municipal Bonds  |              |            |
| Michigan (continued)   |              |            |
| County/City/Special District/School<br>District (continued)  |              |            |
| Gull Lake Community School District,<br>GO, Refunding (AGM), 4.00%,<br>5/01/26                                 | \$ 995       | \$ 974,712 |
| Gull Lake Community School District<br>Michigan, GO, School Building & Site<br>(AGM) (a):                      |              |            |
| 5.00%, 5/01/14   | 2,000        | 2,283,840  |
| 5.00%, 5/01/14   | 3,625        | 4,139,460  |
| Harper Creek Community School District<br>Michigan, GO, Refunding (AGM),<br>5.00%, 5/01/22                     | 1,125        | 1,217,138  |
| Harper Woods School District Michigan,<br>GO, Refunding, School Building & Site:<br>(FGIC), 5.00%, 5/01/14 (a) | 4,345        | 4,942,220  |
| (NPFGC), 5.00%, 5/01/34  | 430          | 437,039    |
| Jenison Public Schools Michigan, GO,<br>Building and Site (NPFGC), 5.50%,<br>5/01/19                           | 1,575        | 1,662,617  |
| L'Anse Creuse Public Schools Michigan,<br>GO, School Building & Site (AGM):                                    |              |            |
| 5.00%, 5/01/12   | 650          | 688,552    |
| 5.00%, 5/01/24   | 1,000        | 1,061,650  |
| 5.00%, 5/01/25   | 1,525        | 1,612,261  |
| 5.00%, 5/01/26   | 1,600        | 1,672,208  |
| 5.00%, 5/01/35   | 3,000        | 3,083,940  |
| Lansing Building Authority Michigan, GO,<br>Series A (NPFGC), 5.38%, 6/01/13 (a)                               | 1,510        | 1,692,740  |
| Lincoln Consolidated School District<br>Michigan, GO, Refunding (NPFGC),<br>4.63%, 5/01/28                     | 5,500        | 5,605,710  |

Edgar Filing: BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC. - Form N-Q

|  |        |            |
|--|--------|------------|
| Livonia Public Schools School District<br>Michigan, GO, Refunding, Series A<br>(NPFGC), 5.00%, 5/01/24     | 1,000  | 1,038,880  |
| Michigan State Building Authority,<br>Facilities, Series I:<br>5.50%, 10/15/11 (a)                         | 145    | 152,180    |
| 5.50%, 10/15/18  | 2,355  | 2,438,414  |
| Michigan State Building Authority, RB,<br>Facilities Program, Series H (AGM),<br>5.00%, 10/15/26           | 4,500  | 4,808,070  |
| Michigan State Building Authority,<br>Refunding RB, Facilities Program,<br>Series I (AGM), 5.50%, 10/15/11 | 12,175 | 12,757,330 |
| Montrose Community Schools, GO<br>(NPFGC), 6.20%, 5/01/17  | 1,000  | 1,209,200  |
| New Haven Community Schools<br>Michigan, GO, Refunding, School<br>Building & Site (AGM), 5.00%,<br>5/01/23 | 1,500  | 1,612,320  |
| Orchard View Schools Michigan, GO,<br>School Building & Site (NPFGC),<br>5.00%, 11/01/13 (a)               | 5,320  | 5,996,810  |
| Pennfield School District Michigan, GO,<br>School Building & Site (a):<br>(FGIC), 5.00%, 5/01/14           | 765    | 870,149    |
| (NPFGC), 5.00%, 5/01/14  | 605    | 688,157    |
| Reed City Public Schools Michigan, GO,<br>School Building & Site (AGM), 5.00%,<br>5/01/14 (a)              | 1,425  | 1,627,236  |

| Municipal Bonds  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Michigan (continued)</b>  |              |              |
| <a href="#">County/City/Special District/School<br/>District (concluded)</a>                             |              |              |
| Southfield Public Schools Michigan,<br>GO, School Building & Site, Series B<br>(AGM), 5.00%, 5/01/14 (a) | \$ 3,500     | \$ 3,973,305 |
| Thornapple Kellogg School District<br>Michigan, GO, School Building & Site                               |              |              |

Edgar Filing: BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC. - Form N-Q

|   |       |             |
|---|-------|-------------|
| (NPFGC), 5.00%, 5/01/32   | 2,500 | 2,581,200   |
| Van Dyke Public Schools Michigan, GO,<br>School Building & Site (AGM), 5.00%,<br>5/01/28  | 1,250 | 1,323,700   |
| West Bloomfield School District<br>Michigan, GO, Refunding (NPFGC):<br>5.50%, 5/01/17   | 1,710 | 1,805,127   |
| 5.50%, 5/01/18  | 1,225 | 1,293,147   |
| Zeeland Public Schools Michigan, GO,<br>School Building & Site (NPFGC),<br>5.00%, 5/01/29                                       | 1,600 | 1,644,992   |
|   |       | 123,527,624 |
| <b>Education 5.4%</b>   |       |             |
| Eastern Michigan University, Refunding<br>RB, General (AMBAC), 6.00%,<br>6/01/20  | 435   | 440,925     |
| Grand Valley State University Michigan,<br>RB, General (NPFGC), 5.50%,<br>2/01/18   | 2,070 | 2,310,224   |
| Michigan Higher Education Facilities<br>Authority, RB, Limited Obligation,<br>Hillsdale College Project, 5.00%,<br>3/01/35      | 1,875 | 1,859,231   |
| Michigan Higher Education Facilities<br>Authority, Refunding RB, Limited<br>Obligation, Creative Studies (a):<br>5.85%, 6/01/12 | 1,235 | 1,336,813   |
| 5.90%, 6/01/12  | 1,145 | 1,240,298   |
| Michigan Higher Education Student<br>Loan Authority, RB, AMT (AMBAC),<br>Student Loan:<br>Series XVII-B, 5.40%, 6/01/18         | 2,500 | 2,502,650   |
| Series XVII-Q, 5.00%, 3/01/31   | 3,000 | 2,939,760   |
| Saginaw Valley State University<br>Michigan, Refunding RB, General<br>(NPFGC), 5.00%, 7/01/24                                   | 2,100 | 2,184,777   |
|   |       | 14,814,678  |
| <b>Health 22.8%</b>   |       |             |
| Dickinson County Healthcare System,<br>Refunding RB, Series A (ACA), 5.80%,<br>11/01/24   | 3,100 | 3,139,401   |

Edgar Filing: BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC. - Form N-Q

Flint Hospital Building Authority

Michigan, Refunding RB (ACA), Hurley

Medical Center:

|                |       |           |
|----------------|-------|-----------|
| 6.00%, 7/01/20 | 1,205 | 1,202,253 |
|----------------|-------|-----------|

|                          |     |         |
|--------------------------|-----|---------|
| Series A, 5.38%, 7/01/20 | 615 | 584,275 |
|--------------------------|-----|---------|

Kalamazoo Hospital Finance Authority,

RB, Bronson Methodist Hospital

|                       |       |           |
|-----------------------|-------|-----------|
| (AGM), 5.25%, 5/15/36 | 4,750 | 4,901,002 |
|-----------------------|-------|-----------|

Kent Hospital Finance Authority

Michigan, RB, Spectrum Health,

|                                      |       |           |
|--------------------------------------|-------|-----------|
| Series A (NPFGC), 5.50%, 7/15/11 (a) | 3,000 | 3,138,600 |
|--------------------------------------|-------|-----------|

2 BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

OCTOBER 31, 2010

---



Schedule of Investments<sup>(continued)</sup>

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

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| Municipal Bonds   |              |              |
| Michigan (continued)  |              |              |
| Health (concluded)  |              |              |
| Kent Hospital Finance Authority<br>Michigan, Refunding RB, Butterworth,<br>Series A (NPFGC), 7.25%, 1/15/13 (b)       | \$ 1,955     | \$ 2,065,829 |
| Michigan State Hospital Finance<br>Authority, RB:<br>Ascension Health Senior Credit<br>Group, 5.00%, 11/15/25         | 3,700        | 4,001,772    |
| Hospital, MidMichigan Obligation<br>Group, Series A (AMBAC), 5.50%,<br>4/15/18  | 2,530        | 2,587,633    |
| McLaren Health Care, Series C,<br>5.00%, 8/01/35  | 1,000        | 1,002,860    |
| MidMichigan Obligation Group,<br>Series A, 5.00%, 4/15/36   | 1,750        | 1,722,718    |
| Michigan State Hospital Finance<br>Authority, Refunding RB:<br>Henry Ford Health System, Series A,<br>5.25%, 11/15/46 | 2,500        | 2,495,100    |
| Hospital, Crittenton, Series A,<br>5.63%, 3/01/27   | 2,050        | 2,060,742    |
| Hospital, Oakwood Obligation<br>Group, Series A, 5.00%, 7/15/25   | 3,260        | 3,274,311    |
| Hospital, Oakwood Obligation<br>Group, Series A, 5.00%, 7/15/37   | 630          | 590,304      |
| Hospital, Sparrow Obligated, 5.00%,<br>11/15/31   | 3,100        | 3,095,908    |
| McLaren Health Care, 5.75%,<br>5/15/38  | 4,500        | 4,735,800    |
| Trinity Health Credit, Series A,<br>6.00%, 12/01/20   | 2,200        | 2,226,796    |
| Trinity Health Credit, Series A,  |              |              |

Edgar Filing: BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC. - Form N-Q

|                                      |       |            |
|--------------------------------------|-------|------------|
| 6.25%, 12/01/28                      | 930   | 1,050,044  |
| Trinity Health Credit, Series A,     |       |            |
| 6.50%, 12/01/33                      | 1,000 | 1,137,280  |
| Trinity Health Credit, Series A      |       |            |
| (AMBAC), 6.00%, 12/01/10 (a)         | 90    | 91,314     |
| Trinity Health Credit, Series A      |       |            |
| (AMBAC), 6.00%, 12/01/27             | 6,310 | 6,383,259  |
| Trinity Health Credit, Series C,     |       |            |
| 5.38%, 12/01/23                      | 1,000 | 1,018,020  |
| Trinity Health Credit, Series C,     |       |            |
| 5.38%, 12/01/30                      | 3,755 | 3,776,516  |
| Trinity Health Credit, Series D,     |       |            |
| 5.00%, 8/15/34                       | 3,100 | 3,147,275  |
| Royal Oak Hospital Finance Authority |       |            |
| Michigan, Refunding RB, William      |       |            |
| Beaumont Hospital, 8.25%, 9/01/39    | 1,000 | 1,202,060  |
| Saginaw Hospital Finance Authority   |       |            |
| Michigan, Refunding RB, Covenant     |       |            |
| Medical Center, Series E (NPFGC),    |       |            |
| 5.63%, 7/01/13                       | 2,500 | 2,506,900  |
|                                      |       | 63,137,972 |
| <b>Housing 4.5%</b>                  |       |            |
| Michigan State HDA, RB:              |       |            |
| Deaconess Tower, AMT (Ginnie         |       |            |
| Mae), 5.25%, 2/20/48                 | 1,000 | 1,019,250  |
| Series A, 6.00%, 10/01/45            | 6,990 | 7,344,393  |
| Series A, AMT (NPFGC), 5.30%,        |       |            |
| 10/01/37                             | 130   | 130,226    |

|                                     | Par<br>(000) | Value        |
|-------------------------------------|--------------|--------------|
| Municipal Bonds                     |              |              |
| <b>Michigan (continued)</b>         |              |              |
| <b>Housing (concluded)</b>          |              |              |
| Michigan State HDA, RB (concluded): |              |              |
| Williams Pavilion, AMT (Ginnie      |              |              |
| Mae), 4.75%, 4/20/37                | \$ 3,890     | \$ 3,884,126 |
|                                     |              | 12,377,995   |

**State 11.4%**

Michigan Municipal Bond Authority, RB,  
Local Government Loan Program,

Edgar Filing: BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC. - Form N-Q

|   |        |            |
|---|--------|------------|
| Group A (AMBAC), 5.50%, 11/01/20  | 1,065  | 1,065,469  |
| Michigan Municipal Bond Authority,<br>Refunding RB, Local Government,<br>Charter County Wayne, Series B<br>(AGC): |        |            |
| 5.00%, 11/01/14   | 2,400  | 2,711,400  |
| 5.00%, 11/01/15   | 1,500  | 1,696,515  |
| 5.00%, 11/01/16   | 500    | 575,625    |
| 5.38%, 11/01/24   | 125    | 139,795    |
| Michigan State Building Authority,<br>Refunding RB:   |        |            |
| Facilities Program, Series I, 6.25%,<br>10/15/38  | 3,900  | 4,352,361  |
| Facilities Program, Series I (AGC),<br>5.25%, 10/15/24  | 4,000  | 4,387,920  |
| Facilities Program, Series I (AGC),<br>5.25%, 10/15/25  | 2,000  | 2,177,260  |
| Facilities Program, Series I (AGC),<br>5.25%, 10/15/26  | 600    | 648,960    |
| Facilities Program, Series II<br>(NPFGC), 5.00%, 10/15/29   | 3,500  | 3,554,740  |
| Series IA (NPFGC), 5.00%,<br>10/15/32   | 2,500  | 2,545,050  |
| State of Michigan, RB, GAN (AGM),<br>5.25%, 9/15/27   | 5,250  | 5,611,672  |
| State of Michigan, COP (AMBAC), 5.54%,<br>6/01/22 (b)(c)  | 3,000  | 2,041,080  |
|   |        | 31,507,847 |
| <b>Transportation 17.2%</b>   |        |            |
| County of Wayne Michigan, RB, Detroit<br>Metropolitan, Wayne County, Series A,<br>AMT (NPFGC), 5.38%, 12/01/15    | 10,660 | 10,679,295 |
| Sturgis Building Authority, RB, Sturgis<br>Hospital Project (NPFGC), 4.75%,<br>10/01/34                           | 475    | 454,684    |
| Wayne County Airport Authority, RB,<br>Detroit Metropolitan Wayne County<br>Airport, AMT (NPFGC):                 |        |            |
| 5.25%, 12/01/25   | 7,525  | 7,591,446  |
| 5.25%, 12/01/26   | 6,300  | 6,333,201  |
| 5.00%, 12/01/34   | 9,160  | 8,575,409  |

Edgar Filing: BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC. - Form N-Q

Wayne County Airport Authority,

Refunding RB, AMT (AGC):

|                 |       |            |
|-----------------|-------|------------|
| 5.75%, 12/01/25 | 4,000 | 4,183,840  |
| 5.75%, 12/01/26 | 1,000 | 1,040,580  |
| 5.38%, 12/01/32 | 8,700 | 8,605,344  |
|                 |       | 47,463,799 |

Utilities 18.2%

City of Detroit Michigan, RB:

Second Lien, Series B (AGM),

|                |       |           |
|----------------|-------|-----------|
| 7.00%, 7/01/36 | 3,000 | 3,512,190 |
|----------------|-------|-----------|

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

OCTOBER 31, 2010

3

---

## Schedule of Investments(continued)

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

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| Municipal Bonds                           |              |              |
| Michigan (concluded)                      |              |              |
| Utilities (concluded)                     |              |              |
| City of Detroit Michigan, RB (concluded): |              |              |
| Second Lien, Series B (NPFGC),            |              |              |
| 5.00%, 7/01/13 (a)                        | \$ 1,550     | \$ 1,720,020 |
| Second Lien, Series B (NPFGC),            |              |              |
| 5.00%, 7/01/34                            | 2,420        | 2,423,436    |
| Senior Lien, Series A (AGM), 5.00%,       |              |              |
| 7/01/25                                   | 4,000        | 4,117,040    |
| Senior Lien, Series A (FGIC), 5.75%,      |              |              |
| 7/01/11 (a)                               | 5,250        | 5,479,320    |
| Senior Lien, Series A (NPFGC),            |              |              |
| 5.00%, 7/01/34                            | 6,900        | 6,913,179    |
| Series B (NPFGC), 5.25%,                  |              |              |
| 7/01/13 (a)                               | 11,790       | 13,160,941   |
| City of Detroit Michigan, Refunding RB:   |              |              |
| (FGIC), 6.25%, 7/01/12 (b)                | 525          | 555,387      |
| Second Lien, Series C (AGM),              |              |              |
| 5.00%, 7/01/29                            | 10,570       | 10,699,377   |
| City of Muskegon Heights Michigan, RB,    |              |              |
| Series A (NPFGC), 5.63%,                  |              |              |
| 11/01/10 (a)                              | 1,830        | 1,830,549    |
|   |              | 50,411,439   |
| Total Municipal Bonds in Michigan         |              | 376,286,876  |
| Guam 0.6%                                 |              |              |
| Utilities 0.6%                            |              |              |
| Guam Power Authority, Refunding RB,       |              |              |
| Series A (AGM), 5.00%, 10/01/37           | 1,565        | 1,586,957    |
| Puerto Rico 6.6%                          |              |              |
| County/City/Special District/School       |              |              |
| District 1.9%                             |              |              |
| Puerto Rico Sales Tax Financing Corp.,    |              |              |
| Refunding RB, First Sub-Series C          |              |              |

Edgar Filing: BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC. - Form N-Q

|  |           |               |
|--|-----------|---------------|
| (AGM), 5.13%, 8/01/42  | 5,100     | 5,361,426     |
| <b>Housing 0.8%</b>  |           |               |
| Puerto Rico Housing Finance Authority,<br>Refunding RB, Subordinate, Capital<br>Fund Modernization, 5.13%,<br>12/01/27 | 2,000     | 2,048,440     |
| <b>State 2.3%</b>  |           |               |
| Puerto Rico Public Buildings Authority,<br>Refunding RB, Government Facilities,<br>Series M-3 (NPFGC), 6.00%, 7/01/27  | 2,100     | 2,323,839     |
| Puerto Rico Sales Tax Financing Corp.,<br>Refunding RB, CAB, Series A<br>(NPFGC) (c):                                  |           |               |
| 5.19%, 8/01/43   | 12,500    | 1,742,375     |
| 4.99%, 8/01/46   | 20,000    | 2,305,800     |
|  |           | 6,372,014     |
| <b>Transportation 1.6%</b>   |           |               |
| Puerto Rico Highway & Transportation<br>Authority, Refunding RB, Series CC<br>(AGC), 5.50%, 7/01/31                    | 4,000     | 4,470,960     |
| Total Municipal Bonds in Puerto Rico   |           | 18,252,840    |
| Total Municipal Bonds 143.3%   |           | 396,126,673   |
| <br>   |           |               |
| Municipal Bonds Transferred to Tender  | Par       |               |
| Option Bond Trusts (d)   | (000)     | Value         |
| <b>Michigan 11.8%</b>  |           |               |
| <b>Corporate 4.6%</b>  |           |               |
| Wayne State University, Refunding RB,<br>General (AGM), 5.00%, 11/15/35  | \$ 12,210 | \$ 12,819,645 |
| <b>County/City/Special District/School District 2.6%</b>   |           |               |
| Lakewood Public Schools Michigan, GO,<br>School Building & Site (AGM), 5.00%,<br>5/01/37                               | 6,470     | 7,037,031     |
| <b>Education 4.6%</b>  |           |               |
| Portage Public Schools Michigan, GO,<br>School Building & Site (AGM), 5.00%,<br>5/01/31                                | 4,650     | 4,887,336     |
| Saginaw Valley State University,<br>Refunding RB, General (AGM), 5.00%,<br>7/01/31                                     | 7,500     | 7,869,525     |

Edgar Filing: BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC. - Form N-Q

|   |           |                |
|---|-----------|----------------|
|   |           | 12,756,861     |
| Total Municipal Bonds Transferred to<br>Tender Option Bond Trusts 11.8% |           | 32,613,537     |
| Total Long-Term Investments<br>(Cost \$411,782,281) 155.1%              |           | 428,740,210    |
| Short-Term Securities   | Shares    |                |
| BIF Michigan Municipal Money Fund,<br>0.00% (e)(f)                      | 2,887,016 | 2,887,016      |
| Total Short-Term Securities<br>(Cost \$2,887,016) 1.1%                  |           | 2,887,016      |
| Total Investments<br>(Cost \$414,669,297*) 156.2%                       |           | 431,627,226    |
| Other Assets Less Liabilities 2.0%                                      |           | 5,596,986      |
| Liability for Trust Certificates, Including Interest                    |           |                |
| Expense and Fees Payable (5.9)%   |           | (16,211,194)   |
| Preferred Shares, at Redemption Value (52.3)%                           |           | (144,663,419)  |
| Net Assets Applicable to Common Shares 100.0%                           |           | \$ 276,349,599 |

\* The cost and unrealized appreciation (depreciation) of investments as of October 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 398,709,186 |
| Gross unrealized appreciation | \$ 18,062,944  |
| Gross unrealized depreciation | (1,334,904)    |
| Net unrealized appreciation   | \$ 16,728,040  |

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

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

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

(d) Securities represent bonds transferred to a tender option bond trust in exchange for which the Fund acquired residual interest certificates.

These securities serve as collateral in a financing transaction.

4 BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

OCTOBER 31, 2010

## Schedule of Investments<sup>(concluded)</sup>

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

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

| Affiliate                               | Shares<br>Held at<br>July 31,<br>2010 | Net<br>Activity | Shares<br>Held at<br>October 31,<br>2010 | Income |
|---|---------------------------------------|-----------------|--|--------|
| BIF Michigan<br>Municipal<br>Money Fund | 1,734,583                             | 1,152,433       | 2,887,016                                |        |

(f) 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 rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Fair Value Measurements - Various inputs are used in determining the fair value of investments, which are as follows:

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

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

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

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For



Edgar Filing: BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC. - Form N-Q

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

The following table summarizes the inputs used as of October 31, 2010 in determining the fair valuation of the Fund's investments:

| Valuation Inputs           | Level 1      | Level 2       | Level 3        | Total          |
|----------------------------|--------------|---------------|----------------|----------------|
| Assets:                    |              |               |                |                |
| Investments in Securities: |              |               |                |                |
| Long-Term                  |              |               |                |                |
| Investments <sup>1</sup>   |              | \$428,740,210 | \$ 428,740,210 |                |
| Short-Term                 |              |               |                |                |
| Securities                 | \$ 2,887,016 |               |                | 2,887,016      |
| Total                      |              | \$ 2,887,016  | \$428,740,210  | \$ 431,627,226 |

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

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

OCTOBER 31, 2010

5

---

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/ Anne F. Ackerley

Anne F. Ackerley

Chief Executive Officer of

BlackRock MuniYield Michigan Quality Fund, Inc.

Date: December 22, 2010

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/ Anne F. Ackerley

Anne F. Ackerley

Chief Executive Officer (principal executive officer) of

BlackRock MuniYield Michigan Quality Fund, Inc.

Date: December 22, 2010

By: /s/ Neal J. Andrews

Neal J. Andrews

Chief Financial Officer (principal financial officer) of

BlackRock MuniYield Michigan Quality Fund, Inc.

Date: December 22, 2010