

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, 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 811-07080

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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

Date of fiscal year end: 07/31/2013

Date of reporting period: 04/30/2013

Item 1 Schedule of Investments

Schedule of Investments April 30, 2013 (Unaudited)

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

	Par (000)	Value
Municipal Bonds		
Michigan 126.5%		
Corporate 6.2%		
Dickinson County EDC, Michigan, Refunding RB, International Paper Co. Project, Series A, 5.75%, 6/01/16	\$ 3,900	\$ 3,914,898
Monroe County EDC, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22	10,695	14,509,265
		18,424,163
County/City/Special District/School District 36.8%		
Adrian City School District Michigan, GO (AGM)(a):		
5.00%, 5/01/14	2,000	2,093,920
5.00%, 5/01/14	1,600	1,675,136
Anchor Bay School District, GO, Refunding (Q-SBLF):		
4.13%, 5/01/25	3,000	3,321,030
4.25%, 5/01/26	1,800	1,984,626
4.38%, 5/01/27	960	1,056,643
4.00%, 5/01/28	240	256,082
4.38%, 5/01/28	600	655,632
4.00%, 5/01/29	620	657,925
4.50%, 5/01/29	900	992,052
Bay City School District Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/36	2,800	3,051,608
Birmingham City School District Michigan, GO, School Building & Site (AGM), 5.00%, 11/01/14(a)	1,000	1,069,890
Brighton Area School District Michigan, GO, School Building & Site, Series I (Q-SBLF), 4.25%, 5/01/37	3,570	3,708,016
Charter Township of Canton Michigan, GO, Capital Improvement (AGM):		
5.00%, 4/01/25	1,840	2,093,699
5.00%, 4/01/26	2,000	2,248,040
5.00%, 4/01/27	500	562,710
Chippewa Valley Schools, GO, Refunding (Q-SBLF):		
5.00%, 5/01/31	1,860	2,167,179
5.00%, 5/01/32	1,970	2,284,294
City of Oak Park Michigan, GO, Street Improvement (NPFGC), 5.00%, 5/01/30	500	543,555
Comstock Park Public Schools, GO, School Building & Site, Series B (Q-SBLF):		
5.50%, 5/01/36	750	865,793
5.50%, 5/01/41	1,355	1,562,139
County of Genesee Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/19	600	643,914
County of Genesee Michigan, GO, Water Supply System (NPFGC), 5.13%, 11/01/33	1,000	1,019,870
Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39	3,300	3,711,543
Detroit City School District Michigan, GO, School Building & Site Improvement (NPFGC)(a):		
Series A, 5.38%, 5/01/13	1,300	1,300,169
Series B, 5.00%, 5/01/13	2,850	2,850,342
Eaton Rapids Public Schools Michigan, GO, School Building & Site (AGM)(a):		
5.25%, 5/01/14	1,325	1,390,945
5.25%, 5/01/14	1,675	1,758,365
Flint EDC, RB, Michigan Department of Human Services Office Building Project, 5.25%, 10/01/41	3,070	3,314,587
Fraser Public School District, GO, School Building & Site (AGM),		

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5.00%, 5/01/25	2,000	2,170,480
Gibraltar School District Michigan, GO, School Building & Site Improvement (NPFGC)(a):		
5.00%, 5/01/14	2,940	3,078,062
5.00%, 5/01/14	710	743,562
Goodrich Area School District, GO, School Building & Site (Q-SBLF):		
5.50%, 5/01/32	600	702,756
5.50%, 5/01/36	1,200	1,394,424
5.50%, 5/01/41	1,575	1,812,179
Gull Lake Community School District, GO, School Building & Site (AGM),		
5.00%, 5/01/14(a)	3,625	3,797,079
Harper Creek Community School District Michigan, GO, Refunding (AGM),		
5.00%, 5/01/22	1,125	1,220,895
Harper Woods School District Michigan, GO, Refunding, School Building & Site (NPFGC),		
5.00%, 5/01/14(a)	430	445,188
Howell Public Schools, GO, Refunding (Q-SBLF),		
4.50%, 5/01/29	1,090	1,231,929
Hudsonville Public Schools, GO, School Building & Site (Q-SBLF),		
5.25%, 5/01/41	4,100	4,645,956
L Anse Creuse Public Schools Michigan, GO, School Building & Site (AGM):		
5.00%, 5/01/24	1,000	1,085,240
5.00%, 5/01/25	1,525	1,654,991
5.00%, 5/01/26	1,600	1,726,384
5.00%, 5/01/35	3,000	3,194,370

BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

APRIL 30, 2013

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Schedule of Investments (continued)

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

	Par (000)	Value
Municipal Bonds		
Michigan (continued)		
County/City/Special District/School District (concluded)		
Lansing Building Authority Michigan, GO, Series A (NPFGC), 5.38%, 6/01/13(a)	\$ 1,510	\$ 1,516,750
Lincoln Consolidated School District Michigan, GO, Refunding (NPFGC), 4.63%, 5/01/28	5,000	5,355,850
Livonia Public Schools School District Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/24	1,000	1,042,520
Montrose Community Schools, GO (NPFGC), 6.20%, 5/01/17	830	908,360
Orchard View Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 11/01/13(a)	5,320	5,448,159
Parchment School District, GO, School Building & Site, 5.00%, 5/01/25	1,000	1,149,990
Pennfield School District Michigan, GO, School Building & Site (NPFGC)(a): 5.00%, 5/01/14	765	800,527
5.00%, 5/01/14	605	633,096
Reed City Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/14(a)	1,425	1,492,645
Romulus Community Schools, GO, Unlimited Tax, Refunding, (AGM), (Q-SBLF): 4.13%, 5/01/25	1,150	1,260,457
4.25%, 5/01/26	1,200	1,314,372
4.25%, 5/01/27	1,200	1,305,432
4.50%, 5/01/29	1,025	1,122,211
Southfield Public Schools Michigan, GO, School Building & Site, Series B (AGM), 5.00%, 5/01/14(a)	2,000	2,094,540
Thornapple Kellogg School District Michigan, GO, Refunding, School Building & Site (NPFGC), 5.00%, 5/01/32	2,500	2,774,625
Van Dyke Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/28	1,250	1,423,412
Zeeland Public Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/14(a)	1,600	1,675,632
		109,061,777
Education 6.0%		
Grand Valley State University Michigan, RB (NPFGC), 5.50%, 2/01/18	1,760	1,925,510
Lake Superior State University, Refunding RB (AGM): 4.00%, 11/15/26	770	815,268
4.00%, 11/15/27	465	489,850
4.00%, 11/15/28	310	325,091
4.00%, 11/15/29	400	416,752
4.00%, 11/15/30	310	321,588
Michigan Higher Education Facilities Authority, RB, Limited Obligation, Hillsdale College Project, 5.00%, 3/01/35	1,720	1,738,008
Michigan State University, Refunding RB, General, Series C, 5.00%, 2/15/40	4,700	5,200,456
Michigan Technological University, Refunding RB, General, Series A, 5.00%, 10/01/34	1,650	1,861,151
Saginaw Valley State University Michigan, Refunding RB, General (NPFGC), 5.00%, 7/01/24	2,100	2,209,284
Western Michigan University, Refunding RB, General, 5.25%, 11/15/40	2,100	2,397,570

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17,700,528

Health 22.0%

Flint Hospital Building Authority Michigan, Refunding RB, Hurley Medical Center (ACA), 6.00%, 7/01/20	1,045	1,048,793
Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36	4,750	5,318,195
Kent Hospital Finance Authority Michigan, Refunding RB, Spectrum Health, Series A, 5.00%, 11/15/29	4,500	5,093,955
Michigan State Finance Authority, RB, Sparrow Obligated Group, 5.00%, 11/15/36	1,550	1,718,625
Michigan State Finance Authority, Refunding RB: Hospital, Oakwood Obligated Group, 5.00%, 8/15/31	1,745	1,951,870
Trinity Health Credit, 5.00%, 12/01/31	3,100	3,551,019
Trinity Health Credit, 5.00%, 12/01/35	3,100	3,483,749
Michigan State Hospital Finance Authority, RB: Ascension Health Senior Credit Group, 5.00%, 11/15/25	3,700	4,343,245
Hospital, MidMichigan Obligated Group, Series A (AMBAC), 5.50%, 4/15/18	2,530	2,538,223
McLaren Health Care, Series C, 5.00%, 8/01/35	1,000	1,069,010
MidMichigan Obligated Group, Series A, 5.00%, 4/15/26	620	654,100
MidMichigan Obligated Group, Series A, 5.00%, 4/15/36	3,550	3,684,190

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BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.

APRIL 30, 2013

Schedule of Investments (continued)

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

	Par (000)	Value
Municipal Bonds		
Michigan (continued)		
Health (concluded)		
Michigan State Hospital Finance Authority, Refunding RB:		
Henry Ford Health System, Series A, 5.25%, 11/15/46	\$ 2,500	\$ 2,637,500
Hospital, Oakwood Obligated Group, 5.00%, 11/01/32	4,000	4,450,720
Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/21	600	676,356
Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/25	3,260	3,523,767
Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/37	630	661,613
Hospital, Sparrow Obligated, 5.00%, 11/15/31	3,100	3,301,686
McLaren Health Care, 5.75%, 5/15/38	4,500	5,198,625
McLaren Health Care, Series A, 5.00%, 6/01/35	1,390	1,544,179
Trinity Health Credit, Series A, 6.25%, 12/01/28	930	1,120,659
Trinity Health Credit, Series A, 6.50%, 12/01/33	1,000	1,208,950
Trinity Health Credit Group, Series C, 4.00%, 12/01/32	4,460	4,621,630
Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39	1,000	1,281,170
Sturgis Building Authority, RB, Sturgis Hospital Project (NPFGC), 4.75%, 10/01/34	475	482,942
		65,164,771
Housing 8.8%		
Michigan State HDA, RB:		
Deaconess Tower AMT (Ginnie Mae), 5.25%, 2/20/48	1,000	1,038,780
Series A, 4.75%, 12/01/25	4,235	4,679,209
Series A, AMT (NPFGC), 5.30%, 10/01/37	130	130,139
Williams Pavilion, AMT (Ginnie Mae), 4.75%, 4/20/37	3,700	3,826,651
Michigan State HDA, Refunding RB:		
Rental Housing Revenue, Series D, 4.50%, 10/01/48	9,715	9,863,639
Series A, 6.05%, 10/01/41	6,010	6,516,944
		26,055,362
State 16.3%		
Michigan Municipal Bond Authority, Refunding RB, Local Government, Charter County Wayne, Series B (AGC), 5.38%, 11/01/24		
	125	145,778
Michigan State Building Authority, Refunding RB, Facilities Program:		
Series H (AGM), 5.00%, 10/15/26	4,500	5,130,810
Series I, 6.25%, 10/15/38	3,900	4,728,555
Series I (AGC), 5.25%, 10/15/24	4,000	4,780,400
Series I (AGC), 5.25%, 10/15/25	2,000	2,390,200
Series I (AGC), 5.25%, 10/15/26	600	713,862
Series I-A, 5.50%, 10/15/45	1,250	1,447,500
Series II (NPFGC), 5.00%, 10/15/29	3,500	3,564,820
Michigan State Finance Authority, RB, Series F:		
5.00%, 4/01/31	1,000	1,087,250
5.25%, 10/01/41	6,085	6,664,961
Michigan Strategic Fund, Refunding RB, Cadillac Place Office Building Project, 5.25%, 10/15/31	1,500	1,716,705
State of Michigan, RB, GAB (AGM), 5.25%, 9/15/27	5,250	6,095,932
State of Michigan Trunk Line Revenue, RB:		

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5.00%, 11/15/29	1,000	1,181,920
5.00%, 11/15/33	1,850	2,154,214
5.00%, 11/15/36	3,500	4,049,675
State of Michigan, COP (AMBAC), 2.12%, 6/01/22(b)(c)	3,000	2,476,920

48,329,502

Transportation 12.1%

Wayne County Airport Authority, RB, Detroit Metropolitan Wayne County Airport, AMT (NPFGC):

5.25%, 12/01/25	7,525	8,227,308
5.25%, 12/01/26	6,300	6,887,979
5.00%, 12/01/34	4,435	4,777,560

Wayne County Airport Authority, Refunding RB, AMT (AGC):

5.75%, 12/01/25	4,000	4,744,800
5.75%, 12/01/26	1,000	1,186,200
5.38%, 12/01/32	8,700	9,903,036

35,726,883

Utilities 18.3%

City of Detroit Michigan Water Supply System, RB:

Second Lien, Series B (AGM), 7.00%, 7/01/36	3,000	3,614,850
Second Lien, Series B (NPFGC), 5.00%, 7/01/13(a)	1,550	1,562,570
Senior Lien, Series A (NPFGC), 5.00%, 7/01/34	6,000	6,000,060
Series B (NPFGC), 5.25%, 7/01/13(a)	11,790	11,890,569

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Schedule of Investments (continued)

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

	Par (000)	Value
Municipal Bonds		
Michigan (concluded)		
Utilities (concluded)		
City of Detroit Michigan Water Supply System, Refunding RB, Second Lien, Series C (AGM), 5.00%, 7/01/29	\$ 10,470	\$ 10,765,673
City of Grand Rapids Michigan Sanitary Sewer System, RB: 5.00%, 1/01/37	930	1,074,094
4.00%, 1/01/42	1,700	1,759,262
City of Port Huron Michigan, RB, Water Supply: 5.25%, 10/01/31	310	344,717
5.63%, 10/01/40	1,000	1,123,520
Lansing Board of Water & Light Utilities System, RB, Series A: 5.00%, 7/01/27	1,970	2,300,133
5.00%, 7/01/31	4,230	4,888,484
5.00%, 7/01/37	2,065	2,357,363
5.50%, 7/01/41	3,000	3,549,240
Michigan Municipal Bond Authority, RB: Clean Water Revolving-Pooled, 5.00%, 10/01/27	1,240	1,497,759
State Clean Water, 5.00%, 10/01/27	1,250	1,411,912
		54,140,206
Total Municipal Bonds in Michigan		374,603,192
Guam 2.5%		
State 1.9%		
Government of Guam Business Privilege Tax Revenue, RB, Series A, 5.13%, 1/01/42	2,300	2,566,363
Territory of Guam, Limited Obligation Bonds, RB, Section 30, Series A, 5.63%, 12/01/29	1,400	1,558,788
Territory of Guam, RB, Series B-1, 5.00%, 1/01/37	1,165	1,290,971
		5,416,122
Utilities 0.6%		
Guam Power Authority, Refunding RB, Series A: 5.00%, 10/01/34	605	669,590
(AGM), 5.00%, 10/01/26	970	1,145,376
		1,814,966
Total Municipal Bonds in Guam		7,231,088
Puerto Rico 6.5%		
State 5.5%		
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 5.50%, 8/01/42	500	526,125
Puerto Rico Sales Tax Financing Corp., Refunding RB: CAB, Series A (NPFGC), 5.64%, 8/01/41(b)	8,500	1,766,895
CAB, Series A (NPFGC), 5.65%, 8/01/42(b)	6,680	1,307,476
CAB, Series A (NPFGC), 5.67%, 8/01/43(b)	12,500	2,304,250
CAB, Series A (NPFGC), 5.73%, 8/01/46(b)	20,000	3,054,200
CAB, Series C, 5.50%, 8/01/38(b)	2,775	705,044
First Sub-Series C (AGM), 5.13%, 8/01/42	5,100	5,398,554

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Series A-1, 5.25%, 8/01/43	1,070	1,117,230
		16,179,774

Transportation 1.0%

Puerto Rico Highway & Transportation Authority, Refunding RB, Series CC (AGC), 5.50%, 7/01/31	2,750	3,041,583
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Total Municipal Bonds in Puerto Rico		19,221,357
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Total Municipal Bonds 135.5%		401,055,637
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Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts(d)

Michigan 17.6%

County/City/Special District/School District 4.3%

Lakewood Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/37	6,470	7,486,534
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Portage Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/31	4,650	5,198,096
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12,684,630

Education 7.4%

Saginaw Valley State University, Refunding RB, General (AGM), 5.00%, 7/01/31	7,500	8,446,425
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Wayne State University, Refunding RB, General (AGM), 5.00%, 11/15/35	12,207	13,544,998
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21,991,423

Health 1.2%

Michigan Finance Authority, Refunding RB, Trinity Health, 5.00%, 12/01/39	3,350	3,725,032
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Utilities 4.7%

City of Grand Rapids Michigan, RB (NPFGC), 5.00%, 7/01/14(a)	11,387	12,001,432
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Schedule of Investments (continued)

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

	Par (000)	Value
Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts(d)		
Michigan (concluded)		
Utilities (concluded)		
Detroit Water and Sewerage Department, Refunding RB, Senior Lien, Series A, 5.25%, 7/01/39	\$ 1,649	\$ 1,799,535
		13,800,967
Total Municipal Bonds in Michigan		52,202,052
Puerto Rico 1.1%		
State 1.1%		
Puerto Rico Sales Tax Financing Corp., Refunding RB, Series C, 5.25%, 8/01/40	3,060	3,315,256
Total Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts 18.7%		55,517,308
Total Long-Term Investments		
(Cost \$419,837,284) 154.2%		456,572,945
Short-Term Securities	Shares	
BIF Michigan Municipal Money Fund, 0.00%(e)(f)	5,322,547	\$ 5,322,547
Total Short-Term Securities		
(Cost \$5,322,547) 1.8%		5,322,547
Total Investments (Cost \$425,159,831*) 156.0%		461,895,492
Other Assets Less Liabilities 2.0%		5,864,032
Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (9.2)%		(27,095,555)
VRDP Shares, at Liquidation Value (48.8)%		(144,600,000)
Net Assets Applicable to Common Shares 100.0%		\$ 296,063,969

* 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	\$ 398,895,446
Gross unrealized appreciation	\$ 37,990,563
Gross unrealized depreciation	(2,063,708)
Net unrealized appreciation	\$ 35,926,855

Notes to Schedule of Investments

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- (a) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (c) Security is collateralized by Municipal or US Treasury obligations.
- (d) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction.
- (e) Investments in 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 Investment Company Act of 1940, as amended, were as follows:

Affiliate	Shares Held at July 31, 2012	Net Activity	Shares Held at April 30, 2013
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