

BLACKROCK MUNIYIELD QUALITY FUND III, INC.  
Form N-Q  
June 25, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-06540

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield  
Quality Fund III, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 07/31/2014

Date of reporting period: 04/30/2014

Item 1 Schedule of Investments

## Schedule of Investments April 30, 2014 (Unaudited)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

|   | Par        |              |
|---|------------|--------------|
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |
| <b>Alabama 0.6%</b>   |            |              |
| City of Birmingham Alabama, GO, CAB, Series A, 5.00%, 3/01/43 (a)   | \$ 1,940   | \$ 1,757,271 |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39     | 3,605      | 4,163,847    |
|   |            | 5,921,118    |
| <b>Alaska 1.7%</b>  |            |              |
| Alaska Housing Finance Corp., RB, General Housing, Series B (NPFGC), 5.25%, 12/01/30                                      | 2,000      | 2,115,000    |
| Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41               | 2,690      | 2,963,062    |
| Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC), 6.00%, 9/01/28                            | 10,150     | 12,209,942   |
|   |            | 17,288,004   |
| <b>Arizona 0.4%</b>   |            |              |
| City of Phoenix & County of Maricopa Arizona IDA, Refunding RB, S/F Housing, Series A-2, AMT (Fannie Mae), 5.80%, 7/01/40 | 260        | 264,610      |
| State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27                                      | 3,075      | 3,373,183    |
|   |            | 3,637,793    |
| <b>California 13.6%</b>   |            |              |
| Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.40%, 10/01/24 (a)     | 10,000     | 10,788,500   |
| California Health Facilities Financing Authority, RB:   |            |              |
| St. Joseph Health System, Series A, 5.75%, 7/01/39  | 1,550      | 1,784,298    |
| Sutter Health, Series B, 5.88%, 8/15/31   | 3,200      | 3,797,184    |
| California Health Facilities Financing Authority, Refunding RB, Saint Joseph s Health System, Series A, 5.00%, 7/01/37    | 2,965      | 3,202,378    |
| California HFA, RB, S/F Housing, Home Mortgage, Series K, AMT, 5.50%, 2/01/42   | 1,740      | 1,776,418    |
|   | <b>Par</b> |              |
| <b>Municipal Bonds</b>  |            |              |
| <b>California (continued)</b>   |            |              |
| California State Public Works Board, LRB:   |            |              |
| Various Capital Projects, Series I, 5.00%, 11/01/38   | \$ 5,040   | \$ 5,402,225 |
| Various Judicial Council Projects, Series A, 5.00%, 3/01/38   | 1,940      | 2,071,183    |
| California State University, RB, Systemwide, Series A, 5.50%, 11/01/39  | 1,525      | 1,754,665    |
| California Statewide Communities Development Authority, RB:   |            |              |
| Kaiser Permanente, Series A, 5.00%, 4/01/42   | 4,030      | 4,284,253    |
| St. Joseph Health System, Series E (AGM), 5.25%, 7/01/47  | 4,000      | 4,143,400    |
| City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30  | 1,900      | 2,104,649    |
| City of San Jose California, Refunding ARB, AMT:  |            |              |
| Series A (AMBAC), 5.50%, 3/01/32  | 11,965     | 13,174,183   |
| Series A-1, 5.75%, 3/01/34  | 2,300      | 2,557,646    |
| Coast Community College District, GO, Election of 2002, Series C (AGM), 0.00%, 8/01/33 (b)                                | 8,100      | 2,900,043    |
| County of Sacramento California, ARB, Senior Series A, 5.00%, 7/01/41   | 10,000     | 10,536,200   |
| County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36 | 1,830      | 2,211,903    |
| Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 0.00%, 8/01/34 (b)                        | 5,000      | 1,583,850    |
| Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/14 (c)                     | 5,800      | 5,878,358    |
| Grossmont Union High School District, GO, CAB, Election of 2004, 0.00%, 8/01/31 (b)                                       | 5,110      | 2,284,936    |
| Long Beach Unified School District, GO, Election of 2008, Series B, 0.00%, 8/01/34 (b)                                    | 5,000      | 1,917,000    |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32                   | 1,200      | 1,330,068    |



## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Municipal Bonds</b>  |              |              |
| <b>California (continued)</b>   |              |              |
| Mount San Antonio Community College District, GO, Refunding, CAB, Election of 2008, Series A, 6.25%, 8/01/43 (a)        | \$ 3,975     | \$ 2,162,281 |
| Norwalk-La Mirada Unified School District, GO, Refunding, CAB, Election of 2002, Series E (AGC), 0.00%, 8/01/38 (b)     | 7,620        | 2,246,528    |
| Oceanside Unified School District, GO, Series A (AGC), 5.25%, 8/01/33   | 2,500        | 2,672,375    |
| Poway Unified School District, GO, Refunding, CAB, School Facilities Improvement, Election of 2008, Series B (b):       |              |              |
| 0.00%, 8/01/35  | 7,820        | 2,835,923    |
| 0.00%, 8/01/36  | 10,000       | 3,427,600    |
| Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C (b):                               |              |              |
| 0.00%, 8/01/37  | 8,000        | 2,576,960    |
| 0.00%, 8/01/38  | 12,940       | 3,970,768    |
| San Bernardino Community College District, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31                         | 2,165        | 2,330,298    |
| San Diego California Unified School District, GO, Refunding, CAB, Series R-1, 0.00%, 7/01/31 (b)                        | 3,485        | 1,615,053    |
| San Diego California Unified School District, GO, Series G (b):   |              |              |
| 0.00%, 7/01/34  | 1,860        | 655,669      |
| 0.00%, 7/01/35  | 1,970        | 652,149      |
| 0.00%, 7/01/36  | 2,960        | 922,010      |
| 0.00%, 7/01/37  | 1,975        | 579,050      |
| San Marcos Unified School District, GO, Election of 2010, Series A:   |              |              |
| 5.00%, 8/01/34  | 1,800        | 1,954,710    |
| 5.00%, 8/01/38  | 1,600        | 1,719,568    |
| State of California, GO:  |              |              |
| Series 2007-2 (NPFGC), 5.50%, 4/01/30   | 10           | 10,043       |
| Various Purpose, 5.00%, 4/01/42   | 2,000        | 2,144,360    |
| Various Purposes, 5.50%, 3/01/40  | 1,020        | 1,156,711    |
| State of California, GO, Refunding, Various Purpose:  |              |              |
| 5.00%, 2/01/38  | 4,000        | 4,308,360    |
| 5.00%, 9/01/41  | 2,700        | 2,884,221    |
| 5.00%, 10/01/41   | 2,555        | 2,731,090    |
|   | <b>Par</b>   |              |
|   |              | 135,162,658  |
| <b>Municipal Bonds</b>  |              |              |
| <b>California (concluded)</b>   |              |              |
| Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 0.00%, 8/01/36 (b)                          | \$ 6,545     | \$ 2,248,731 |
| West Valley-Mission Community College District, GO, Refunding, Election of 2004, Series A (AGM), 5.00%, 8/01/30         | 3,600        | 3,874,860    |
|   |              | 135,162,658  |
| <b>Florida 11.9%</b>  |              |              |
| County of Broward Florida School Board, COP, Series A (AGM), 5.25%, 7/01/33   | 13,100       | 14,526,066   |
| County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/34                                | 2,250        | 2,521,575    |
| County of Collier Florida School Board, COP, (AGM), 5.00%, 2/15/16 (c)  | 5,000        | 5,415,100    |
| County of Highlands Florida Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37 | 1,750        | 2,034,987    |
| County of Lee Florida, Refunding ARB, Series A, AMT:  |              |              |
| 5.63%, 10/01/26   | 2,600        | 2,929,550    |
| 5.38%, 10/01/32   | 3,440        | 3,688,058    |
| County of Miami-Dade Florida, GO, Building Better Communities Program:  |              |              |
| Series B, 6.38%, 7/01/28  | 6,000        | 7,051,560    |
| Series B-1, 5.75%, 7/01/33  | 3,700        | 4,202,349    |
| County of Miami-Dade Florida, RB:   |              |              |
| Seaport, Series A, 6.00%, 10/01/38  | 5,695        | 6,538,031    |
| Seaport, Series B, AMT, 6.00%, 10/01/30   | 1,820        | 2,097,095    |

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|   |        |            |
|---|--------|------------|
| Seaport, Series B, AMT, 6.25%, 10/01/38           | 1,165  | 1,325,828  |
| Seaport, Series B, AMT, 6.00%, 10/01/42           | 1,865  | 2,083,858  |
| Transit System Sales Surtax (AGM), 5.00%, 7/01/35 | 2,800  | 3,021,620  |
| County of Miami-Dade Florida, Refunding RB:       |        |            |
| Special Obligation, Sub-Series B, 5.00%, 10/01/37 | 2,640  | 2,748,478  |
| Water & Sewer System, Series C, 6.00%, 10/01/23   | 20,095 | 23,715,114 |

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APRIL 30, 2014

## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

|   | Par          |               |
|---|--------------|---------------|
|   | (000)        | Value         |
| <b>Municipal Bonds</b>  |              |               |
| <b>Florida (concluded)</b>  |              |               |
| County of Miami-Dade Florida Aviation, Refunding ARB, Miami International Airport, Series A, AMT (AGM), 5.50%, 10/01/41 | \$ 19,020    | \$ 21,130,840 |
| County of Miami-Dade Florida Aviation Revenue, Refunding RB, AMT:   |              |               |
| 5.00%, 10/01/31   | 4,000        | 4,302,640     |
| 5.00%, 10/01/34   | 530          | 560,417       |
| County of Palm Beach Florida Solid Waste Authority, Refunding RB, 5.00%, 10/01/31                                       | 3,100        | 3,340,529     |
| County of Sarasota Florida Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39   | 5,135        | 5,415,422     |
|   |              | 118,649,117   |
| <b>Georgia 1.7%</b>   |              |               |
| City of Atlanta Georgia Department of Aviation, Refunding GARB, Series B (AGM), 5.25%, 7/01/14 (c)                      | 10,000       | 10,086,400    |
| County of Burke Georgia Development Authority, Refunding RB, Oglethorpe Power-Vogtle Project, Series C, 5.70%, 1/01/43  | 6,450        | 6,844,353     |
|   |              | 16,930,753    |
| <b>Hawaii 0.4%</b>  |              |               |
| State of Hawaii Department of Transportation, COP, AMT:   |              |               |
| 5.00%, 8/01/27  | 2,000        | 2,166,980     |
| 5.00%, 8/01/28  | 1,775        | 1,912,456     |
|   |              | 4,079,436     |
| <b>Illinois 21.1%</b>   |              |               |
| City of Chicago Illinois, GARB, O Hare International Airport, 3rd Lien:   |              |               |
| Series A, 5.75%, 1/01/39  | 9,000        | 9,825,390     |
| Series B-2, AMT (NPFGC), 5.25%, 1/01/27   | 8,530        | 8,557,893     |
| Series B-2, AMT (NPFGC), 6.00%, 1/01/27   | 1,695        | 1,702,611     |
| City of Chicago Illinois, GO, Refunding,:   |              |               |
| 5.00%, 1/01/34  | 2,000        | 2,022,800     |
| 5.00%, 1/01/35  | 9,280        | 9,343,011     |
| 5.00%, 1/01/36  | 4,245        | 4,257,608     |
| Series A, 5.25%, 1/01/33  | 11,065       | 11,428,485    |
|   | <b>Par</b>   |               |
|   | <b>(000)</b> | <b>Value</b>  |
| <b>Municipal Bonds</b>  |              |               |
| <b>Illinois (continued)</b>   |              |               |
| City of Chicago Illinois, GO, Refunding (concluded):  |              |               |
| Series A (AGC), 5.25%, 1/01/24  | \$ 4,700     | \$ 5,086,763  |
| City of Chicago Illinois, Refunding GARB, O Hare International Airport, AMT:  |              |               |
| 3rd Lien, Series C-2 (AGM), 5.25%, 1/01/30  | 13,240       | 13,252,710    |
| Series B, 5.00%, 1/01/31  | 2,425        | 2,546,080     |
| City of Chicago Illinois, Refunding RB, Series A:   |              |               |
| Sales Tax Receipts, 5.00%, 1/01/41  | 4,190        | 4,297,013     |
| Waterworks, Second Lien (AMBAC), 5.00%, 11/01/36  | 3,500        | 3,634,960     |
| City of Chicago Illinois Board of Education, GO, Series A, 5.50%, 12/01/39  | 6,050        | 6,219,521     |
| City of Chicago Illinois Park District, GO, Series C, Harbor Facilities:  |              |               |
| Revenues, 5.25%, 1/01/37  | 4,000        | 4,208,600     |
| 5.25%, 1/01/40  | 1,505        | 1,583,486     |
| City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36                                     | 1,620        | 1,740,350     |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago, 5.13%, 12/01/38                | 3,250        | 3,442,985     |
| County of Cook Illinois Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/37         | 775          | 828,273       |
| County of Cook Illinois Forest Preserve District, GO, Series C, 5.00%, 12/15/37   | 890          | 945,465       |
| Illinois Finance Authority, RB, Carle Foundation, Series A, 5.75%, 8/15/34  | 8,700        | 9,630,900     |

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|  |        |            |
|--|--------|------------|
| Illinois Finance Authority, Refunding RB, Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39 | 5,250  | 6,065,587  |
| Illinois Municipal Electric Agency, RB, Series A (NPFGC):  |        |            |
| 5.00%, 2/01/35   | 17,935 | 18,763,597 |
| 5.25%, 2/01/35   | 15,000 | 16,147,050 |
| Illinois State Toll Highway Authority, RB, Series B:   |        |            |
| 5.50%, 1/01/33   | 4,000  | 4,446,320  |
| (BHAC), 5.50%, 1/01/33   | 2,000  | 2,232,120  |

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

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## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Municipal Bonds</b>   |              |              |
| <b>Illinois (concluded)</b>  |              |              |
| Metropolitan Pier & Exposition Authority, RB, CAB, McCormick Place Explosion Project, Series A (NPFGC) (b):                        |              |              |
| 0.00%, 12/15/26  | \$ 8,500     | \$ 5,101,105 |
| 0.00%, 6/15/32   | 14,000       | 5,915,420    |
| 0.00%, 12/15/33  | 20,000       | 7,749,400    |
| 0.00%, 12/15/34  | 41,880       | 15,276,149   |
| Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project, Series B (AGM), 0.00%, 6/15/44 (b) | 9,430        | 1,882,982    |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28  | 1,700        | 1,972,714    |
| Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 6/01/20  | 1,000        | 1,209,290    |
| State of Illinois, GO:   |              |              |
| 5.25%, 2/01/33   | 5,860        | 6,289,597    |
| 5.25%, 2/01/34   | 5,360        | 5,730,912    |
| Various Purposes, 5.50%, 7/01/33   | 2,235        | 2,448,755    |
| Various Purposes, 5.50%, 7/01/38   | 1,200        | 1,309,044    |
| University of Illinois, RB, Auxiliary Facilities System, Series A, 5.00%, 4/01/39  | 2,580        | 2,769,785    |
|  |              | 209,864,731  |
| <b>Indiana 3.1%</b>  |              |              |
| City of Indianapolis Indiana, Refunding RB, Series B (AGC), 5.25%, 8/15/27   | 5,000        | 5,361,100    |
| Indiana Finance Authority, RB, Series A:   |              |              |
| CWA Authority Project, 1st Lien, 5.25%, 10/01/38   | 2,900        | 3,189,217    |
| Private Activity Bond, Ohio River Bridges East End Crossing Project, AMT, 5.00%, 7/01/40   | 2,425        | 2,465,886    |
| Private Activity Bond, Ohio River Bridges East End Crossing Project, AMT, 5.00%, 7/01/44   | 1,400        | 1,413,650    |
| Indiana Municipal Power Agency, RB:  |              |              |
| Series A (NPFGC), 5.00%, 1/01/37   | 3,850        | 4,087,583    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Indiana (concluded)</b>   |              |              |
| Indiana Municipal Power Agency, RB (concluded):  |              |              |
| Series B, 6.00%, 1/01/39   | \$ 5,000     | \$ 5,614,050 |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A:                                       |              |              |
| 5.75%, 1/01/38   | 2,900        | 3,159,115    |
| (AGC), 5.25%, 1/01/29  | 1,350        | 1,472,148    |
| (AGC), 5.50%, 1/01/38  | 4,250        | 4,571,300    |
|  |              | 31,334,049   |
| <b>Iowa 3.0%</b>   |              |              |
| Iowa Finance Authority, RB, Iowa Health Facilities, Series A (AGC), 5.63%, 8/15/37   | 12,650       | 14,256,171   |
| Iowa Student Loan Liquidity Corp., RB, Senior Series A-2, AMT:   |              |              |
| 5.60%, 12/01/26  | 3,740        | 3,952,544    |
| 5.70%, 12/01/27  | 3,740        | 3,937,173    |
| 5.75%, 12/01/28  | 1,980        | 2,075,238    |
| 5.80%, 12/01/29  | 2,530        | 2,646,608    |
| 5.85%, 12/01/30  | 2,615        | 2,730,295    |
|  |              | 29,598,029   |
| <b>Kentucky 1.1%</b>   |              |              |
| Kentucky Economic Development Finance Authority, RB, Catholic Health Initiatives, Series A, 5.38%, 1/01/40                         | 1,000        | 1,086,860    |
| Kentucky Public Transportation Infrastructure Authority, RB, Convertible CAB, 1st tier, Series C, 6.60%, 7/01/39 (a)               | 8,225        | 5,077,128    |
| Kentucky State Property & Buildings Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/28                                 | 4,000        | 4,550,080    |
|  |              | 10,714,068   |

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### Louisiana 1.4%

|   |       |           |
|---|-------|-----------|
| City of New Orleans Louisiana Aviation Board, RB, New Orleans Aviation, Series A, AMT (AGM),<br>5.25%, 1/01/32  | 6,405 | 6,609,127 |
| Louisiana Local Government Environmental Facilities & Community Development Authority, RB,<br>East Baton Rouge Sewerage Commission Projects, Sub-Lien, Series A: 5.00%, 2/01/43 | 3,885 | 4,145,645 |

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BLACKROCK MUNIYIELD QUALITY FUND III, INC.

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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        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Louisiana (concluded)</b>  |              |              |
| Louisiana Local Government Environmental Facilities & Community Development Authority, RB, East Baton Rouge Sewerage Commission Projects, Sub-Lien, Series A (concluded): |              |              |
| 4.00%, 2/01/48  | \$ 3,885     | \$ 3,570,665 |
|   |              | 14,325,437   |
| <b>Massachusetts 1.1%</b>   |              |              |
| Massachusetts HFA, RB, Series B, 7.00%, 12/01/38  | 3,150        | 3,466,040    |
| Massachusetts HFA, Refunding RB, Series C, AMT, 5.35%, 12/01/42   | 3,100        | 3,161,070    |
| Massachusetts School Building Authority, RB, Dedicated Sales Tax, Senior, Series A, 5.00%, 5/15/43  | 3,495        | 3,847,051    |
|   |              | 10,474,161   |
| <b>Michigan 8.5%</b>  |              |              |
| City of Detroit Michigan Sewage Disposal System, Refunding RB, Senior Lien:   |              |              |
| Series B (AGM), 7.50%, 7/01/33  | 1,000        | 1,084,940    |
| Series C-1 (AGM), 7.00%, 7/01/27  | 1,500        | 1,624,395    |
| City of Detroit Michigan Water Supply System, RB, 2nd Lien, Series B (AGM):   |              |              |
| 6.25%, 7/01/36  | 1,075        | 1,086,965    |
| 7.00%, 7/01/36  | 500          | 533,485      |
| City of Detroit Michigan Water Supply System, Refunding RB, Water Supply System:  |              |              |
| 2nd Lien, Series D (NPFGC), 5.00%, 7/01/33  | 5,000        | 4,824,550    |
| Senior Lien, Series D (AGM), 5.00%, 7/01/23   | 5,000        | 5,004,750    |
| City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A, 5.50%, 7/01/41   | 3,185        | 3,609,401    |
| Michigan Finance Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/39  | 16,100       | 17,003,693   |
| Michigan State Building Authority, Refunding RB, Facilities Program:  |              |              |
| Series I, 6.25%, 10/15/38   | 3,125        | 3,628,531    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Michigan (concluded)</b>   |              |              |
| Michigan State Building Authority, Refunding RB, Facilities Program (concluded):  |              |              |
| Series I (AGC), 5.25%, 10/15/24   | \$ 1,750     | \$ 1,987,510 |
| Series I (AGC), 5.25%, 10/15/25   | 3,250        | 3,648,840    |
| Series I-A, 5.38%, 10/15/41   | 1,900        | 2,079,816    |
| State of Michigan, RB, GAB (AGM):   |              |              |
| 5.25%, 9/15/22  | 10,000       | 11,215,700   |
| 5.25%, 9/15/26  | 6,650        | 7,368,067    |
| State of Michigan Building Authority, Refunding RB, Facilities Program:   |              |              |
| Series I-A, 5.38%, 10/15/36   | 2,075        | 2,277,022    |
| Series II-A (AGM), 5.25%, 10/15/36  | 8,040        | 8,747,279    |
| State of Michigan HDA, RB, Series C, AMT, 5.50%, 12/01/28   | 2,335        | 2,455,580    |
| Wayne County Airport Authority, Refunding RB, AMT (AGC), 5.38%, 12/01/32  | 5,000        | 5,560,250    |
| Western Michigan University, Refunding RB, General, University and College Improvements (AGM), 5.00%, 11/15/39  | 1,080        | 1,150,826    |
|   |              | 84,891,600   |
| <b>Minnesota 0.7%</b>   |              |              |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38  | 5,500        | 6,453,535    |
| <b>Nebraska 0.7%</b>  |              |              |
| Central Plains Nebraska Energy Project, RB, Gas Project No. 3, 5.25%, 9/01/37   | 6,825        | 7,220,850    |
| <b>Nevada 2.3%</b>  |              |              |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34   | 2,250        | 2,600,258    |
| County of Clark Nevada, ARB:  |              |              |
| Department of Aviation, Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/14 (c)  | 12,750       | 12,852,892   |
| Las Vegas-McCarran International Airport, Series A, 5.25%, 7/01/42  | 2,000        | 2,137,080    |



## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Municipal Bonds</b>  |              |              |
| <b>Nevada (concluded)</b>   |              |              |
| County of Clark Nevada, ARB (concluded):  |              |              |
| Las Vegas-McCarran International Airport, Series A (AGM), 5.25%, 7/01/39  | \$ 5,170     | \$ 5,546,117 |
|   |              | 23,136,347   |
| <b>New Jersey 6.2%</b>  |              |              |
| New Jersey EDA, RB, Private Activity Bond, The Goethals Bridge Replacement Project:                                   |              |              |
| AMT, 5.38%, 1/01/43   | 4,920        | 5,179,235    |
| AMT, 5.13%, 1/01/34   | 1,930        | 2,024,686    |
| New Jersey EDA, Refunding RB, School Facilities Construction:   |              |              |
| Series N-1 (AMBAC), 5.50%, 9/01/24  | 6,425        | 7,766,733    |
| Series N-1 (NPFGC), 5.50%, 9/01/28  | 1,685        | 2,034,671    |
| New Jersey Higher Education Student Assistance Authority, Refunding RB, Series 1, AMT:                                |              |              |
| 5.50%, 12/01/25   | 1,250        | 1,379,975    |
| 5.50%, 12/01/26   | 1,800        | 1,969,848    |
| 5.75%, 12/01/28   | 200          | 220,636      |
| 5.88%, 12/01/33   | 6,895        | 7,463,768    |
| New Jersey Housing & Mortgage Finance Agency, Refunding RB, M/F Housing, Series 2, AMT, 4.35%, 11/01/33               | 3,360        | 3,333,792    |
| New Jersey Transportation Trust Fund Authority, RB:   |              |              |
| CAB, Transportation System, Series A, 0.00%, 12/15/35 (b)   | 18,525       | 6,247,556    |
| CAB, Transportation System, Series C (AGC) (AMBAC), 0.00%, 12/15/25 (b)   | 10,000       | 6,348,500    |
| Transportation Program, Series AA, 5.25%, 6/15/33   | 4,150        | 4,603,429    |
| Transportation System, Series A (NPFGC), 5.75%, 6/15/25   | 4,000        | 4,947,920    |
| Transportation System, Series AA, 5.50%, 6/15/39  | 5,725        | 6,389,787    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>New Jersey (concluded)</b>   |              |              |
| Rutgers - The State University of New Jersey, Refunding RB, Series L, 5.00%, 5/01/43                                  | \$ 1,200     | \$ 1,313,712 |
|   |              | 61,224,248   |
| <b>New York 4.2%</b>  |              |              |
| City of New York New York Transitional Finance Authority, RB:   |              |              |
| Fiscal 2009, Series S-4, 5.50%, 1/15/34   | 7,250        | 8,295,305    |
| Future Tax Secured, Series C, 5.50%, 11/01/35   | 1,820        | 2,106,359    |
| City of New York New York Transitional Finance Authority, Refunding RB, Future Tax Secured, Series B, 5.00%, 11/01/32 |              |              |
|   | 4,150        | 4,630,238    |
| Hudson Yards Infrastructure Corp., RB, Senior, Fiscal 2012, Series A, 5.75%, 2/15/47                                  |              |              |
|   | 1,920        | 2,132,102    |
| Port Authority of New York & New Jersey, ARB, Consolidated, 37th Series, AMT (AGM), 5.13%, 7/15/30                    |              |              |
|   | 19,500       | 19,872,840   |
| Port Authority of New York & New Jersey, Refunding RB, Consolidated, 172nd Series, AMT, 4.50%, 4/01/37                |              |              |
|   | 1,500        | 1,524,945    |
| State of New York Dormitory Authority, ERB, Series B, 5.25%, 3/15/38  |              |              |
|   | 3,250        | 3,700,580    |
|   |              | 42,262,369   |
| <b>Ohio 2.1%</b>  |              |              |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37                                   |              |              |
|   | 3,000        | 3,570,090    |
| County of Montgomery Ohio, RB, Catholic Health Initiatives, Series D-2, 5.45%, 10/01/38                               |              |              |
|   | 11,135       | 12,145,947   |
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1:                              |              |              |
| 5.25%, 2/15/32  | 1,950        | 2,176,512    |
| 5.25%, 2/15/33  | 2,730        | 3,031,965    |
|   |              | 20,924,514   |
| <b>Pennsylvania 3.3%</b>  |              |              |
| Commonwealth Financing Authority, RB, Series B, 5.00%, 6/01/42  |              |              |
|   | 3,630        | 3,814,513    |



## Schedule of Investments (continued)

## BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

|  | Par        |               |
|--|------------|---------------|
|  | (000)      | Value         |
| <b>Municipal Bonds</b>   |            |               |
| <b>Pennsylvania (concluded)</b>  |            |               |
| Pennsylvania Turnpike Commission, RB:  |            |               |
| Series A, 5.00%, 12/01/38  | \$ 1,775   | \$ 1,923,710  |
| Series A (AMBAC), 5.50%, 12/01/31  | 15,600     | 16,014,804    |
| Series C, 5.50%, 12/01/33  | 1,565      | 1,775,680     |
| Sub-Series C (AGC), 6.25%, 6/01/38   | 5,695      | 6,534,500     |
| Subordinate, Special Motor License Fund, 6.00%, 12/01/36   | 2,575      | 2,968,640     |
|  |            | 33,031,847    |
| <b>South Carolina 1.3%</b>   |            |               |
| South Carolina Jobs EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39   | 3,600      | 4,107,960     |
| State of South Carolina Public Service Authority, RB, Santee Cooper, Series E, 5.50%, 12/01/53                                     | 2,025      | 2,243,072     |
| State of South Carolina Public Service Authority, Refunding RB, Santee Cooper, Series B, 5.00%, 12/01/38                           | 5,870      | 6,294,695     |
|  |            | 12,645,727    |
| <b>Texas 15.3%</b>   |            |               |
| City of Houston Texas Utility System, Refunding RB:  |            |               |
| Combined 1st Lien, Series A (AGC), 6.00%, 11/15/35   | 5,700      | 6,659,880     |
| Combined 1st Lien, Series A (AGC), 5.38%, 11/15/38   | 3,650      | 3,979,595     |
| Series A (AGM), 5.00%, 11/15/36  | 10,000     | 10,837,200    |
| City of San Antonio Texas Public Service Board, RB, Junior Lien, 5.00%, 2/01/38  | 1,450      | 1,579,572     |
| County of Midland Texas Fresh Water Supply District No. 1, RB, CAB, City of Midland Project, Series A, 0.00%, 9/15/36 (b)          | 5,810      | 2,045,120     |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Cook Children s Medical Center, 5.25%, 12/01/39 | 2,095      | 2,322,873     |
| Dallas ISD, GO, School Building (PSF-GTD), 6.38%, 2/15/34  | 10,000     | 11,885,400    |
|  | <b>Par</b> |               |
|  | (000)      | Value         |
| <b>Municipal Bonds</b>   |            |               |
| <b>Texas (concluded)</b>   |            |               |
| Dallas-Fort Worth International Airport, ARB:  |            |               |
| Joint Improvement, Series D, AMT, 5.00%, 11/01/38  | \$ 13,080  | \$ 13,492,543 |
| Series F, 5.00%, 11/01/35  | 5,000      | 5,199,600     |
| Dallas-Fort Worth International Airport, Refunding ARB, Series F, 5.25%, 11/01/33  | 2,745      | 3,080,933     |
| Grand Prairie ISD, GO, Refunding, 0.00%, 8/15/28 (b)   | 10,000     | 4,500,600     |
| Judson ISD Texas, GO, School Building (AGC), 5.00%, 2/01/37  | 10,000     | 10,721,600    |
| North Texas Tollway Authority, Refunding RB, System:   |            |               |
| 1st Tier Series A, 6.00%, 1/01/28  | 6,275      | 7,257,979     |
| 1st Tier Series B (NPFGC), 5.75%, 1/01/40  | 10,000     | 11,069,400    |
| Series A (NPFGC), 5.13%, 1/01/28   | 20,000     | 21,842,600    |
| San Antonio Public Facilities Corp., Refunding RB, Convention Center Refinancing and Expansion Project:                            |            |               |
| 4.00%, 9/15/42   | 2,225      | 2,105,629     |
| CAB, 0.00%, 9/15/35 (b)  | 6,410      | 2,286,960     |
| CAB, 0.00%, 9/15/36 (b)  | 12,195     | 4,092,154     |
| CAB, 0.00%, 9/15/37 (b)  | 8,730      | 2,756,847     |
| State of Texas Turnpike Authority, RB, CAB (AMBAC), 0.00%, 8/15/31 (b)   | 20,265     | 7,231,565     |
| Texas Municipal Gas Acquisition & Supply Corp. III, RB:  |            |               |
| 5.00%, 12/15/31  | 1,665      | 1,717,880     |
| 5.00%, 12/15/32  | 5,565      | 5,725,717     |
| Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier, Series A, 5.00%, 8/15/41                   | 9,250      | 9,502,063     |
|  |            | 151,893,710   |
| <b>Utah 1.8%</b>   |            |               |
| Utah Transit Authority, Refunding RB, CAB (b):   |            |               |

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Sub-Series A (AGC), 0.00%, 6/15/20

10,000

8,276,700

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

APRIL 30, 2014

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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                |
| <b>Municipal Bonds</b>  |            |                      |
| <b>Utah (concluded)</b>   |            |                      |
| Utah Transit Authority, Refunding RB, CAB (b) (concluded):  |            |                      |
| Sub-Series A (NPFGC), 0.00%, 6/15/24  | \$ 13,930  | \$ 9,374,333         |
|   |            | 17,651,033           |
| <b>Vermont 0.1%</b>   |            |                      |
| Vermont HFA, Refunding RB, Multiple Purpose, Series C, AMT (AGM), 5.50%, 11/01/38   | 1,020      | 1,037,881            |
| <b>Washington 1.0%</b>  |            |                      |
| Washington Health Care Facilities Authority, RB:  |            |                      |
| MultiCare Health System, Remarketing, Series B, 5.00%, 8/15/44  | 1,000      | 1,044,780            |
| Providence Health & Services, Series A, 5.25%, 10/01/39   | 2,725      | 2,899,918            |
| Washington Health Care Facilities Authority, Refunding RB, Catholic Health Initiatives, Series D, 6.38%, 10/01/36                 | 5,400      | 6,219,558            |
|   |            | 10,164,256           |
| <b>Wisconsin 0.4%</b>   |            |                      |
| State of Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit Group, Series E, 5.00%, 11/15/33 | 3,745      | 4,110,025            |
| <b>Total Municipal Bonds 109.0%</b>   |            | <b>1,084,627,296</b> |
| <b>Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (d)</b>   |            |                      |
| <b>Arizona 1.5%</b>   |            |                      |
| Arizona School Facilities Board, COP, (AGC), 5.13%, 9/01/21 (e)   | 10,000     | 11,086,400           |
| Salt River Project Agricultural Improvement & Power District, RB, Electric System, Series A, 5.00%, 1/01/38                       | 3,500      | 3,823,015            |
|   |            | 14,909,415           |
| <b>California 11.3%</b>   |            |                      |
| California State University, RB, Systemwide, Series A (AGM), 5.00%, 11/01/33 (e)  | 7,996      | 8,885,844            |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/37  | 21,981     | 24,203,140           |
|   | <b>Par</b> |                      |
| <b>Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (d)</b>   |            |                      |
| <b>California (concluded)</b>   |            |                      |
| City of Riverside California, RB, Issue D (AGM), 5.00%, 10/01/38  | \$ 20,000  | \$ 21,117,200        |
| County of Alameda California Joint Powers Authority, Refunding LRB, (AGM), 5.00%, 12/01/34  | 6,990      | 7,714,444            |
| County of Orange California Sanitation District, COP, Series B (AGM), 5.00%, 2/01/37  | 10,780     | 11,787,822           |
| County of San Diego California Water Authority, COP, Refunding, Series A (AGM), 5.00%, 5/01/33                                    | 9,370      | 10,419,721           |
| Foothill-De Anza Community College District, GO, Election of 1999, Series C (NPFGC), 5.00%, 8/01/36                               | 7,500      | 7,856,400            |
| Las Virgenes Unified School District California, GO, Series A (AGM), 5.00%, 8/01/31   | 10,000     | 10,759,277           |
| Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A, 6.00%, 8/01/33                      | 5,248      | 6,233,330            |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33   | 1,047      | 1,203,154            |
| University of California, RB, Series O, 5.75%, 5/15/34  | 2,205      | 2,569,736            |
|   |            | 112,750,068          |
| <b>Colorado 0.3%</b>  |            |                      |
| Colorado Health Facilities Authority, Refunding RB, Catholic Health Initiatives, Series A, 5.50%, 7/01/34 (e)                     | 2,469      | 2,800,250            |
| <b>Connecticut 0.6%</b>   |            |                      |
| Connecticut State Health & Educational Facility Authority, RB, Yale University, Series T-1, 4.70%, 7/01/29                        | 5,019      | 5,488,331            |

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### District of Columbia 2.6%

|  |        |            |
|--|--------|------------|
| District of Columbia, RB, Series A, 5.50%, 12/01/30 (e)  | 2,595  | 3,045,033  |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 6.00%, 10/01/35 (e) | 4,279  | 4,908,171  |
| Metropolitan Washington Airports Authority, RB, Series B, AMT, 5.00%, 10/01/32                         | 10,000 | 10,568,400 |

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BLACKROCK MUNIYIELD QUALITY FUND III, INC.

APRIL 30, 2014

## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

|   | Par      |              |
|---|----------|--------------|
|   | (000)    | Value        |
| <b>Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (d)</b>   |          |              |
| <b>District of Columbia (concluded)</b>   |          |              |
| Metropolitan Washington Airports Authority, Refunding ARB, Series A, AMT, 5.00%, 10/01/30   | \$ 6,880 | \$ 7,516,538 |
|   |          | 26,038,142   |
| <b>Florida 6.5%</b>   |          |              |
| City of Tallahassee Florida, RB, Energy System (NPFGC), 5.00%, 10/01/32 (e)   | 3,300    | 3,600,564    |
| County of Highlands Florida Health Facilities Authority, RB, Adventist, Series C, 5.25%, 11/15/36   | 5,400    | 5,811,696    |
| County of Miami-Dade Florida, Refunding RB, Transit System Sales Surtax, 5.00%, 7/01/42   | 4,840    | 5,170,717    |
| County of Miami-Dade Florida Transit System, RB, (Syncora), 5.00%, 7/01/31  | 19,800   | 21,100,266   |
| County of Miami-Dade Florida Water & Sewer System, RB, (AGM), 5.00%, 10/01/39   | 11,702   | 12,405,495   |
| County of Orange Florida School Board, COP, Series A (AGC), 5.50%, 8/01/34  | 12,013   | 13,138,004   |
| State of Florida Board of Education, GO, Series D, 5.00%, 6/01/37 (e)   | 3,299    | 3,651,500    |
|   |          | 64,878,242   |
| <b>Georgia 1.1%</b>   |          |              |
| Metropolitan Atlanta Rapid Transit Authority, Refunding RB, 3rd Indenture, Series B (AGM), 5.00%, 7/01/37   | 10,000   | 10,835,515   |
| <b>Illinois 2.7%</b>  |          |              |
| City of Chicago Illinois, RB, Motor Fuel Tax Project, Series A (AGC), 5.00%, 1/01/38  | 4,000    | 4,055,920    |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A, 5.00%, 6/15/42   | 720      | 748,217      |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34 (e)   | 3,499    | 3,878,259    |
| State of Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/38  | 10,000   | 11,542,400   |
| <b>Par</b>  |          |              |
| <b>Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (d)</b>   |          |              |
| <b>Illinois (concluded)</b>   |          |              |
| State of Illinois Toll Highway Authority, RB, Series A, 5.00%, 1/01/38  | \$ 5,836 | \$ 6,154,577 |
|   |          | 26,379,373   |
| <b>Kentucky 0.7%</b>  |          |              |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27   | 5,985    | 6,815,976    |
| <b>Louisiana 1.1%</b>   |          |              |
| State of Louisiana Gas & Fuels, RB, Series A (AGM), 5.00%, 5/01/36  | 10,000   | 10,663,500   |
| <b>Nevada 0.6%</b>  |          |              |
| County of Clark Nevada Water Reclamation District, GO, Series B:<br>Limited Tax, 5.75%, 7/01/34   | 4,813    | 5,624,925    |
| 5.50%, 7/01/29  | 510      | 597,635      |
|   |          | 6,222,560    |
| <b>New Jersey 1.8%</b>  |          |              |
| Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28  | 10,000   | 12,714,500   |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (e)   | 4,961    | 5,383,588    |
|   |          | 18,098,088   |
| <b>New York 6.7%</b>  |          |              |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution:<br>Fiscal 2013, Series C, 5.00%, 6/15/47 | 15,521   | 16,635,927   |
| Series DD, 5.00%, 6/15/37   | 17,567   | 18,633,082   |
| City of New York New York Water & Sewer System, RB, Series DD, 5.00%, 6/15/35   | 4,740    | 5,290,172    |
| New York State Urban Development Corp., RB, Personal Income Tax, General Purpose, Series A-1, 5.00%, 3/15/43  | 14,280   | 15,504,081   |

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

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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                |
| <b>Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (d)</b>   |               |                      |
| <b>New York (concluded)</b>   |               |                      |
| Port Authority of New York & New Jersey, Refunding RB, Construction, 143rd Series, AMT, 5.00%, 10/01/30                               | \$ 5,180      | \$ 5,359,953         |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34 (e)  | 4,500         | 5,083,110            |
|   |               | 66,506,325           |
| <b>North Carolina 0.8%</b>  |               |                      |
| North Carolina HFA, RB, Series 31-A, AMT, 5.25%, 7/01/38  | 7,974         | 8,133,728            |
| <b>Ohio 0.7%</b>  |               |                      |
| County of Montgomery Ohio, RB, Catholic Health, Series C-1 (AGM), 5.00%, 10/01/41   | 4,990         | 5,137,255            |
| State of Ohio, RB, Cleveland Clinic Health Obligated Group, Series B, 5.50%, 1/01/34  | 1,520         | 1,661,482            |
|   |               | 6,798,737            |
| <b>South Carolina 0.3%</b>  |               |                      |
| State of South Carolina Housing Finance & Development Authority, Refunding RB, S/F Housing, Series B-1, 5.55%, 7/01/39                | 3,318         | 3,401,927            |
| <b>Texas 5.2%</b>   |               |                      |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38 | 1,799         | 1,921,262            |
| Dallas Fort Worth International Airport, ARB, Series H, AMT, 5.00%, 11/01/37 (e)  | 8,868         | 9,181,794            |
| Friendswood ISD Texas, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/37  | 12,955        | 14,304,522           |
| Houston ISD, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/33  | 10,000        | 10,920,900           |
| North East Texas ISD, GO, School Building, Series A (PSF-GTD), 5.00%, 8/01/37 (e)   | 3,500         | 3,846,780            |
| Texas State University Systems, Refunding RB, 5.25%, 3/15/26  | 10,000        | 11,322,300           |
|   |               | 51,497,558           |
| <b>Virginia 0.4%</b>  |               |                      |
| University of Virginia, Refunding RB, General, 5.00%, 6/01/40   | 3,944         | 4,391,763            |
|   | <b>Par</b>    |                      |
| <b>Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (d)</b>   |               |                      |
| <b>Washington 3.6%</b>  |               |                      |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/34   | \$ 16,770     | \$ 18,739,049        |
| County of King Washington, RB (AGM), 5.00%, 1/01/37   | 15,785        | 17,298,782           |
|   |               | 36,037,831           |
| <b>Wisconsin 2.8%</b>   |               |                      |
| State of Wisconsin, Refunding RB, Series A, 6.00%, 5/01/36  | 14,780        | 17,292,304           |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., Obligated Group:               |               |                      |
| Series A, 5.00%, 4/01/42  | 2,490         | 2,649,933            |
| Series C, 5.25%, 4/01/39 (e)  | 7,459         | 7,932,729            |
|   |               | 27,874,966           |
| <b>Total Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts</b>   | <b>51.3%</b>  | <b>510,522,295</b>   |
| <b>Total Long-Term Investments</b>  |               |                      |
| <b>(Cost \$1,476,403,051)</b>   | <b>160.3%</b> | <b>1,595,149,591</b> |

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| <b>Short-Term Securities</b> 1.0%                               | <b>Shares</b> |                       |
|---|---------------|-----------------------|
| FFI Institutional Tax-Exempt Fund, 0.03% (f)(g)                 | 10,309,702    | 10,309,702            |
| <b>Total Short-Term Securities</b>                              |               |                       |
| <b>(Cost \$10,309,702)</b> 1.0%                                 |               | 10,309,702            |
| <b>Total Investments (Cost \$1,486,712,753*)</b> 161.3%         |               | 1,605,459,293         |
| <b>Other Assets Less Liabilities</b> 1.6%                       |               | 15,820,572            |
| <b>Liability for TOB Trust Certificates, Including Interest</b> |               |                       |
| <b>Expense and Fees Payable (27.1%)</b>                         |               | (269,437,030)         |
| <b>VRDP Shares, at Liquidation Value (35.8%)</b>                |               | (356,400,000)         |
| <b>Net Assets Applicable to Common Shares</b> 100.0%            |               | <b>\$ 995,442,835</b> |

\* As of April 30, 2014, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

|                               |                  |
|-------------------------------|------------------|
| Tax cost                      | \$ 1,222,780,266 |
| Gross unrealized appreciation | \$ 121,632,598   |
| Gross unrealized depreciation | (8,323,688)      |
| Net unrealized appreciation   | \$ 113,308,910   |

## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

## 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 reflects the current yield as of report date.
- (b) Zero-coupon bond.
- (c) U.S. 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) Represent bonds transferred to a TOB. In exchange for which the Fund acquired residual interest certificates. These bonds serve as collateral in a financing transaction.
- (e) 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 February 1, 2016 to December 1, 2029 is \$37,276,720.
- (f) Investments in issuers considered to be an affiliate of the Fund during the period ended April 30, 2014, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                         | Shares Held<br>at July 31,<br>2013 | Net<br>Activity | Shares Held<br>at April 30,<br>2014 | Income   |
|-----------------------------------|------------------------------------|-----------------|-------------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 9,261,003                          | 1,048,699       | 10,309,702                          | \$ 2,803 |

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

## Portfolio Abbreviations

|              |   |
|--------------|---|
| <b>AGC</b>   | Assured Guarantee Corp.                 |
| <b>AGM</b>   | Assured Guaranty Municipal Corp.        |
| <b>AMBAC</b> | American Municipal Bond Assurance Corp. |
| <b>AMT</b>   | Alternative Minimum Tax (subject to)    |
| <b>ARB</b>   | Airport Revenue Bonds                   |
| <b>BHAC</b>  | Berkshire Hathaway Assurance Corp.      |
| <b>CAB</b>   | Capital Appreciation Bonds              |
| <b>COP</b>   | Certificates of Participation           |
| <b>EDA</b>   | Economic Development Authority          |
| <b>ERB</b>   | Education Revenue Bonds                 |
| <b>GAB</b>   | Grant Anticipation Bonds                |
| <b>GARB</b>  | General Airport Revenue Bonds           |
| <b>GO</b>    | General Obligation Bonds                |
| <b>HDA</b>   | Housing Development Authority           |

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|                |   |
|----------------|---|
| <b>HFA</b>     | Housing Finance Agency                  |
| <b>IDA</b>     | Industrial Development Authority        |
| <b>ISD</b>     | Independent School District             |
| <b>LRB</b>     | Lease Revenue Bonds                     |
| <b>M/F</b>     | Multi-family                            |
| <b>NPFGC</b>   | National Public Finance Guarantee Corp. |
| <b>PSF-GTD</b> | Permanent School Fund Guaranteed        |
| <b>RB</b>      | Revenue Bonds                           |
| <b>S/F</b>     | Single-family                           |
| <b>Syncora</b> | Syncora Guarantee                       |

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

APRIL 30, 2014

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## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

Financial futures contracts outstanding as of April 30, 2014 were as follows:

| Contracts Sold | Issue                      | Exchange               | Expiration | Notional      |                         |
|----------------|----------------------------|------------------------|------------|---------------|-------------------------|
|                |                            |                        |            | Value         | Unrealized Depreciation |
| (555)          | 10-Year U.S. Treasury Note | Chicago Board of Trade | June 2014  | \$ 69,054,141 | \$ (206,566)            |

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 or 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 fair value hierarchy classification 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, 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, 2014:

|                                    | Level 1       | Level 2          | Level 3 | Total            |
|------------------------------------|---------------|------------------|---------|------------------|
| <b>Assets:</b>                     |               |                  |         |                  |
| Investments:                       |               |                  |         |                  |
| Long-Term Investments <sup>1</sup> |               | \$ 1,595,149,591 |         | \$ 1,595,149,591 |
| Short-Term Securities              | \$ 10,309,702 |                  |         | 10,309,702       |
| <b>Total</b>                       | \$ 10,309,702 | \$ 1,595,149,591 |         | \$ 1,605,459,293 |

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

|   | Level 1      | Level 2 | Level 3 | Total        |
|---|--------------|---------|---------|--------------|
| Derivative Financial Instruments <sup>2</sup> |              |         |         |              |
| <b>Liabilities:</b>                           |              |         |         |              |
| Interest rate contracts                       | \$ (206,566) |         |         | \$ (206,566) |

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



## Schedule of Investments (concluded)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

The carrying amount for certain of the Fund's assets and/or liabilities approximates fair value for financial reporting purposes. As of April 30, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1    | Level 2          | Level 3 | Total            |
|--|------------|------------------|---------|------------------|
| <b>Assets:</b>                               |            |                  |         |                  |
| Cash pledged for financial futures contracts | \$ 729,000 |                  |         | \$ 729,000       |
| <b>Liabilities:</b>                          |            |                  |         |                  |
| TOB trust certificates                       |            | \$ (269,370,117) |         | (269,370,117)    |
| VRDP Shares                                  |            | (356,400,000)    |         | (356,400,000)    |
| <b>Total</b>                                 | \$ 729,000 | \$ (625,770,117) |         | \$ (625,041,117) |

There were no transfers between levels during the period ended April 30, 2014.

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

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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 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 23, 2014

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 23, 2014

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

Date: June 23, 2014