

BLACKROCK MUNIYIELD QUALITY FUND III, INC.
Form N-Q
June 24, 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 52nd Street, New York, NY 10055

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

Date of fiscal year end: 07/31/2013

Date of reporting period: 04/30/2013

Item 1 Schedule of Investments

Schedule of Investments April 30, 2013 (Unaudited)

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

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| Alabama 0.6% | | |
| Birmingham Special Care Facilities Financing Authority, RB, Children's Hospital (AGC), 6.00%, 6/01/39 | \$ 3,605 | \$ 4,290,743 |
| City of Birmingham Alabama, GO, CAB, Series A, 3.96%, 3/01/43(a) | 1,940 | 1,760,957 |
| | | 6,051,700 |
| Alaska 2.0% | | |
| Alaska Housing Finance Corp., RB, General Housing, Series B (NPPFGC), 5.25%, 12/01/30 | 2,000 | 2,078,340 |
| Alaska Housing Finance Corp., Refunding RB, Series A, 4.13%, 12/01/37 | 3,455 | 3,573,817 |
| Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41 | 2,690 | 3,143,400 |
| Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC), 6.00%, 9/01/28 | 10,150 | 12,588,639 |
| | | 21,384,196 |
| Arizona 0.5% | | |
| Maricopa County & Phoenix IDA, Refunding RB, S/F Housing, Series A-2, AMT (Ginnie Mae), 5.80%, 7/01/40 | 520 | 535,829 |
| State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27 | 3,725 | 4,239,720 |
| | | 4,775,549 |
| California 14.0% | | |
| Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.40%, 10/01/24(a) | 10,000 | 11,207,100 |
| California Health Facilities Financing Authority, RB: Saint Joseph Health System, Series A, 5.75%, 7/01/39 | 1,550 | 1,827,559 |
| Sutter Health, Series A, 5.00%, 8/15/52 | 3,885 | 4,237,292 |
| Sutter Health, Series B, 5.88%, 8/15/31 | 3,200 | 3,907,072 |
| California HFA, RB, Home Mortgage, Series K, AMT, 5.50%, 2/01/42 | 2,785 | 2,883,589 |
| California State Public Works Board, LRB, Judicial Council Projects, Series A, 5.00%, 3/01/38 | 1,940 | 2,137,841 |
| California State University, RB, Systemwide, Series A, 5.50%, 11/01/39 | 1,525 | 1,769,320 |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/37 | 3,545 | 3,951,718 |
| California Statewide Communities Development Authority, RB: Kaiser Permanente, Series A, 5.00%, 4/01/42 | 4,030 | 4,473,300 |
| Saint Joseph Health System, Series E (AGM), 5.25%, 7/01/47 | 4,000 | 4,555,200 |
| City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30 | 1,900 | 2,145,708 |
| City of San Jose California, Refunding ARB, AMT: Series A (AMBAC), 5.50%, 3/01/32 | 11,965 | 13,392,544 |
| Series A-1, 5.75%, 3/01/34 | 2,300 | 2,655,281 |
| Coast Community College District, GO, Election of 2002, Series C (AGM), 5.25%, 8/01/33(b) | 8,100 | 2,833,380 |

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| | | |
|---|--------|------------|
| County of Sacramento California, RB, Senior Series A (AGM), 5.00%, 7/01/41 | 12,500 | 13,682,125 |
| Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 5.66%, 8/01/34(b) | 5,000 | 1,525,300 |
| Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/14(c) | 5,800 | 6,172,128 |
| Grossmont Union High School District, GO, CAB, Election of 2004, 4.42%, 8/01/31(b) | 5,110 | 2,300,675 |
| Long Beach Unified School District, GO, Election of 2008, Series B, 4.54%, 8/01/34(b) | 5,000 | 1,924,950 |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32 | 1,200 | 1,351,872 |
| Norwalk-La Mirada Unified School District California, GO, CAB, Refunding, Election of 2002, Series E (AGC), 4.84%, 8/01/38(b) | 7,620 | 2,276,170 |
| Oceanside Unified School District California, GO, Series A (AGC), 5.25%, 8/01/33 | 2,500 | 2,784,225 |
| Poway Unified School District, GO, Refunding, CAB, School Facilities Improvement, Election of 2008, Series B(b): 4.67%, 8/01/35 | 7,820 | 2,799,482 |
| 4.69%, 8/01/36 | 10,000 | 3,402,900 |
| Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C(b): 4.61%, 8/01/37 | 8,000 | 2,647,760 |
| 4.62%, 8/01/38 | 12,940 | 4,081,794 |
| San Bernardino Community College District, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31 | 2,165 | 2,382,214 |

BLACKROCK MUNIYIELD QUALITY FUND III,
INC.

APRIL 30, 2013

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Schedule of Investments (continued)

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

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| California (concluded) | | |
| San Diego Unified School District California, GO, Refunding, CAB, Series R-1, 4.35%, 7/01/31(b) | \$ 3,485 | \$ 1,594,527 |
| San Francisco Bay Area Rapid Transit District, RB, Sales Tax Revenue (AGM), 5.00%, 7/01/14(c) | 10,000 | 10,547,000 |
| San Joaquin County Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36 | 1,830 | 2,261,148 |
| San Marcos Unified School District, GO, Election of 2010, Series A: 5.00%, 8/01/34 | 1,800 | 2,041,668 |
| 5.00%, 8/01/38 | 1,600 | 1,801,184 |
| State of California, GO: 5.50%, 3/01/40 | 1,020 | 1,195,073 |
| Series 2007-2 (NPFGC), 5.50%, 4/01/30 | 10 | 10,397 |
| Various Purpose, 5.00%, 4/01/42 | 2,000 | 2,234,580 |
| State of California, GO, Refunding: 5.00%, 2/01/38 | 4,000 | 4,480,800 |
| 5.00%, 10/01/41 | 2,555 | 2,842,182 |
| Various Purpose, 5.00%, 9/01/41 | 2,700 | 3,000,834 |
| Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 4.67%, 8/01/36(b) | 6,545 | 2,238,848 |
| West Valley-Mission Community College District, GO, Refunding, Election of 2004, Series A (AGM), 5.00%, 8/01/30 | 3,600 | 3,980,412 |
| | | 147,537,152 |
| Florida 11.0% | | |
| Broward County School Board Florida, COP, Series A (AGM), 5.25%, 7/01/33 | 13,100 | 14,836,536 |
| Broward County Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/34 | 2,250 | 2,590,672 |
| City of Jacksonville Florida, Refunding RB, Transportation, Series A, 5.00%, 10/01/30 | 770 | 897,597 |
| Collier County School Board, COP (AGM), 5.00%, 2/15/23 | 5,000 | 5,528,650 |
| County of Lee Florida, Refunding RB, Series A, AMT: 5.63%, 10/01/26 | 2,600 | 3,045,016 |
| 5.38%, 10/01/32 | 3,440 | 3,836,322 |
| County of Miami-Dade Florida, GO: Series B, 6.38%, 7/01/28 | 6,000 | 7,261,620 |
| Series B-1, 5.75%, 7/01/33 | 3,700 | 4,312,831 |
| County of Miami-Dade Florida, RB Transit System Sales Surtax (AGM), 5.00%, 7/01/35 | 2,800 | 3,103,744 |
| County of Miami-Dade Florida, Refunding RB: Miami International Airport AMT (AGC), 5.00%, 10/01/40 | 11,000 | 11,879,230 |
| Series C (BHAC), 6.00%, 10/01/23 | 20,095 | 24,780,350 |
| Special Obligation, Series B, 5.00%, 10/01/37 | 1,940 | 2,166,786 |
| County of Miami-Dade Florida Aviation, Refunding RB, Miami International Airport, Series A, AMT (AGM), 5.50%, 10/01/41 | 19,020 | 21,754,886 |
| Highlands County Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37 | 1,750 | 2,091,828 |
| Sarasota County Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39 | 5,135 | 5,684,445 |
| Tampa-Hillsborough County Expressway Authority, Refunding RB, Series A, | | |

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| | | |
|----------------|-------|-------------|
| 5.00%, 7/01/42 | 1,465 | 1,642,133 |
| | | 115,412,646 |

Georgia 1.7%

| | | |
|---|--------|------------|
| Burke County Development Authority, Refunding RB, Oglethorpe Power Corp., Vogtle Project, Series C, 5.70%, 1/01/43 | 6,450 | 7,138,021 |
| City of Atlanta Georgia Department of Aviation, Refunding ARB, General, Series B (AGM), 5.25%, 1/01/33 | 10,000 | 10,474,800 |
| | | 17,612,821 |

Illinois 18.4%

| | | |
|--|--------|------------|
| Chicago Illinois Board of Education, GO, Series A, 5.50%, 12/01/39 | 6,470 | 7,386,217 |
| Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36 | 1,620 | 1,858,383 |
| Chicago Park District, GO, Harbor Facilities, Series C: 5.25%, 1/01/37 | 4,000 | 4,568,200 |
| 5.25%, 1/01/40 | 1,505 | 1,716,573 |
| City of Chicago Illinois, GARB, O Hare International Airport, Third Lien, AMT (NPFGC): Series A, 5.75%, 1/01/39 | 9,000 | 10,576,170 |
| Series B-2, 5.25%, 1/01/27 | 10,000 | 10,256,800 |
| Series B-2, 6.00%, 1/01/27 | 26,230 | 27,043,130 |
| City of Chicago Illinois, GO, CAB, City Colleges (NPFGC)(b): 4.31%, 1/01/29 | 4,000 | 2,050,560 |
| 4.47%, 1/01/33 | 7,950 | 3,332,163 |
| City of Chicago Illinois, Refunding GARB, O Hare International Airport, General, Third Lien, Series C-2, AMT (AGM), 5.25%, 1/01/30 | 16,400 | 16,803,276 |

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INC.

Schedule of Investments (continued)

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

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| Illinois (concluded) | | |
| City of Chicago Illinois, Refunding RB, Water System, Second Lien, Series A (AMBAC), 5.00%, 11/01/36 | \$ 3,500 | \$ 3,863,265 |
| Cook County Forest Preserve District, GO, Series C, 5.00%, 12/15/37 | 890 | 1,017,386 |
| Cook County Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/37 | 775 | 882,640 |
| Illinois Finance Authority, RB, Series A, 5.75%, 8/15/34 | 8,700 | 10,331,946 |
| Illinois Finance Authority, Refunding RB, Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39 | 5,250 | 6,226,027 |
| Illinois Municipal Electric Agency, RB, Series A (NPFGC): 5.00%, 2/01/35 | 17,935 | 19,562,780 |
| 5.25%, 2/01/35 | 15,000 | 16,645,350 |
| Illinois State Toll Highway Authority, RB: Series A, 5.00%, 1/01/38(d) | 5,840 | 6,604,281 |
| Series B, 5.50%, 1/01/33 | 4,000 | 4,535,040 |
| Series B (BHAC), 5.50%, 1/01/33 | 2,000 | 2,282,700 |
| Kane, Kendall, Etc. Counties Community College District No. 516 Illinois, GO, CAB, Series E (NPFGC), 4.89%, 12/15/25(b) | 5,000 | 2,716,600 |
| Metropolitan Pier & Exposition Authority, RB, CAB, McCormick Place Expansion Project, Series A (NPFGC)(b): 3.76%, 12/15/26 | 9,600 | 5,779,296 |
| 4.40%, 6/15/32 | 14,000 | 6,090,140 |
| 4.50%, 12/15/34 | 41,880 | 15,998,160 |
| Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project, Series B (AGM), 4.95%, 6/15/44(b) | 9,430 | 2,058,475 |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28 | 1,700 | 2,076,023 |
| Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 6/01/20 | 1,000 | 1,248,900 |
| | | 193,510,481 |
| Indiana 3.2% | | |
| City of Indianapolis Indiana, Refunding RB, Second Lien, Series B (AGC), 5.25%, 8/15/27 | 5,000 | 5,544,850 |
| Indiana Finance Authority, RB: Private Activity (Ohio River Bridges), AMT, 5.00%, 7/01/40 | 2,425 | 2,584,080 |
| Private Activity (Ohio River Bridges), AMT, 5.00%, 7/01/44 | 1,400 | 1,485,890 |
| Wastewater Utility, 5.25%, 10/01/38 | 2,900 | 3,379,892 |
| Indiana Municipal Power Agency, RB: Series A (NPFGC), 5.00%, 1/01/37 | 3,850 | 4,229,379 |
| Series B, 5.75%, 1/01/34 | 1,050 | 1,083,180 |
| Series B, 6.00%, 1/01/39 | 5,000 | 5,939,850 |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A: 5.75%, 1/01/38 | 2,900 | 3,299,852 |
| (AGC), 5.25%, 1/01/29 | 1,350 | 1,518,453 |
| (AGC), 5.50%, 1/01/38 | 4,250 | 4,804,710 |
| | | 33,870,136 |

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Iowa 3.3%

| | | |
|---|--------|------------|
| Iowa Finance Authority, RB, Series A (AGC), 5.63%, 8/15/37 | 12,650 | 14,331,058 |
| Iowa Student Loan Liquidity Corp., RB, Senior Series A-2, AMT: 5.60%, 12/01/26 | 4,530 | 5,194,778 |
| 5.70%, 12/01/27 | 4,530 | 5,203,883 |
| 5.75%, 12/01/28 | 2,400 | 2,747,184 |
| 5.80%, 12/01/29 | 3,060 | 3,501,833 |
| 5.85%, 12/01/30 | 3,170 | 3,622,835 |
| | | 34,601,571 |

Kentucky 0.9%

| | | |
|--|-------|-----------|
| Kentucky State Property & Buildings Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/28 | 4,000 | 4,669,920 |
| Louisville & Jefferson County Metropolitan Sewer District Kentucky, RB, Series A (NPFGC), 5.25%, 5/15/14(c) | 5,000 | 5,265,100 |
| | | 9,935,020 |

Louisiana 0.7%

| | | |
|--|-------|-----------|
| New Orleans Aviation Board Louisiana, RB, New Orleans Aviation, Series A, AMT (AGM), 5.25%, 1/01/32 | 6,405 | 7,140,614 |
|--|-------|-----------|

Maine 0.1%

| | | |
|--|-----|---------|
| Maine State Housing Authority, Refunding RB, Series B-1, AMT, 4.00%, 11/15/27 | 920 | 964,123 |
|--|-----|---------|

Massachusetts 3.0%

| | | |
|---|--------|------------|
| Massachusetts HFA, RB: S/F Housing, Series 128, AMT (AGM), 4.88%, 12/01/38(e) | 10,670 | 11,000,237 |
| Series B, 7.00%, 12/01/38 | 3,150 | 3,623,855 |
| Massachusetts HFA, Refunding HRB, Series C, AMT, 5.35%, 12/01/42 | 3,100 | 3,349,302 |
| Massachusetts HFA, Refunding RB, Rental Housing, Series A, AMT (AGM), 5.15%, 7/01/26 | 4,595 | 4,609,428 |

Schedule of Investments (continued)

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

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| Massachusetts (concluded) | | |
| Massachusetts Port Authority, Refunding RB, BOSFUEL Project, AMT (NPFGC), 5.00%, 7/01/38 | \$ 8,275 | \$ 8,920,036 |
| | | 31,502,858 |
| Michigan 7.0% | | |
| City of Detroit Michigan, RB, Water Supply System, Second Lien, Series B (AGM): | | |
| 6.25%, 7/01/36 | 1,075 | 1,248,699 |
| 7.00%, 7/01/36 | 500 | 602,475 |
| City of Detroit Michigan, Refunding RB: | | |
| Sewage Disposal System, Senior Lien (AGM), Series B, 7.50%, 7/01/33 | 1,000 | 1,238,950 |
| Sewage Disposal System, Senior Lien (AGM), Series C-1, 7.00%, 7/01/27 | 1,500 | 1,840,305 |
| Water Supply System, Series D, Senior Lien (AGM), 5.00%, 7/01/23 | 5,000 | 5,267,500 |
| Water Supply System, Series D (NPFGC), 5.00%, 7/01/33 | 5,000 | 5,081,650 |
| Lansing Board of Water & Light Utilities System, RB, Series A, 5.50%, 7/01/41 | 3,185 | 3,768,110 |
| Michigan State Building Authority, Refunding RB, Facilities Program: | | |
| Series I, 6.25%, 10/15/38 | 3,125 | 3,788,906 |
| Series I (AGC), 5.25%, 10/15/24 | 1,750 | 2,091,425 |
| Series I (AGC), 5.25%, 10/15/25 | 3,250 | 3,884,075 |
| Series I-A, 5.38%, 10/15/36 | 2,075 | 2,398,783 |
| Series II-A, 5.38%, 10/15/41 | 1,900 | 2,187,375 |
| Series II-A (AGM), 5.25%, 10/15/36 | 8,040 | 9,259,266 |
| Michigan State HDA, RB, Series C, 5.50%, 12/01/28 | 2,735 | 2,968,296 |
| Michigan Strategic Fund, Refunding RB, Detroit Edison Co. Project., Series A (Syncora), 5.50%, 6/01/30 | 2,500 | 2,520,550 |
| State of Michigan, RB, GAB (AGM): | | |
| 5.25%, 9/15/22 | 10,000 | 11,833,900 |
| 5.25%, 9/15/26 | 6,650 | 7,782,295 |
| Wayne County Airport Authority, Refunding RB, AMT (AGC), 5.38%, 12/01/32 | 5,000 | 5,691,400 |
| | | 73,453,960 |
| Minnesota 0.6% | | |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38 | 5,500 | 6,734,750 |
| Mississippi 0.2% | | |
| Medical Center Educational Building Corp., RB, University of Mississippi Medical Center Facilities and Expansion and Renovation Project, Series A, | | |
| 5.00%, 6/01/41 | 2,000 | 2,275,080 |
| Nebraska 0.3% | | |
| Central Plains Energy Project Nebraska, RB, Gas Project No. 3, 5.25%, 9/01/37 | 2,825 | 3,158,180 |
| Nevada 2.7% | | |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34 | 2,250 | 2,626,830 |
| County of Clark Nevada, ARB: | | |

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| | | |
|--|--------|------------|
| Las Vegas-McCarran International Airport, Series A (AGC), 5.25%, 7/01/39 | 5,170 | 5,831,553 |
| Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/30 | 19,250 | 20,036,940 |
| | | 28,495,323 |

New Jersey 4.6%

| | | |
|---|--------|------------|
| New Jersey EDA, RB, Cigarette Tax, 5.75%, 6/15/14(c) | 4,000 | 4,242,880 |
| New Jersey EDA, Refunding RB, School Facilities Construction, Series N-1: (AMBAC), 5.50%, 9/01/24 | 6,500 | 8,411,780 |
| (NPFGC), 5.50%, 9/01/28 | 1,685 | 2,219,263 |
| New Jersey Higher Education Student Assistance Authority, Refunding RB, Series 1, AMT: 5.50%, 12/01/25 | 1,250 | 1,437,312 |
| 5.50%, 12/01/26 | 1,800 | 2,042,424 |
| 5.75%, 12/01/28 | 200 | 227,238 |
| 5.88%, 12/01/33 | 6,895 | 7,807,691 |
| New Jersey Housing & Mortgage Finance Agency, Refunding RB, M/F Housing, Series 2, AMT, 4.35%, 11/01/33 | 3,360 | 3,442,824 |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System: CAB, Series A, 4.56%, 12/15/35(b) | 18,525 | 6,679,189 |
| CAB, Series C (AGC), 3.78%, 12/15/25(b) | 10,000 | 6,233,700 |
| Series A (NPFGC), 5.75%, 6/15/25 | 4,000 | 5,216,480 |
| | | 47,960,781 |

New York 5.1%

| | | |
|---|--------|------------|
| City of New York, New York, GO, Series J, 5.25%, 5/15/14(c) | 10,000 | 10,516,600 |
| Hudson New York Yards Infrastructure Corp., RB, 5.75%, 2/15/47 | 1,920 | 2,279,520 |

Schedule of Investments (continued)

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

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| New York (concluded) | | |
| New York City Transitional Finance Authority, RB, Fiscal 2009, Series S-4, 5.50%, 1/15/34 | \$ 7,250 | \$ 8,471,625 |
| New York State Dormitory Authority, ERB, Series B, 5.25%, 3/15/38 | 3,250 | 3,777,833 |
| New York State Thruway Authority, Refunding RB, Series I, 5.00%, 1/01/37 | 3,210 | 3,620,976 |
| Port Authority of New York & New Jersey, RB, Consolidated, 37th Series, AMT, (AGM), 5.13%, 7/15/30 | 19,500 | 20,572,110 |
| Port Authority of New York & New Jersey, Refunding RB, Consolidated, 172nd Series, AMT, 4.50%, 4/01/37 | 3,970 | 4,293,952 |
| | | 53,532,616 |
| North Carolina 0.2% | | |
| North Carolina Medical Care Commission, RB, Novant Health Obligation, Series A, 4.75%, 11/01/43 | 2,075 | 2,227,845 |
| Ohio 0.6% | | |
| County of Allen Ohio, Refunding RB, Catholic HealthCare Partners, Series A, 5.00%, 5/01/42 | 2,030 | 2,253,483 |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37 | 3,000 | 3,778,230 |
| | | 6,031,713 |
| Pennsylvania 2.9% | | |
| Pennsylvania Turnpike Commission, RB: | | |
| Series A (AMBAC), 5.50%, 12/01/31 | 15,600 | 16,671,096 |
| Sub-Series A-1, 5.00%, 12/01/43 | 3,885 | 4,223,927 |
| Sub-Series C (AGC), 6.25%, 6/01/38 | 5,695 | 6,844,137 |
| Subordinate, Special Motor License Fund, 6.00%, 12/01/36 | 2,575 | 3,154,298 |
| | | 30,893,458 |
| Puerto Rico 3.1% | | |
| Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A: | | |
| 5.75%, 8/01/37 | 2,000 | 2,146,040 |
| 6.38%, 8/01/39 | 10,195 | 11,492,008 |
| 5.50%, 8/01/42 | 5,155 | 5,424,349 |
| Puerto Rico Sales Tax Financing Corp., Refunding RB: | | |
| CAB, Series A (NPFGC), 5.64%, 8/01/41(b) | 15,000 | 3,118,050 |
| CAB, Series A (NPFGC), 5.66%, 8/01/42(b) | 3,190 | 624,378 |
| CAB, Series C, 5.50%, 8/01/38(b) | 9,400 | 2,388,258 |
| CAB, Series C, 5.54%, 8/01/39(b) | 24,000 | 5,716,800 |
| First Sub-Series C, 6.00%, 8/01/39 | 1,180 | 1,299,133 |
| | | 32,209,016 |
| South Carolina 0.4% | | |
| South Carolina Jobs EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39 | 3,600 | 4,391,172 |

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Tennessee 0.1%

| | | |
|---|-----|---------|
| Memphis Center City Revenue Finance Corp., RB, Pyramid and Pinch Distribution, Series B (AGM), 5.25%, 11/01/30 | 485 | 566,364 |
|---|-----|---------|

Texas 13.8%

| | | |
|---|--------|------------|
| Bexar County Texas, Refunding RB, Combined Venue Project, 5.00%, 8/15/39 | 1,500 | 1,682,145 |
| City of Houston Texas, Refunding RB, Series A (AGM), 5.00%, 11/15/36 | 10,000 | 11,329,900 |
| City of Houston Texas Utility System, Refunding RB, Combined, First Lien, Series A (AGC): 6.00%, 11/15/35 | 5,700 | 6,893,922 |
| 5.38%, 11/15/38 | 3,650 | 4,241,665 |
| Dallas Fort Worth International Airport, RB, Joint Improvement, AMT: Series D, 5.00%, 11/01/38 | 5,500 | 5,909,530 |
| Series H, 5.00%, 11/01/37 | 8,865 | 9,545,034 |
| Dallas ISD, GO, School Building (PSF-GTD), 6.38%, 2/15/34 | 10,000 | 12,317,300 |
| Grand Prairie ISD Texas, GO, CAB, Refunding, 5.36%, 8/15/28(b) | 10,000 | 4,452,100 |
| Harris County Hospital District, Refunding RB, Senior Lien, Series A (NPFGC), 5.25%, 2/15/37 | 4,055 | 4,338,931 |
| Judson ISD Texas, GO, School Building (AGC), 5.00%, 2/01/37 | 10,000 | 11,041,500 |
| Midland County Fresh Water Supply District No. 1, Refunding RB, City of Midland Project, 4.46%, 9/15/36(b) | 5,810 | 2,073,647 |
| North Texas Tollway Authority, Refunding RB, First Tier (NPFGC): Series A, 6.00%, 1/01/28 | 6,275 | 7,396,280 |
| System, Series A, 5.13%, 1/01/28 | 20,000 | 22,335,800 |
| System, Series B, 5.75%, 1/01/40 | 10,000 | 11,475,900 |

BLACKROCK MUNIYIELD QUALITY FUND III,
INC.

APRIL 30, 2013

5

Schedule of Investments (continued)

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

| | Par (000) | Value |
|--|--------------|---------------|
| Municipal Bonds | | |
| Texas (concluded) | | |
| San Antonio Public Facilities Corp., Refunding RB, Convention Center Refinancing and Expansion Project: | | |
| 4.00%, 9/15/42 | \$ 4,400 | \$ 4,461,072 |
| CAB, 4.58%, 9/15/35(b) | 7,160 | 2,601,300 |
| CAB, 4.64%, 9/15/36(b) | 12,195 | 4,169,227 |
| CAB, 4.72%, 9/15/37(b) | 8,730 | 2,803,465 |
| Texas Department of Housing & Community Affairs, MRB, Series A, AMT (NPFGC), 5.45%, 9/01/23 | 3,415 | 3,420,976 |
| Texas Municipal Gas Acquisition & Supply Corp. III, RB, Natural Gas Utility Improvements: | | |
| 5.00%, 12/15/28 | 400 | 435,052 |
| 5.00%, 12/15/29 | 3,240 | 3,510,378 |
| Texas State Turnpike Authority, RB, CAB (AMBAC), 5.97%, 8/15/31(b) | 20,265 | 6,909,554 |
| Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, First Tier, Series A, 4.00%, 8/15/38 | 2,250 | 2,214,675 |
| | | 145,559,353 |
| Utah 1.6% | | |
| Utah Transit Authority, Refunding RB, CAB, Sub-Series A(b): | | |
| (AGC), 3.16%, 6/15/20 | 10,000 | 8,000,600 |
| (NPFGC), 4.09%, 6/15/24 | 13,930 | 8,878,007 |
| | | 16,878,607 |
| Vermont 0.1% | | |
| Vermont HFA, Refunding RB, Multiple Purpose, Series C, AMT (AGM), 5.50%, 11/01/38(e) | | |
| | 1,510 | 1,607,365 |
| Washington 3.1% | | |
| Port of Seattle, RB, Series B (NPFGC), 5.20%, 7/01/29 | | |
| | 20,565 | 20,634,098 |
| Washington Health Care Facilities Authority, RB, Series A: | | |
| 5.00%, 10/01/39 | 1,125 | 1,225,710 |
| 5.25%, 10/01/39 | 2,725 | 3,033,443 |
| 5.00%, 8/15/44 | 1,020 | 1,125,937 |
| Washington Health Care Facilities Authority, Refunding RB, Catholic Health Initiatives, Series D, 6.38%, 10/01/36 | 5,400 | 6,525,792 |
| | | 32,544,980 |
| Wisconsin 0.7% | | |
| Wisconsin Health & Educational Facilities Authority, RB: | | |
| Ascension Health Senior Credit Group, 5.00%, 11/15/33 | 3,745 | 4,249,152 |
| SynergyHealth Inc., 6.00%, 8/01/13(c) | 2,000 | 2,028,280 |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, 5.00%, 4/01/42 | 1,300 | 1,450,865 |
| | | 7,728,297 |
| Total Municipal Bonds 106.5% | | 1,120,547,727 |

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Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts(f)

Arizona 1.5%

| | | |
|---|--------|------------|
| Arizona School Facilities Board, COP (AGC), 5.13%, 9/01/21(g) | 10,000 | 11,652,800 |
| Salt River Project Agricultural Improvement & Power District, RB, Series A, 5.00%, 1/01/38 | 3,500 | 3,952,445 |
| | | 15,605,245 |

California 10.6%

| | | |
|--|--------|-------------|
| Alameda County Joint Powers Authority, Refunding LRB (AGM), 5.00%, 12/01/34 | 6,990 | 7,799,582 |
| California State University, RB, Systemwide, Series A (AGM): 5.00%, 11/01/33(g) | 7,996 | 8,976,124 |
| 5.00%, 11/01/37 | 18,435 | 20,550,615 |
| City of Riverside California, RB, Issue D (AGM), 5.00%, 10/01/38 | 20,000 | 22,070,800 |
| Foothill-De Anza Community College District, GO, Election of 1999, Series C (NPFGC), 5.00%, 8/01/36 | 7,500 | 8,105,850 |
| Las Virgenes Unified School District California, GO, Series A (AGM), 5.00%, 8/01/31 | 10,000 | 10,695,445 |
| Los Angeles Community College District California, GO, Refunding, Series A, 6.00%, 8/01/33 | 5,248 | 6,496,358 |
| Orange County Sanitation District, COP, Series B (AGM), 5.00%, 2/01/37 | 10,780 | 12,022,503 |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33 | 1,047 | 1,253,470 |
| San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33 | 9,370 | 10,600,281 |
| University of California, RB, Series O, 5.75%, 5/15/34 | 2,205 | 2,656,723 |
| | | 111,227,751 |

Colorado 0.3%

| | | |
|---|-------|-----------|
| Colorado Health Facilities Authority, Refunding RB, Catholic Healthcare, Series A, 5.50%, 7/01/34(g) | 2,469 | 2,881,241 |
|---|-------|-----------|

Schedule of Investments (continued)

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

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts(f) | | |
| Connecticut 0.5% | | |
| Connecticut State Health & Educational Facility Authority, RB, Yale University, Series T-1, 4.70%, 7/01/29 | \$ 5,019 | \$ 5,648,820 |
| District of Columbia 2.6% | | |
| District of Columbia, RB, Series A, 5.50%, 12/01/30(g) | 2,595 | 3,165,087 |
| District of Columbia Water & Sewer Authority, Refunding RB, Series A, 6.00%, 10/01/35(g) | 4,279 | 5,167,389 |
| Metropolitan Washington Airports Authority, RB, Series B, AMT (AMBAC), 5.00%, 10/01/32 | 10,000 | 11,097,000 |
| Metropolitan Washington Airports Authority, Refunding ARB, Series B, AMT, 5.00%, 10/01/30 | 6,880 | 7,922,389 |
| | | 27,351,865 |
| Florida 6.4% | | |
| City of Tallahassee Florida, RB, Energy System (NPFGC), 5.00%, 10/01/32(g) | 3,300 | 3,692,205 |
| County of Miami-Dade Florida Transit System, RB, (Syncora), 5.00%, 7/01/31 | 19,800 | 21,669,318 |
| County of Miami-Dade Florida, RB, Water and Sewer System AGM, 5.00%, 10/01/39 | 11,701 | 13,181,109 |
| County of Miami-Dade Florida Transit System, Refunding RB, 5.00%, 7/01/42 | 4,840 | 5,453,567 |
| Florida State Board of Education, GO, Series D, 5.00%, 6/01/37(g) | 3,299 | 3,744,559 |
| Highlands County Health Facilities Authority, RB, Adventist, Series C, 5.25%, 11/15/36(e) | 5,400 | 5,990,544 |
| Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34 | 12,013 | 13,794,684 |
| | | 67,525,986 |
| Georgia 1.1% | | |
| Metropolitan Atlanta Rapid Transit Authority, Refunding RB, Third Indenture, Series B (AGM), 5.00%, 7/01/37 | 10,000 | 11,258,927 |
| Hawaii 1.0% | | |
| Honolulu City & County Board of Water Supply, RB, Series A (NPFGC), 5.00%, 7/01/14(c) | 9,830 | 10,366,521 |
| Illinois 3.4% | | |
| City of Chicago Illinois, GO, Refunding, Series A (AGC), 5.25%, 1/01/24(g) | 11,000 | 12,439,020 |
| City of Chicago Illinois, RB, Motor Fuel Tax, Series A (AGC), 5.00%, 1/01/38 | 4,000 | 4,250,920 |
| City of Chicago Illinois, Refunding RB, Sales Tax Revenue, Series A, 5.00%, 1/01/41 | 2,190 | 2,444,128 |
| Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/38 | 10,000 | 12,303,700 |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A, 5.00%, 6/15/42 | 720 | 803,944 |

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| | | |
|--|--------|------------|
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34(g) | 3,499 | 4,027,132 |
| | | 36,268,844 |
| Kentucky 0.7% | | |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27 | 5,985 | 7,003,956 |
| Louisiana 1.1% | | |
| State of Louisiana Gas & Fuels, RB, Series A (AGM), 5.00%, 5/01/36 | 10,000 | 11,028,100 |
| Michigan 1.2% | | |
| Michigan Finance Authority, Refunding RB, Trinity Health, 5.00%, 12/01/39 | 11,600 | 12,898,620 |
| Nevada 0.6% | | |
| Clark County Water Reclamation District, GO, Series B: 5.50%, 7/01/29 | 510 | 622,880 |
| 5.75%, 7/01/34 | 4,813 | 5,878,146 |
| | | 6,501,026 |
| New Jersey 1.8% | | |
| Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28 | 10,000 | 13,497,900 |
| New Jersey Transportation Trust Fund Authority, RB, 5.25%, 6/15/36(g) | 4,960 | 5,666,998 |
| | | 19,164,898 |
| New York 6.2% | | |
| New York City Municipal Water Finance Authority, Refunding RB: 5.00%, 6/15/47 | 15,520 | 17,743,706 |
| Series DD, 5.00%, 6/15/37 | 17,567 | 19,858,062 |
| New York State Urban Development, RB, 5.00%, 3/15/43 | 14,280 | 16,480,405 |
| Port Authority of New York & New Jersey, Refunding RB, Consolidated, 143rd Series, AMT, 5.00%, 10/01/30 | 5,180 | 5,627,345 |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34(g) | 4,500 | 5,259,060 |
| | | 64,968,578 |
| North Carolina 0.9% | | |
| North Carolina HFA, RB, Series 31-A, AMT, 5.25%, 7/01/38 | 9,456 | 9,949,943 |

Schedule of Investments (continued)

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

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts(f) | | |
| Ohio 0.7% | | |
| County of Montgomery Ohio, RB, Catholic Health, Series C-1 (AGM), 5.00%, 10/01/41 | \$ 4,990 | \$ 5,323,182 |
| State of Ohio, RB, Cleveland Clinic Health, Series B, 5.50%, 1/01/34 | 1,520 | 1,738,850 |
| | | 7,062,032 |
| Puerto Rico 0.7% | | |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, Senior Series C, 5.25%, 8/01/40 | 6,540 | 7,085,632 |
| South Carolina 0.4% | | |
| South Carolina State Housing Finance & Development Authority, Refunding RB, Series B-1, 5.55%, 7/01/39 | 3,998 | 4,307,612 |
| South Dakota 0.0% | | |
| South Dakota HDA, Refunding RB, Homeownership Mortgage, Series K, 5.05%, 5/01/36 | 483 | 493,402 |
| Texas 4.1% | | |
| Friendswood ISD Texas, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/37 | 12,955 | 14,594,826 |
| Houston ISD, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/33 | 10,000 | 11,182,200 |
| North East ISD Texas, GO, School Building, Series A, 5.00%, 8/01/37(g) | 3,500 | 3,986,010 |
| Tarrant County Cultural Educational Facilities Finance Corp., RB, 5.00%, 11/15/38 | 1,799 | 2,017,346 |
| Texas State University Systems, Refunding RB, 5.25%, 3/15/26 | 10,000 | 11,715,400 |
| | | 43,495,782 |
| Virginia 0.4% | | |
| University of Virginia, Refunding RB, General, 5.00%, 6/01/40 | 3,944 | 4,511,205 |
| Washington 3.5% | | |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/34 | 16,770 | 19,222,025 |
| County of King Washington, RB (AGM), 5.00%, 1/01/37 | 15,785 | 17,805,641 |
| | | 37,027,666 |
| Wisconsin 2.5% | | |
| State of Wisconsin, Refunding RB, Series A, 6.00%, 5/01/36 | 14,780 | 17,857,492 |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., 5.25%, 4/01/39(g) | 7,459 | 8,277,535 |

| | | |
|--|----------------|-------------------------|
| | | 26,135,027 |
| Total Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts | 52.2% | 549,768,679 |
| Total Long-Term Investments | | |
| (Cost \$1,497,583,160) | 158.7% | 1,670,316,406 |
| Short-Term Securities | | |
| | Shares | |
| FBI Institutional Tax-Exempt Fund, 0.03%(h)(i) | 2,308,982 | 2,308,982 |
| Total Short-Term Securities | | |
| (Cost \$2,308,982) | 0.2% | 2,308,982 |
| Total Investments (Cost \$1,499,892,142) | 158.9% | 1,672,625,388 |
| Other Assets Less Liabilities | 1.0% | 10,745,705 |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable | (26.0)% | (274,108,877) |
| VRDP Shares, at Liquidation Value | (33.9)% | (356,400,000) |
| Net Assets Applicable to Common Shares | 100.0% | \$ 1,052,862,216 |

* As of April 30, 2013, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

| | |
|-------------------------------|------------------|
| Tax cost | \$ 1,228,298,383 |
| Gross unrealized appreciation | \$ 173,170,293 |
| Gross unrealized depreciation | (2,816,085) |
| Net unrealized appreciation | \$ 170,354,208 |

Notes to Schedule of Investments

- (a) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

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INC.

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(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.

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

| Counterparty | Value | Unrealized Appreciation |
|----------------------|--------------|----------------------------|
| JPMorgan Chase & Co. | \$ 6,604,281 | \$ 69,146 |

(e) Variable rate security. Rate shown is as of report date.

(f) 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.

(g) All or a portion of security is subject to a recourse agreement, which may require the Fund to pay the liquidity provider in the event there is a shortfall between the TOB trust certificates and proceeds received from the sale of the security contributed to the TOB trust. In the case of a shortfall, the aggregate maximum potential amount the Fund could ultimately be required to pay under the agreements, which expire from 1/01/16 to 12/01/29, is \$37,173,106.

(h) Investments in issuers considered to be an affiliate of the Fund during the period ended April 30, 2013, for purposes of Section 2(a)(3) of the 1940 act, were as follows:

| Affiliate | Shares Held at | Net Activity | Shares Held at | Income |
|-----------------------------------|------------------|--------------|-------------------|----------|
| | July 31, 2012 | | April 30, 2013 | |
| FFI Institutional Tax-Exempt Fund | 21,624,366 | (19,315,384) | 2,308,982 | \$ 1,662 |

(i) Represents the current yield as of report date.

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:

| | |
|--------------|---|
| 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. |
| CAB | Capital Appreciation Bonds |
| COP | Certificates of Participation |

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| | |
|-------------------|--|
| EDA | Economic Development Authority |
| ERB | Education Revenue Bonds |
| GAB | Grant Anticipation Bonds |
| GARB | General Airport Revenue Bonds |
| Ginnie Mae | Government National Mortgage Association |
| GO | General Obligation Bonds |
| HDA | Housing Development Authority |
| HFA | Housing Finance Agency |
| HRB | Housing Revenue Bonds |
| IDA | Industrial Development Authority |
| ISD | Independent School District |
| LRB | Lease Revenue Bonds |
| M/F | Multi-Family |
| MRB | Mortgage Revenue Bonds |
| NPFGC | National Public Finance Guarantee Corp. |
| PSF-GTD | Permanent School Fund Guaranteed |
| RB | Revenue Bonds |
| S/F | Single-Family |
| Syncora | Syncora Guarantee |

BLACKROCK MUNIYIELD QUALITY FUND III,
INC.

APRIL 30, 2013

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Schedule of Investments (concluded)**BlackRock MuniYield Quality Fund III, Inc. (MYI)**

Financial futures contracts as of April 30, 2013 were as follows:

| | | | | | Unrealized |
|----------------|--------------------------|------------------------|------------|----------------|--------------|
| Contracts Sold | Issue | Exchange | Expiration | Notional Value | Depreciation |
| (435) | 10-Year US Treasury Note | Chicago Board of Trade | June 2013 | \$ 58,011,328 | \$ (631,273) |

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques 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 that the Fund has the ability to access

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

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

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

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 and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to the Fund's most recent financial statements as contained in its semi-annual report.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of April 30, 2013:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|---------------------|-------------------------|---------|-------------------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 1,670,316,406 | | \$ 1,670,316,406 |
| Short-Term Securities | \$ 2,308,982 | | | 2,308,982 |
| Total | \$ 2,308,982 | \$ 1,670,316,406 | | \$ 1,672,625,388 |

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

| | Level 1 | Level 2 | Level 3 | Total |
|---|--------------|---------|---------|--------------|
| Derivative Financial Instruments ² | | | | |
| Liabilities: | | | | |
| Interest rate contracts | \$ (631,273) | | | \$ (631,273) |

² Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

Certain of the Fund's assets and liabilities are held at carrying amount, which approximates fair value for financial reporting purposes. As of April 30, 2013, such assets and liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|--|------------|------------------|---------|------------------|
| Assets: | | | | |
| Cash pledged for financial futures contracts | \$ 565,000 | | | \$ 565,000 |
| Liabilities: | | | | |
| TOB trust certificates | | \$ (273,972,797) | | (273,972,797) |
| VMTP shares | | (356,400,000) | | (356,400,000) |
| Total | \$ 565,000 | \$ (630,372,797) | | \$ (629,807,797) |

There were no transfers between levels during the period ended April 30, 2013.

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INC.

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 Quality Fund III, Inc.

By: /s/ John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of BlackRock MuniYield Quality Fund III, Inc.
Date: June 24, 2013

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 Quality Fund III, Inc.

Date: June 24, 2013

By: /s/ Neal J. Andrews
Neal J. Andrews
Chief Financial Officer (principal financial officer) of BlackRock MuniYield Quality Fund III, Inc.
Date: June 24, 2013