

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

Form N-Q

December 22, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-07080

Name of Fund: BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield Michigan Quality Fund, Inc., 55 East 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: 10/31/2011

Item 1 – Schedule of Investments

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Schedule of Investments October 31, 2011 (Unaudited)

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

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Michigan 137.4% | | |
| Corporate 7.0% | | |
| Delta County EDC, Refunding RB, Mead Westvaco-Escanaba, Series B, AMT, 6.45%, 4/15/12 (a) | \$ 1,500 | \$ 1,542,195 |
| Dickinson County EDC Michigan, Refunding RB, International Paper Co. Project, Series A, 5.75%, 6/01/16 | 3,900 | 3,976,167 |
| Monroe County EDC Michigan, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22 | 10,695 | 13,570,351 |
| | | 19,088,713 |
| County/City/Special District/School District 38.8% | | |
| Adrian City School District Michigan, GO (AGM) (a): | | |
| 5.00%, 5/01/14 | 2,000 | 2,211,700 |
| 5.00%, 5/01/14 | 1,600 | 1,769,360 |
| Anchor Bay School District, GO, Refunding (Q-SBLF): | | |
| 4.13%, 5/01/25 | 3,000 | 3,010,530 |
| 4.25%, 5/01/26 | 1,800 | 1,811,196 |
| 4.38%, 5/01/27 | 960 | 970,800 |
| 4.38%, 5/01/28 | 600 | 602,784 |
| 4.50%, 5/01/29 | 900 | 908,316 |
| Avondale School District Michigan, GO (AGC): | | |
| 4.00%, 5/01/20 | 1,000 | 1,027,410 |
| 4.30%, 5/01/22 | 400 | 413,472 |
| Bay City School District Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/36 | 6,115 | 6,253,321 |
| Birmingham City School District Michigan, GO, School Building & Site (AGM), 5.00%, 11/01/33 | 1,000 | 1,022,610 |
| Charter Township of Canton Michigan, GO, Capital Improvement (AGM): | | |
| 5.00%, 4/01/25 | 1,840 | 1,947,125 |
| 5.00%, 4/01/26 | 2,000 | 2,101,440 |
| 5.00%, 4/01/27 | 500 | 522,880 |
| City of Oak Park Michigan, GO, Street Improvement (NPFGC), 5.00%, 5/01/30 | 500 | 518,530 |

| | Par (000) | Value |
|--|--------------|------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| County/City/Special District/School District (continued) | | |
| Comstock Park Public Schools, GO, School Building & Site, Series B (Q-SBLF): | | |
| 5.50%, 5/01/36 | \$ 750 | \$ 801,480 |

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| | | |
|---|-------|-----------|
| 5.50%, 5/01/41 County of Genesee Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/19 | 1,355 | 1,444,782 |
| County of Genesee Michigan, GO, Water Supply System (NPFGC), 5.13%, 11/01/33 | 600 | 651,942 |
| Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39 | 1,000 | 1,010,680 |
| Detroit City School District Michigan, GO, School Building & Site Improvement (FGIC): Series A, 5.38%, 5/01/13 (a) | 3,300 | 3,512,421 |
| Series B, 5.00%, 5/01/28 | 1,300 | 1,394,939 |
| Eaton Rapids Public Schools Michigan, GO, School Building & Site (AGM): 5.25%, 5/01/20 | 3,100 | 3,116,430 |
| 5.25%, 5/01/21 | 1,325 | 1,432,537 |
| Fraser Public School District, GO, School Building & Site (AGM), 5.00%, 5/01/25 | 1,675 | 1,806,253 |
| Gibraltar School District Michigan, GO, School Building & Site: (FGIC), 5.00%, 5/01/14 (a) | 2,000 | 2,119,080 |
| (NPFGC), 5.00%, 5/01/28 | 2,940 | 3,251,199 |
| Goodrich Area School District, GO, School Building & Site (Q-SBLF): 5.50%, 5/01/32 | 710 | 726,053 |
| 5.50%, 5/01/36 | 600 | 649,344 |
| 5.50%, 5/01/41 | 1,200 | 1,279,512 |
| Grand Blanc Community Schools Michigan, GO (NPFGC), 5.63%, 11/01/11 (a) | 1,575 | 1,684,352 |
| Grand Rapids Building Authority Michigan, RB, Series A (AMBAC) (a): 5.50%, 10/01/12 | 1,100 | 1,100,000 |
| 5.50%, 10/01/12 | 435 | 455,732 |
| | 600 | 628,596 |

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 | 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) |
| CAB | Capital Appreciation Bonds |
| COP | Certificates of Participation |
| EDC | Economic Development Corp. |
| FGIC | Financial Guaranty Insurance Co. |
| GAB | Grant Anticipation Bonds |
| GO | General Obligation Bonds |
| HDA | Housing Development Authority |
| NPFGC | National Public Finance Guarantee Corp. |
| Q-SBLF | Qualified School Bond Loan Fund |
| RB | Revenue Bonds |

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Schedule of Investments (continued)

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

| | Par (000) | Value |
|--|--------------|------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| County/City/Special District/School District (continued) | | |
| Gull Lake Community School District, GO, Refunding (AGM), 4.00%, 5/01/26 | \$ 995 | \$ 999,925 |
| Gull Lake Community School District Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/14 (a) | 3,625 | 4,013,491 |
| Harper Creek Community School District Michigan, GO, Refunding (AGM), 5.00%, 5/01/22 | 1,125 | 1,226,734 |
| Harper Woods School District Michigan, GO, Refunding, School Building & Site (NPFGC), 5.00%, 5/01/34 | 430 | 437,065 |
| Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41 | 1,000 | 1,057,460 |
| Jenison Public Schools Michigan, GO, Building & Site (NPFGC), 5.50%, 5/01/12 (a) | 1,575 | 1,616,454 |
| L Anse Creuse Public Schools Michigan, GO, School Building & Site (AGM): | | |
| 5.00%, 5/01/12 | 650 | 664,482 |
| 5.00%, 5/01/24 | 1,000 | 1,077,180 |
| 5.00%, 5/01/25 | 1,525 | 1,630,240 |
| 5.00%, 5/01/26 | 1,600 | 1,702,112 |
| 5.00%, 5/01/35 | 3,000 | 3,059,760 |
| Lansing Building Authority Michigan, GO, Series A (NPFGC), 5.38%, 6/01/13 (a) | 1,510 | 1,628,520 |
| Lincoln Consolidated School District Michigan, GO, Refunding (NPFGC), 4.63%, 5/01/28 | 5,000 | 5,086,300 |
| Livonia Public Schools School District Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/24 | 1,000 | 1,039,640 |
| Montrose Community Schools, GO (NPFGC), 6.20%, 5/01/17 | 1,000 | 1,196,350 |
| New Haven Community Schools Michigan, GO, Refunding, School Building & Site (AGM), 5.00%, 5/01/23 | 1,500 | 1,588,260 |
| Orchard View Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 11/01/13 (a) | 5,320 | 5,796,140 |
| Pennfield School District Michigan, GO, School Building & Site (a): | | |
| (FGIC), 5.00%, 5/01/14 | 765 | 844,973 |
| (NPFGC), 5.00%, 5/01/14 | 605 | 668,247 |
| Reed City Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, | 1,425 | 1,577,717 |

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5/01/14 (a)

| | | |
|--|-----|---------|
| Rochester Community School District, GO (NPFGC), 5.00%, 5/01/19 | 435 | 487,174 |
|--|-----|---------|

| | Par (000) | Value |
|--|--------------|-------|
|--|--------------|-------|

Municipal Bonds

Michigan (continued)

**County/City/Special District/School District
(concluded)**

| | | |
|--|----------|--------------|
| Romulus Community Schools, GO, Refunding (AGM, Q-SBLF): | | |
| 4.00%, 5/01/24 | \$ 1,100 | \$ 1,085,832 |
| 4.13%, 5/01/25 | 1,150 | 1,134,188 |
| Romulus Community Schools, GO, Refunding (AGM, Q-SBLF) (concluded): | | |
| 4.25%, 5/01/26 | 1,200 | 1,188,468 |
| 4.25%, 5/01/27 | 1,200 | 1,177,284 |
| 4.50%, 5/01/29 | 1,025 | 1,018,860 |
| Southfield Public Schools Michigan, GO, School Building & Site, Series B (AGM), 5.00%, 5/01/14 (a) | 2,000 | 2,214,340 |
| Thornapple Kellogg School District Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/32 | 2,500 | 2,584,900 |
| Van Dyke Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/28 | 1,250 | 1,318,000 |
| West Bloomfield School District Michigan, GO, Refunding (NPFGC): | | |
| 5.50%, 5/01/17 | 1,710 | 1,739,002 |
| 5.50%, 5/01/18 | 1,225 | 1,243,314 |
| Zeeland Public Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/29 | 1,600 | 1,632,736 |
| | | 105,891,954 |

Education 6.8%

| | | |
|--|-------|-----------|
| Eastern Michigan University, Refunding RB, General (AMBAC), 6.00%, 6/01/20 | 435 | 436,623 |
| Grand Valley State University Michigan, RB, General (NPFGC), 5.50%, 2/01/18 | 2,070 | 2,271,411 |
| Michigan Higher Education Facilities Authority, RB, Limited Obligation, Hillsdale College Project, 5.00%, 3/01/35 | 1,720 | 1,721,754 |
| Michigan Higher Education Facilities Authority, Refunding RB, Limited Obligation, Creative Studies (a): | | |
| 5.85%, 6/01/12 | 1,235 | 1,274,434 |
| 5.90%, 6/01/12 | 1,145 | 1,181,903 |
| Michigan Higher Education Student Loan Authority, RB, Student Loan, Series XVII-Q, AMT (AMBAC), 5.00%, 3/01/31 | 3,000 | 2,955,930 |
| Michigan State University, Refunding RB, General, Series C, 5.00%, 2/15/40 | 4,700 | 4,953,894 |

Schedule of Investments (continued)

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

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| Education (concluded) | | |
| Saginaw Valley State University Michigan, Refunding RB, General (NPFGC), 5.00%, 7/01/24 | \$ 2,100 | \$ 2,143,176 |
| Western Michigan University, Refunding RB, General, 5.25%, 11/15/40 | 1,500 | 1,564,170 |
| | | 18,503,295 |
| Health 22.6% | | |
| Dickinson County Healthcare System, Refunding RB, Series A (ACA), 5.80%, 11/01/24 | 3,100 | 3,099,659 |
| Flint Hospital Building Authority Michigan, Refunding RB, Hurley Medical Center (ACA): 6.00%, 7/01/20 | 1,125 | 1,125,068 |
| Series A, 5.38%, 7/01/20 | 615 | 590,425 |
| Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36 | 4,750 | 4,858,110 |
| Kent Hospital Finance Authority Michigan, RB, Spectrum Health, Series A, 5.00%, 11/15/29 | 4,500 | 4,592,520 |
| Kent Hospital Finance Authority Michigan, Refunding RB, Butterworth, Series A (NPFGC), 7.25%, 1/15/13 (b) | 1,170 | 1,205,685 |
| Michigan State Finance Authority, Refunding RB, Trinity Health Credit: 5.00%, 12/01/31 | 3,100 | 3,129,233 |
| 5.00%, 12/01/35 | 3,100 | 3,107,161 |
| Michigan State Hospital Finance Authority, RB: Ascension Health Senior Credit Group, 5.00%, 11/15/25 | 3,700 | 3,939,057 |
| Hospital, MidMichigan Obligation Group, Series A (AMBAC), 5.50%, 4/15/18 | 2,530 | 2,555,705 |
| McLaren Health Care, Series C, 5.00%, 8/01/35 | 1,000 | 997,170 |
| MidMichigan Obligation Group, Series A, 5.00%, 4/15/26 | 620 | 623,670 |
| MidMichigan Obligation Group, Series A, 5.00%, 4/15/36 | 3,550 | 3,414,283 |
| Trinity Health Credit, Series C, 5.38%, 12/01/30 | 3,410 | 3,434,245 |
| Michigan State Hospital Finance Authority, Refunding RB: | 2,500 | 2,417,600 |

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| | | |
|---|-------|-----------|
| Henry Ford Health System, Series A, 5.25%, 11/15/46 | | |
| Hospital, Crittenton, Series A, 5.63%, 3/01/27 | 2,050 | 2,056,211 |
| Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/21 | 600 | 619,908 |

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| Health (concluded) | | |
| Michigan State Hospital Finance Authority, Refunding RB (concluded): | | |
| Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/25 | \$ 3,260 | \$ 3,254,295 |
| Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/37 | 630 | 581,988 |
| Hospital, Sparrow Obligated, 5.00%, 11/15/31 | 3,100 | 3,049,842 |
| Mclaren Health Care, 5.75%, 5/15/38 | 4,500 | 4,668,390 |
| Trinity Health Credit, Series A, 6.25%, 12/01/28 | 930 | 1,031,900 |
| Trinity Health Credit, Series A, 6.50%, 12/01/33 | 1,000 | 1,114,980 |
| Trinity Health Credit, Series C, 5.38%, 12/01/12 (a) | 1,345 | 1,418,007 |
| Trinity Health Credit, Series D, 5.00%, 8/15/34 | 3,100 | 3,126,350 |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39 | 1,000 | 1,186,060 |
| Sturgis Building Authority, RB, Sturgis Hospital Project (NPFGC), 4.75%, 10/01/34 | 475 | 469,100 |
| | | 61,666,622 |
| Housing 7.2% | | |
| Michigan State HDA, RB: | | |
| Deaconess Tower AMT (Ginnie Mae), 5.25%, 2/20/48 | 1,000 | 1,004,380 |
| Series A, 4.75%, 12/01/25 | 4,400 | 4,480,564 |
| Series A, 6.00%, 10/01/45 | 6,990 | 6,991,538 |
| Series A, AMT (NPFGC), 5.30%, 10/01/37 | 130 | 130,014 |
| Williams Pavilion, AMT (Ginnie Mae), 4.75%, 4/20/37 | 3,815 | 3,721,342 |
| Michigan State HDA, Refunding RB, Series A, 6.05%, 10/01/41 | 3,260 | 3,394,181 |
| | | 19,722,019 |
| State 17.0% | | |
| Michigan Municipal Bond Authority, RB, Clean Water Revolving-Pooled, 5.00%, 10/01/27 | 1,240 | 1,381,372 |
| Michigan Municipal Bond Authority, RB: Local Government Loan Program, Group A (AMBAC), 5.50%, 11/01/20 | 1,065 | 1,065,160 |
| State Clean Water, 5.00%, 10/01/27 | 1,250 | 1,337,475 |
| Michigan Municipal Bond Authority, Refunding RB, Local Government, Charter County Wayne, Series B (AGC): | | |

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| | | |
|-----------------|-------|-----------|
| 5.00%, 11/01/14 | 2,400 | 2,632,392 |
| 5.00%, 11/01/15 | 1,500 | 1,663,620 |
| 5.00%, 11/01/16 | 500 | 564,430 |
| 5.38%, 11/01/24 | 125 | 138,764 |

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

OCTOBER 31, 2011

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Schedule of Investments (continued)

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

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Michigan (continued) | | |
| State (concluded) | | |
| Michigan State Building Authority, RB, Facilities Program, Series H (AGM), 5.00%, 10/15/26 | \$ 4,500 | \$ 4,819,815 |
| Michigan State Building Authority, Refunding RB, Facilities Program: Series I, 6.25%, 10/15/38 | 3,900 | 4,352,946 |
| Series I, 5.50%, 10/15/45 | 1,250 | 1,346,275 |
| Series I (AGC), 5.25%, 10/15/24 | 4,000 | 4,413,120 |
| Series I (AGC), 5.25%, 10/15/25 | 2,000 | 2,194,300 |
| Series I (AGC), 5.25%, 10/15/26 | 600 | 652,794 |
| Series II (NPFGC), 5.00%, 10/15/29 | 3,500 | 3,556,560 |
| Michigan State Finance Authority, RB, Local Government Program, Series F: 5.00%, 4/01/31 | 1,000 | 990,150 |
| 5.25%, 10/01/41 | 6,085 | 6,084,695 |
| Michigan Strategic Fund, RB, Cadillac Place Office Building Project, 5.25%, 10/15/31 | 1,500 | 1,558,905 |
| State of Michigan, RB, GAB (AGM), 5.25%, 9/15/27 | 5,250 | 5,615,715 |
| State of Michigan, COP (AMBAC), 5.55%, 6/01/22 (b)(c) | 3,000 | 2,163,420 |
| | | 46,531,908 |
| Transportation 13.4% | | |
| Wayne County Airport Authority, RB, Detroit Metropolitan Wayne County Airport, AMT (NPFGC): 5.25%, 12/01/25 | 7,525 | 7,615,526 |
| 5.25%, 12/01/26 | 6,300 | 6,348,006 |
| 5.00%, 12/01/34 | 9,160 | 8,508,358 |
| Wayne County Airport Authority, Refunding RB, AMT (AGC): 5.75%, 12/01/25 | 4,000 | 4,196,360 |
| 5.75%, 12/01/26 | 1,000 | 1,041,810 |
| 5.38%, 12/01/32 | 8,700 | 8,747,937 |
| | | 36,457,997 |
| Utilities 24.6% | | |
| City of Detroit Michigan, RB: Second Lien, Series B (AGM), 7.00%, 7/01/36 | 3,000 | 3,534,750 |
| Second Lien, Series B (NPFGC), 5.00%, 7/01/13 (a) | 1,550 | 1,668,048 |
| Second Lien, Series B (NPFGC), 5.00%, 7/01/34 | 2,420 | 2,276,058 |
| Senior Lien, Series A (AGM), 5.00%, 7/01/25 | 4,000 | 4,047,840 |

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| | | |
|---|--------|------------|
| Senior Lien, Series A (NPFGC), 5.00%, 7/01/34 | 6,900 | 6,901,725 |
| Series B (NPFGC), 5.25%, 7/01/13 (a) | 11,790 | 12,736,737 |
| City of Detroit Michigan, Refunding RB: Second Lien, Series C (AGM), 5.00%, 7/01/29 | 10,570 | 10,591,034 |
| (FGIC), 6.25%, 7/01/12 (b) | 280 | 289,814 |

| | Par (000) | Value |
|--|--------------|---------------|
| Municipal Bonds | | |
| Michigan (concluded) | | |
| Utilities (concluded) | | |
| City of Grand Rapids Michigan, RB (NPFGC), 5.00%, 1/01/34 | \$ 11,385 | \$ 11,617,596 |
| City of Port Huron Michigan, RB, Water Supply: 5.25%, 10/01/31 | 310 | 315,989 |
| 5.63%, 10/01/40 | 1,000 | 1,029,430 |
| Lansing Board of Water & Light, RB, Series A: 5.00%, 7/01/27 | 1,970 | 2,126,556 |
| 5.00%, 7/01/31 | 4,230 | 4,458,505 |
| 5.00%, 7/01/37 | 2,065 | 2,179,897 |
| 5.50%, 7/01/41 | 3,000 | 3,302,040 |
| | | 67,076,019 |
| Total Municipal Bonds in Michigan | | 374,938,527 |

| | | |
|--|-------|-----------|
| Guam 1.1% | | |
| County/City/Special District/School District 0.5% | | |
| Territory of Guam, RB, Section 30, Series A, 5.63%, 12/01/29 | 1,400 | 1,421,252 |
| Utilities 0.6% | | |
| Guam Power Authority, Refunding RB, Series A (AGM), 5.00%, 10/01/37 | 1,565 | 1,613,765 |
| Total Municipal Bonds in Guam | | 3,035,017 |

| | | |
|--|--------|-------------|
| Puerto Rico 6.0% | | |
| Housing 0.8% | | |
| Puerto Rico Housing Finance Authority, Refunding RB, Subordinate, Capital Fund Modernization, 5.13%, 12/01/27 | 2,000 | 2,072,560 |
| State 4.1% | | |
| Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities, Series M-3 (NPFGC), 6.00%, 7/01/27 | 2,000 | 2,116,700 |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, CAB, Series A (NPFGC) (c): 5.18%, 8/01/43 | 12,500 | 1,697,625 |
| 5.00%, 8/01/46 | 20,000 | 2,214,000 |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, First Sub-Series C (AGM), 5.13%, 8/01/42 | 5,100 | 5,235,252 |
| | | 11,263,577 |
| Transportation 1.1% | | |
| Puerto Rico Highway & Transportation Authority, Refunding RB, Series CC (AGC), 5.50%, 7/01/31 | 2,750 | 2,967,443 |
| Total Municipal Bonds in Puerto Rico | | 16,303,580 |
| Total Municipal Bonds 144.5% | | 394,277,124 |

Schedule of Investments (concluded)

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

| | Par (000) | Value |
|---|---------------|----------------|
| Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (d) | | |
| Michigan 11.8% | | |
| County/City/Special District/School District 4.3% | | |
| Lakewood Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/37 | \$ 6,470 | \$ 6,960,458 |
| Portage Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/31 | 4,650 | 4,846,277 |
| | | 11,806,735 |
| Education 7.5% | | |
| Saginaw Valley State University, Refunding RB, General (AGM), 5.00%, 7/01/31 | 7,500 | 7,840,875 |
| Wayne State University, Refunding RB, General (AGM), 5.00%, 11/15/35 | 12,210 | 12,686,556 |
| | | 20,527,431 |
| Total Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts 11.8% | | 32,334,166 |
| Total Long-Term Investments (Cost \$412,699,333) 156.3% | | 426,611,290 |
| Short-Term Securities | Shares | |
| BIF Michigan Municipal Money Fund, 0.00% (e)(f) | 1,243,741 | 1,243,741 |
| Total Short-Term Securities (Cost - \$1,243,741) 0.5% | | 1,243,741 |
| Total Investments (Cost - \$413,943,074*) 156.8% | | 427,855,031 |
| Other Assets Less Liabilities 2.2% | | 5,894,887 |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (5.9)% | | (16,204,493) |
| VRDP Shares, at Liquidation Value (53.1)% | | (144,600,000) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 272,945,425 |

* The cost and unrealized appreciation (depreciation) of investments as of October 31, 2011, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 397,935,368 |
| Gross unrealized appreciation | \$ 17,689,638 |
| Gross unrealized depreciation | (3,959,975) |
| Net unrealized appreciation | \$ 13,729,663 |

(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.

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- (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 TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction.
- (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 Held at July 31, 2011 | Net Activity | Shares Held at October 31, 2011 | Income |
|-----------------------------------|------------------------------|--------------|---------------------------------|--------|
| BIF Michigan Municipal Money Fund | 6,928,754 | (5,685,013) | 1,243,741 | \$ |

- (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. These definitions 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. These inputs are categorized into a disclosure hierarchy consisting of three broad levels for financial reporting 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)

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments is based on the pricing transparency of the investment and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For 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, 2011 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 426,611,290 | | \$ 426,611,290 |
| Short-Term Investments | \$ 1,243,741 | | | 1,243,741 |
| Total | \$ 1,243,741 | \$ 426,611,290 | | \$ 427,855,031 |

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

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Item 2 – Controls and Procedures

2(a) – The registrant’s principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant’s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act)) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

2(b) – There were no changes in the registrant’s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant’s last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant’s internal control over financial reporting.

Item 3 – Exhibits

Certifications – Attached hereto

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

BlackRock MuniYield Michigan Quality Fund, Inc.

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

Date: December 21, 2011

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

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

Date: December 21, 2011

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

Date: December 21, 2011

