

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 (NPFGC), 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 (NPFGB), 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		