

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

Form N-Q

December 20, 2016

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: 07/31/2017

Date of reporting period: 10/31/2016

Item 1 Schedule of Investments

Schedule of Investments October 31, 2016 (Unaudited)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| Alabama 0.7% | | |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children's Hospital (AGC), 6.00%, 6/01/19 (a) | \$ 3,605 | \$ 4,062,042 |
| City of Birmingham Alabama, GO, Convertible CAB, Series A1, 0.00%, 3/01/45 (b) | 2,920 | 3,114,180 |
| | | 7,176,222 |
| Alaska 1.5% | | |
| Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41 | 2,690 | 3,062,457 |
| Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center, 6.00%, 9/01/19 (AGC) (a): | 10,150 | 11,546,742 |
| | | 14,609,199 |
| Arizona 1.2% | | |
| City of Phoenix & County of Maricopa Arizona IDA, Refunding RB, S/F Housing, Series A-2, AMT (Fannie Mae), 5.80%, 7/01/40 | 120 | 123,058 |
| County of Maricopa Arizona IDA, Refunding RB, Banner Health Obligation Group, Series A (c): 3.25%, 1/01/37 | 2,630 | 2,509,861 |
| 5.00%, 1/01/38 | 2,080 | 2,426,923 |
| Salt River Project Agricultural Improvement & Power District, RB, Series A, 5.00%, 1/01/38 | 3,500 | 3,658,165 |
| State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27 | 3,075 | 3,391,879 |
| | | 12,109,886 |
| California 13.1% | | |
| Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.40%, 10/01/17 (a)(b) | 10,000 | 10,425,800 |
| Alameda County Joint Powers Authority, Refunding RB, 5.00%, 12/01/17 (a) | 6,990 | 7,292,457 |
| California Health Facilities Financing Authority, RB: St. Joseph Health System, Series A, 5.75%, 7/01/39 | 1,550 | 1,723,259 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| California (continued) | | |
| California Health Facilities Financing Authority, RB (continued): | | |
| Sutter Health, Series B, 5.88%, 8/15/31 | \$ 3,200 | \$ 3,734,304 |
| California Health Facilities Financing Authority, Refunding RB, St. Joseph Health System, Series A, 5.00%, 7/01/37 | 2,965 | 3,407,674 |
| California State University, RB, Systemwide, Series A, 5.50%, 5/01/19 (a) | 1,525 | 1,697,234 |
| California State University, Refunding RB, Series A: 5.00%, 5/01/17 (a) | 1,510 | 1,542,510 |
| Systemwide (AGM), 5.00%, 5/01/17 (a) | 970 | 990,933 |
| Systemwide (AGM), 5.00%, 11/01/37 | 1,065 | 1,086,662 |
| California Statewide Communities Development Authority, RB: Kaiser Permanente, Series A, 5.00%, 4/01/42 | 4,030 | 4,583,319 |
| St. Joseph Health System, Series E (AGM), 5.25%, 7/01/18 (a) | 4,000 | 4,292,680 |
| City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30 | 1,900 | 2,007,768 |
| City of San Jose California, Refunding ARB, AMT: Series A (AMBAC), 5.50%, 3/01/32 | 11,965 | 12,138,971 |
| Series A-1, 5.75%, 3/01/34 | 2,300 | 2,680,535 |
| County of Sacramento California, ARB, Senior Series A, 5.00%, 7/01/41 | 10,000 | 10,607,900 |
| County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36 | 1,830 | 2,194,957 |
| Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 0.00%, 8/01/34 (d) | 5,000 | 1,862,150 |
| Grossmont Union High School District, GO, CAB, Election of 2004, 0.00%, 8/01/31 (d) | 5,110 | 3,199,320 |
| Long Beach Unified School District, GO, CAB, Election of 2008, Series B, 0.00%, 8/01/34 (d) | 5,000 | 2,768,900 |

Portfolio Abbreviations

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| | | | | | |
|--------------|---|-------------|----------------------------------|----------------|---|
| AGC | Assured Guarantee Corp. | DFA | Development Finance Agency | ISD | Independent School District |
| AGM | Assured Guaranty Municipal Corp. | EDA | Economic Development Authority | LRB | Lease Revenue Bonds |
| AMBAC | American Municipal Bond Assurance Corp. | ERB | Education Revenue Bonds | M/F | Multi-Family |
| AMT | Alternative Minimum Tax (subject to) | GAB | Grant Anticipation Bonds | NPFGC | National Public Finance Guarantee Corp. |
| ARB | Airport Revenue Bonds | GARB | General Airport Revenue Bonds | PSF-GTD | Permanent School Fund Guaranteed |
| BAM | Build America Mutual Assurance Co. | GO | General Obligation Bonds | RB | Revenue Bonds |
| BHAC | Berkshire Hathaway Assurance Corp. | HDA | Housing Development Authority | S/F | Single-Family |
| CAB | Capital Appreciation Bonds | HFA | Housing Finance Agency | | |
| COP | Certificates of Participation | IDA | Industrial Development Authority | | |

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

OCTOBER 31, 2016

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Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|--|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| California (continued) | | |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/17 (a) | \$ 1,200 | \$ 1,238,892 |
| Mount San Antonio Community College District, GO, Refunding, CAB, Election of 2008, Series A, 0.00%, 8/01/43 (b) | 3,975 | 3,279,971 |
| Norwalk-La Mirada Unified School District, GO, Refunding, CAB, Election of 2002, Series E (AGC), 0.00%, 8/01/38 (d) | 7,620 | 3,324,606 |
| Oceanside Unified School District, GO, Series A (AGC), 5.25%, 8/01/33 | 2,500 | 2,669,000 |
| Poway Unified School District, GO, Refunding, CAB, School Facilities Improvement, Election of 2008, Series B (d): | | |
| 0.00%, 8/01/35 | 7,820 | 4,065,071 |
| 0.00%, 8/01/36 | 10,000 | 4,981,200 |
| Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C (d): | | |
| 0.00%, 8/01/37 | 8,000 | 3,910,080 |
| 0.00%, 8/01/38 | 12,940 | 6,096,940 |
| San Diego California Unified School District, GO, CAB, Election of 2008, Series G (d): | | |
| 0.00%, 7/01/34 | 1,860 | 860,529 |
| 0.00%, 7/01/35 | 1,970 | 857,738 |
| 0.00%, 7/01/36 | 2,960 | 1,212,949 |
| 0.00%, 7/01/37 | 1,975 | 758,716 |
| San Diego California Unified School District, GO, Refunding, CAB, Series R-1, 0.00%, 7/01/31 (d) | 3,485 | 2,187,709 |
| San Marcos Unified School District, GO, Election of 2010, Series A: | | |
| 5.00%, 8/01/34 | 1,800 | 2,075,850 |
| 5.00%, 8/01/38 | 1,600 | 1,842,032 |
| State of California, GO, Refunding, Various Purposes: | | |
| 5.00%, 9/01/41 | 2,700 | 3,108,024 |
| 5.00%, 10/01/41 | 2,555 | 2,947,525 |
| State of California, GO, Series 2007-2 (NPFGC), 5.50%, 4/01/30 | 10 | 10,039 |
| State of California Public Works Board, LRB, Various Capital Projects, Series I, 5.00%, 11/01/38 | 5,040 | 5,940,194 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| California (continued) | | |
| Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 0.00%, 8/01/36 (d) | \$ 6,545 | \$ 3,279,830 |
| West Valley-Mission Community College District, GO, 5.00%, 8/01/30 | 575 | 577,053 |
| | | 133,461,281 |
| Colorado 0.8% | | |
| Denver Convention Center Hotel Authority, Refunding RB, 5.00%, 12/01/36 (c) | 1,500 | 1,685,370 |
| Regional Transportation District, COP, Series A, 5.00%, 6/01/39 | 5,655 | 6,419,952 |
| | | 8,105,322 |
| Florida 12.7% | | |
| City of Tallahassee Florida Energy System Revenue, RB (NPFGC), 5.00%, 10/01/32 | 3,300 | 3,420,351 |
| County of Brevard Florida Health Facilities Authority, Refunding RB, Health First, Inc. Project, 5.00%, 4/01/39 | 4,535 | 5,130,763 |
| County of Broward Florida School Board, COP, Series A (AGM), 5.25%, 7/01/18 (a) | 13,100 | 14,044,903 |
| County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/18 (a) | 2,250 | 2,435,557 |
| County of Highlands Florida Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37 | 1,750 | 1,978,620 |
| County of Lee Florida, Refunding ARB, Series A, AMT: 5.63%, 10/01/26 | 2,600 | 3,000,218 |
| 5.38%, 10/01/32 | 3,440 | 3,931,232 |
| County of Miami-Dade Florida, GO, Building Better Communities Program (a): Series B, 6.38%, 7/01/18 | 6,000 | 6,546,300 |

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| | | |
|--|-------|-----------|
| Series B-1, 5.75%, 7/01/18 | 3,700 | 3,998,701 |
| County of Miami-Dade Florida, RB, Seaport: | | |
| Series A, 6.00%, 10/01/38 | 5,695 | 6,921,418 |
| Series B, AMT, 6.00%, 10/01/30 | 1,820 | 2,221,292 |
| Series B, AMT, 6.25%, 10/01/38 | 1,165 | 1,437,552 |
| Series B, AMT, 6.00%, 10/01/42 | 1,865 | 2,226,213 |

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|--|--------------|---------------|
| | (000) | Value |
| Municipal Bonds | | |
| Florida (continued) | | |
| County of Miami-Dade Florida, Refunding RB, Water & Sewer System, Series C (BHAC), 6.00%, 10/01/18 (a) | \$ 20,095 | \$ 22,037,986 |
| County of Miami-Dade Florida Aviation, Refunding ARB, AMT: 5.00%, 10/01/34 | 530 | 602,992 |
| Miami International Airport, Series A (AGM), 5.50%, 10/01/18 (a) | 19,020 | 20,659,714 |
| County of Miami-Dade Florida Educational Facilities Authority, RB, University Miami, Series A, 5.00%, 4/01/40 | 14,360 | 16,620,695 |
| County of Miami-Dade Florida Transit System, RB, Surtax (AGM), 5.00%, 7/01/35 | 2,800 | 2,967,832 |
| County of Palm Beach Florida Solid Waste Authority, Refunding RB, Series B: 5.00%, 10/01/21 (a) | 50 | 58,927 |
| 5.00%, 10/01/31 | 3,050 | 3,535,285 |
| County of Sarasota Florida Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39 | 5,135 | 5,611,682 |
| | | 129,388,233 |
| Georgia 2.1% | | |
| County of Burke Georgia Development Authority, Refunding RB, Oglethorpe Power-Vogle Project, Series C, 5.70%, 1/01/43 | 6,450 | 6,761,535 |
| County of Gainesville Georgia & Hall Hospital Authority, Refunding RB, Northeast Georgia Health System, Inc. Project, Series A, 5.50%, 8/15/54 | 1,405 | 1,689,484 |
| Metropolitan Atlanta Rapid Transit Authority, Refunding RB, 3rd Indenture, Series B, 5.00%, 7/01/17 (a) | 10,000 | 10,284,700 |
| Private Colleges & Universities Authority, RB, Savannah College of Art & Design: 5.00%, 4/01/33 | 395 | 450,553 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Georgia (continued) | | |
| Private Colleges & Universities Authority, RB, Savannah College of Art & Design (continued): 5.00%, 4/01/44 | \$ 1,775 | \$ 1,991,887 |
| | | 21,178,159 |
| Hawaii 0.4% | | |
| State of Hawaii Department of Transportation, COP, AMT: 5.00%, 8/01/27 | 2,000 | 2,315,340 |
| 5.00%, 8/01/28 | 1,775 | 2,034,931 |
| | | 4,350,271 |
| Illinois 17.4% | | |
| City of Chicago Illinois, GO, Refunding, Series A: 5.00%, 1/01/35 | 7,280 | 7,393,423 |
| Project, 5.25%, 1/01/33 | 2,340 | 2,436,174 |
| City of Chicago Illinois, RB, Motor Fuel Tax Project, Series A (AGC), 5.00%, 1/01/38 | 3,175 | 3,275,997 |
| City of Chicago Illinois, Refunding GARB, O Hare International Airport, AMT, Series B, 5.00%, 1/01/31 | 2,425 | 2,681,104 |
| City of Chicago Illinois, Refunding RB, Series A: Sales Tax Receipts, 5.00%, 1/01/41 | 2,715 | 2,823,736 |
| Waterworks, 2nd Lien (AMBAC), 5.00%, 11/01/36 | 3,500 | 3,511,270 |
| | 3,035 | 3,402,903 |

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| | | |
|--|-------|------------|
| City of Chicago Illinois Midway International Airport, Refunding RB, 2nd Lien, Series A, AMT, 5.00%, 1/01/34 | | |
| City of Chicago Illinois O Hare International Airport, GARB, 3rd Lien, Series A, 5.75%, 1/01/39 | 9,000 | 10,381,500 |
| City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36 | 1,620 | 1,793,048 |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago, 5.13%, 12/01/38 | 3,250 | 3,595,865 |
| County of Cook Illinois Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/37 | 615 | 672,189 |
| Illinois Finance Authority, RB, Carle Foundation, Series A, 5.75%, 8/15/34 | 8,700 | 10,070,424 |

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

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Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|---|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Illinois (continued) | | |
| Illinois Finance Authority, Refunding RB: Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39 | \$ 5,250 | \$ 5,932,815 |
| Silver Cross Hospital and Medical Centers, 4.13%, 8/15/37 | 1,965 | 2,044,307 |
| Silver Cross Hospital and Medical Centers, 5.00%, 8/15/44 | 985 | 1,094,325 |
| Illinois Municipal Electric Agency, RB, Series A (NPFGC) (a): 5.00%, 2/01/17 | 17,935 | 18,127,443 |
| 5.25%, 2/01/17 | 15,000 | 15,170,400 |
| Metropolitan Pier & Exposition Authority, RB, CAB, McCormick Place Expansion Project, Series A (NPFGC) (d): 0.00%, 12/15/26 | 8,500 | 5,722,200 |
| 0.01%, 6/15/32 | 14,000 | 7,071,540 |
| 0.00%, 12/15/33 | 20,000 | 9,429,200 |
| 0.00%, 12/15/34 | 41,880 | 18,896,675 |
| Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project, Series B (AGM), 0.00%, 6/15/44 (d) | 9,430 | 2,728,853 |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28 | 1,700 | 1,996,225 |
| Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 6/01/20 | 720 | 815,148 |
| State of Illinois, GO: 5.25%, 7/01/29 | 3,160 | 3,452,742 |
| 5.25%, 2/01/33 | 5,860 | 6,316,670 |
| 5.50%, 7/01/33 | 2,235 | 2,454,030 |
| 5.25%, 2/01/34 | 5,360 | 5,777,705 |
| 5.50%, 7/01/38 | 1,200 | 1,311,696 |
| 5.00%, 2/01/39 | 7,500 | 7,762,125 |
| State of Illinois Toll Highway Authority, RB, Series B, 5.50%, 1/01/18 (a) | 4,000 | 4,217,360 |
| State of Illinois Toll Highway Authority, RB, Series B (BHAC), 5.50%, 1/01/18 (a) | 2,000 | 2,108,680 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Illinois (continued) | | |
| University of Illinois, RB, Auxiliary Facilities System, Series A, 5.00%, 4/01/39 | \$ 2,580 | \$ 2,878,970 |
| | | 177,346,742 |
| Indiana 2.7% | | |
| City of Indianapolis Indiana, Refunding RB, Series B (AGC), 5.25%, 8/15/27 | 5,000 | 5,338,350 |
| Indiana Finance Authority, RB, Series A: CWA Authority Project, 1st Lien, 5.25%, 10/01/38 | 2,900 | 3,377,630 |
| Private Activity Bond, Ohio River Bridges East End Crossing Project, AMT, 5.00%, 7/01/44 | 1,400 | 1,539,566 |
| Private Activity Bond, Ohio River Bridges, AMT, 5.00%, 7/01/40 | 2,425 | 2,689,689 |
| Indiana Municipal Power Agency, RB, Series B, 6.00%, 1/01/19 (a) | 5,000 | 5,535,600 |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A: 5.75%, 1/01/38 | 2,900 | 3,193,828 |
| (AGC), 5.25%, 1/01/29 | 1,350 | 1,469,002 |
| (AGC), 5.50%, 1/01/38 | 4,250 | 4,664,630 |
| | | 27,808,295 |
| Iowa 2.6% | | |
| Iowa Finance Authority, RB, Iowa Health Care Facilities, Series A (AGC), 5.63%, 8/15/19 (a) | 12,650 | 14,238,207 |
| Iowa Student Loan Liquidity Corp., RB, Senior Series A-2, AMT: 5.60%, 12/01/26 | 2,805 | 3,020,985 |
| 5.70%, 12/01/27 | 2,800 | 2,998,100 |
| 5.75%, 12/01/28 | 1,480 | 1,583,911 |
| 5.80%, 12/01/29 | 1,890 | 2,018,804 |

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| | | |
|---|-------|------------|
| 5.85%, 12/01/30 | 1,965 | 2,100,487 |
| | | 25,960,494 |
| Kentucky 1.2% | | |
| Kentucky Economic Development Finance Authority, RB, Catholic Health Initiatives, Series A, 5.38%, 1/01/40 | 1,000 | 1,129,760 |

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Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|---|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Kentucky (continued) | | |
| Kentucky Public Transportation Infrastructure Authority, RB, Downtown Crossing Project, Convertible CAB, 1st Tier, Series C, 0.00%, 7/01/39 (b) | \$ 8,225 | \$ 6,977,021 |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC): | | |
| 5.25%, 2/01/19 (a) | 3,545 | 3,877,238 |
| 5.25%, 2/01/28 | 455 | 493,843 |
| | | 12,477,862 |
| Louisiana 1.4% | | |
| City of New Orleans Louisiana Aviation Board, RB, AMT: | | |
| Series A (AGM), 5.25%, 1/01/32 | 6,405 | 6,653,514 |
| Series B, 5.00%, 1/01/40 | 4,825 | 5,426,195 |
| Louisiana Public Facilities Authority, RB, Provident Group-Flagship Properties LLC, Series A, 5.00%, 7/01/56 | 2,215 | 2,455,903 |
| | | 14,535,612 |
| Maine 0.3% | | |
| Maine Health & Higher Educational Facilities Authority, RB, Series A, 5.00%, 7/01/46 | 2,945 | 3,233,522 |
| Massachusetts 1.1% | | |
| Massachusetts DFA, Refunding RB, Emmanuel College Issue, Series A, 5.00%, 10/01/43 | 1,045 | 1,179,094 |
| Massachusetts HFA, RB, M/F Housing, Series B, 7.00%, 12/01/38 | 3,150 | 3,349,301 |
| Massachusetts HFA, Refunding RB, Series C, AMT, 5.35%, 12/01/42 | 2,555 | 2,729,430 |
| Massachusetts School Building Authority, RB, Dedicated Sales Tax, Senior Series A, 5.00%, 5/15/43 | 3,495 | 4,062,518 |
| | | 11,320,343 |
| Michigan 7.4% | | |
| City of Detroit Michigan Water Supply System, RB, 2nd Lien, Series B (AGM), 6.25%, 7/01/36 | 1,075 | 1,187,122 |
| City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A, 5.50%, 7/01/41 | 3,185 | 3,727,278 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Michigan (continued) | | |
| Michigan Finance Authority, Refunding RB: | | |
| Henry Ford Health System, 3.25%, 11/15/42 | \$ 2,505 | \$ 2,263,042 |
| Trinity Health Credit Group, 5.00%, 12/01/21 (a) | 60 | 71,194 |
| Trinity Health Credit Group, 5.00%, 12/01/39 | 16,040 | 18,522,511 |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, Series D, 5.00%, 9/01/39 | 1,330 | 1,501,078 |
| State of Michigan, RB, GAB (AGM) (a): | | |
| 5.25%, 9/15/17 | 10,000 | 10,387,900 |
| 5.25%, 9/15/17 | 6,650 | 6,907,953 |
| State of Michigan Building Authority, Refunding RB, Facilities Program: | | |
| Series I, 6.25%, 10/15/18 (a) | 1,130 | 1,246,887 |
| Series I, 6.25%, 10/15/18 (a) | 1,890 | 2,085,502 |
| Series I, 6.25%, 10/15/38 | 105 | 115,156 |
| Series I (AGC), 5.25%, 10/15/24 | 1,750 | 1,946,350 |
| Series I (AGC), 5.25%, 10/15/25 | 3,250 | 3,610,652 |
| Series I-A, 5.38%, 10/15/36 | 2,075 | 2,385,690 |
| Series I-A, 5.38%, 10/15/41 | 1,900 | 2,181,599 |
| Series II-A (AGM), 5.25%, 10/15/36 | 8,040 | 9,217,136 |
| State of Michigan HDA, RB, S/F Housing, Series C, AMT, 5.50%, 12/01/28 | 1,515 | 1,608,718 |
| Wayne County Airport Authority, Refunding RB, AMT (AGC), 5.38%, 12/01/32 | 5,000 | 5,390,350 |
| Western Michigan University, Refunding RB, General, University and College Improvements (AGM), 5.00%, 11/15/39 | 1,080 | 1,227,874 |
| | | 75,583,992 |
| Minnesota 0.6% | | |

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City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC):
6.50%, 11/15/18 (a)

845

939,750

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Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|--|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Minnesota (continued) | | |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC) (continued): | | |
| 6.50%, 11/15/38 | \$ 4,655 | \$ 5,116,916 |
| | | 6,056,666 |
| Nebraska 0.8% | | |
| Central Plains Energy Project Nebraska, RB, Gas Project No. 3, 5.25%, 9/01/37 | 6,825 | 7,770,058 |
| Nevada 1.0% | | |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/19 (a) | 2,250 | 2,518,807 |
| County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A: 5.25%, 7/01/42 | 2,000 | 2,209,460 |
| (AGM), 5.25%, 7/01/39 | 5,170 | 5,714,815 |
| | | 10,443,082 |
| New Jersey 8.7% | | |
| New Jersey EDA, RB: | | |
| Private Activity Bond, Goethals Bridge Replacement Project, AMT, 5.13%, 1/01/34 | 1,930 | 2,195,298 |
| Private Activity Bond, Goethals Bridge Replacement Project, AMT, 5.38%, 1/01/43 | 4,920 | 5,590,153 |
| Series WW, 5.25%, 6/15/33 | 445 | 500,047 |
| Series WW, 5.00%, 6/15/34 | 570 | 625,136 |
| Series WW, 5.00%, 6/15/36 | 2,635 | 2,877,657 |
| Series WW, 5.25%, 6/15/40 | 1,025 | 1,139,728 |
| New Jersey EDA, Refunding RB, School Facilities Construction: | | |
| Series N-1 (AMBAC), 5.50%, 9/01/24 | 6,325 | 7,357,303 |
| Series N-1 (NPFGC), 5.50%, 9/01/28 | 1,685 | 2,081,666 |
| New Jersey Higher Education Student Assistance Authority, Refunding RB, Series 1, AMT: | | |
| 5.50%, 12/01/25 | 1,005 | 1,126,002 |
| 5.50%, 12/01/26 | 1,450 | 1,621,318 |
| 5.75%, 12/01/28 | 160 | 178,757 |
| 5.88%, 12/01/33 | 6,895 | 7,688,683 |
| New Jersey Housing & Mortgage Finance Agency, Refunding RB, M/F Housing, Series 2, AMT, 4.35%, 11/01/33 | | |
| | 2,645 | 2,761,354 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| New Jersey (continued) | | |
| New Jersey Transportation Trust Fund Authority, RB: | | |
| CAB, Transportation System, Series A, 0.00%, 12/15/35 (d) | \$ 18,525 | \$ 7,705,844 |
| CAB, Transportation System, Series C (AGC) (AMBAC), 0.00%, 12/15/25 (d) | 8,550 | 6,304,513 |
| Federal Highway Reimbursement Revenue Notes, Series A, 5.00%, 6/15/28 (c) | 4,205 | 4,707,287 |
| Federal Highway Reimbursement Revenue Notes, Series A, 5.00%, 6/15/29 (c) | 2,145 | 2,393,992 |
| Transportation Program, Series AA, 5.25%, 6/15/33 | 4,150 | 4,606,874 |
| Transportation Program, Series AA, 5.00%, 6/15/38 | 4,990 | 5,393,142 |
| Transportation System, Series A (NPFGC), 5.75%, 6/15/25 | 4,000 | 4,918,280 |
| Transportation System, Series AA, 5.50%, 6/15/39 | 5,625 | 6,312,881 |
| Transportation System, Series B, 5.50%, 6/15/31 | 1,000 | 1,121,800 |
| Transportation System, Series B, 5.00%, 6/15/42 | 6,500 | 6,906,835 |
| Transportation System, Series D, 5.00%, 6/15/32 | 1,825 | 2,006,186 |
| | | 88,120,736 |
| New Mexico 0.1% | | |
| | 1,040 | 1,205,058 |

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New Mexico Hospital Equipment Loan Council, Refunding RB, Presbyterian Healthcare Services, 5.00%, 8/01/44

New York 3.5%

| | | |
|---|-------|-----------|
| City of New York New York Transitional Finance Authority, RB, Fiscal 2009, Series S-4, 5.50%, 1/15/34 | 7,250 | 7,971,012 |
| City of New York New York Transitional Finance Authority, Refunding RB, Future Tax Secured, Series B, 5.00%, 11/01/32 | 4,150 | 4,925,427 |
| Hudson Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47 | 1,920 | 2,243,309 |
| Metropolitan Transportation Authority Hudson Rail Yards Trust Obligations, Refunding RB, Series A, 5.00%, 11/15/56 | 6,700 | 7,570,531 |

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|--|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| New York (continued) | | |
| New York Transportation Development Corp., RB, Laguardia Airport Terminal B Redevelopment Project, Series A, AMT, 5.00%, 7/01/46 | \$ 8,300 | \$ 9,047,083 |
| State of New York Dormitory Authority, ERB, Series B, 5.25%, 3/15/38 | 3,250 | 3,560,408 |
| | | 35,317,770 |
| Ohio 2.2% | | |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37 | 3,000 | 3,660,090 |
| County of Montgomery Ohio, RB, Catholic Health Initiatives, Series D-2, 5.45%, 10/01/38 | 11,135 | 12,903,015 |
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1: 5.25%, 2/15/32 | 1,950 | 2,304,997 |
| 5.25%, 2/15/33 | 2,730 | 3,216,459 |
| | | 22,084,561 |
| Pennsylvania 4.7% | | |
| Commonwealth Financing Authority, RB, Series B, 5.00%, 6/01/42 | 3,305 | 3,696,444 |
| Pennsylvania Economic Development Financing Authority, RB, Pennsylvania Rapid Bridge Finco LP, AMT: 5.00%, 12/31/34 | 7,115 | 7,995,979 |
| 5.00%, 12/31/38 | 5,850 | 6,528,541 |
| Pennsylvania Higher Educational Facilities Authority, Refunding RB, Thomas Jefferson University, Series A, 5.25%, 9/01/50 | 9,075 | 10,483,440 |
| Pennsylvania Turnpike Commission, RB: Series A, 5.00%, 12/01/38 | 1,775 | 2,050,143 |
| Series A-1, 5.00%, 12/01/46 | 3,240 | 3,706,463 |
| Series C, 5.50%, 12/01/33 | 1,565 | 1,881,521 |
| Sub-Series C (AGC), 6.25%, 6/01/18 (a) | 5,695 | 6,178,506 |
| Subordinate, Special Motor License Fund, 6.00%, 12/01/20 (a) | 2,575 | 3,073,443 |
| Pennsylvania Turnpike Commission, Refunding RB, Series A-1, 5.00%, 12/01/40 | 2,165 | 2,465,870 |
| | | 48,060,350 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Rhode Island 1.2% | | |
| Rhode Island Commerce Corp., RB, Airport Corporation: 5.00%, 7/01/41 | \$ 295 | \$ 338,046 |
| 5.00%, 7/01/46 | 325 | 370,685 |
| Tobacco Settlement Financing Corp., Refunding RB, Series B: 4.50%, 6/01/45 | 3,000 | 3,107,970 |
| 5.00%, 6/01/50 | 7,465 | 7,749,566 |
| | | 11,566,267 |
| South Carolina 3.7% | | |
| South Carolina Jobs EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39 | 3,600 | 4,321,404 |
| South Carolina Ports Authority, RB, AMT, 5.25%, 7/01/50 | 6,530 | 7,403,780 |
| State of South Carolina Public Service Authority, RB, Santee Cooper: Series A, 5.50%, 12/01/54 | 11,450 | 13,488,787 |
| Series E, 5.50%, 12/01/53 | 2,025 | 2,372,652 |
| State of South Carolina Public Service Authority, Refunding RB: Santee Cooper, Series B, 5.00%, 12/01/38 | 5,870 | 6,780,026 |
| Series E, 5.25%, 12/01/55 | 2,985 | 3,518,061 |
| | | 37,884,710 |

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| Texas 17.1% | | |
|---|--------|------------|
| Central Texas Turnpike System, Refunding RB, CAB, Series B, 0.00%, 8/15/37 (d) | 5,065 | 2,233,108 |
| City of Houston Texas Combined Utility System Revenue, Refunding RB, Combined 1st Lien: | | |
| Series A (AGC), 5.38%, 5/15/19 (a) | 3,460 | 3,841,084 |
| Series A (AGC), 6.00%, 5/15/19 (a) | 5,400 | 6,079,212 |
| Series A (AGC), 6.00%, 11/15/35 | 300 | 338,160 |
| Series A (AGC), 5.38%, 11/15/38 | 190 | 208,574 |
| Series A (AGM), 5.00%, 11/15/17 (a) | 10,000 | 10,435,200 |
| City of San Antonio Texas Public Service Board, RB, Junior Lien, 5.00%, 2/01/38 | 1,450 | 1,681,232 |
| County of Midland Texas Fresh Water Supply District No. 1, RB, CAB, City of Midland Project, Series A, 0.00%, 9/15/36 (d) | 5,810 | 2,686,021 |

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

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Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|---|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Texas (continued) | | |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB: | | |
| Cook Children s Medical Center, 5.25%, 12/01/39 | \$ 2,095 | \$ 2,432,882 |
| Texas Health Resources System, Series A, 5.00%, 2/15/41 (c) | 9,835 | 11,440,367 |
| Dallas ISD, GO, School Building (PSF-GTD), 6.38%, 2/15/18 (a) | 10,000 | 10,707,600 |
| Dallas-Fort Worth International Airport, ARB, Joint Improvement, Series D, AMT, 5.00%, 11/01/38 | 10,980 | 12,229,853 |
| Dallas-Fort Worth International Airport, Refunding ARB, Series F: | | |
| 5.25%, 11/01/33 | 2,745 | 3,271,683 |
| 5.00%, 11/01/35 | 5,000 | 5,551,100 |
| Grand Prairie ISD, GO, Refunding, CAB, 0.00%, 8/15/18 (a)(d) | 10,000 | 5,026,900 |
| Judson ISD Texas, GO, School Building (AGC), 5.00%, 2/01/17 (a) | 10,000 | 10,107,300 |
| Leander ISD, GO, Refunding, CAB, Series D, 0.00%, 8/15/38 (d) | 9,685 | 4,065,666 |
| North Texas Tollway Authority, RB, CAB, Special Project System, Series B, 0.00%, 9/01/43 (d) | 25,000 | 6,904,000 |
| North Texas Tollway Authority, Refunding RB: | | |
| 1st Tier System, Series A, 6.00%, 1/01/19 (a) | 5,100 | 5,648,607 |
| 1st Tier System, Series A, 5.13%, 1/01/28 | 2,460 | 2,559,482 |
| 1st Tier System, Series A (NPFGC), 5.13%, 1/01/18 (a) | 17,540 | 18,410,510 |
| 1st Tier System, Series A (NPFGC), 6.00%, 1/01/28 | 1,175 | 1,295,778 |
| 1st Tier System, Series S, 5.75%, 1/01/18 (a) | 8,540 | 9,025,670 |
| 1st Tier System, Series SE, 5.75%, 1/01/40 | 1,460 | 1,535,832 |
| Series B, 5.00%, 1/01/40 | 3,420 | 3,914,122 |
| San Antonio Public Facilities Corp., Refunding RB, Convention Center Refinancing and Expansion | | |
| Project, CAB (d): | | |
| 0.00%, 9/15/35 | 680 | 299,010 |
| 0.00%, 9/15/36 | 12,195 | 5,057,266 |
| 0.00%, 9/15/37 | 8,730 | 3,407,843 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Texas (continued) | | |
| Texas Municipal Gas Acquisition & Supply Corp. III, RB: | | |
| 5.00%, 12/15/32 | \$ 3,930 | \$ 4,380,457 |
| Natural Gas Utility Improvements, 5.00%, 12/15/31 | 1,665 | 1,865,749 |
| Texas Private Activity Bond Surface Transportation Corp., RB, Senior Lien, AMT, Blueridge | | |
| Transportation Group: | | |
| 5.00%, 12/31/45 | 2,330 | 2,585,531 |
| 5.00%, 12/31/50 | 1,300 | 1,432,964 |
| Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier, Series A, | | |
| 5.00%, 8/15/41 | 11,345 | 12,844,696 |
| | | 173,503,459 |
| Utah 1.8% | | |
| Utah Transit Authority, Refunding RB, CAB (d): | | |
| Sub-Series A (AGC), 0.00%, 6/15/20 | 10,000 | 8,645,400 |
| Sub-Series A (NPFGC), 0.00%, 6/15/24 | 13,930 | 9,864,947 |
| | | 18,510,347 |
| Washington 1.3% | | |
| Port of Seattle Washington, RB, Series C, AMT, 5.00%, 4/01/40 | | |
| | 2,830 | 3,211,201 |
| Washington Health Care Facilities Authority, RB: | | |
| MultiCare Health System, Remarketing, Series B, 5.00%, 8/15/44 | 1,000 | 1,104,390 |
| Providence Health & Services, Series A, 5.25%, 10/01/39 | 2,725 | 2,995,184 |
| Washington Health Care Facilities Authority, Refunding RB, Catholic Health Initiatives, Series D, | | |
| 6.38%, 10/01/36 | 5,400 | 5,883,624 |
| | | 13,194,399 |
| Wisconsin 0.5% | | |
| Public Finance Authority, RB, KU Campus Development Corp., Central District Development | | |
| Project, 5.00%, 3/01/46 | 875 | 1,007,274 |

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par (000) | Value |
|---|--------------|---------------|
| Municipal Bonds | | |
| Wisconsin (continued) | | |
| State of Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit Group, Series E, 5.00%, 11/15/33 | \$ 3,745 | \$ 4,151,969 |
| | | 5,159,243 |
| Total Municipal Bonds 113.8% | | 1,157,522,141 |
| Municipal Bonds Transferred to Tender Option Bond Trusts (e) | | |
| Arizona 1.1% | | |
| Arizona School Facilities Board, COP (AGC), 5.13%, 9/01/18 (a)(f) | 10,000 | 10,774,600 |
| California 6.7% | | |
| California State University, RB, Systemwide, Series A (AGM): | | |
| 5.00%, 5/01/18 (a)(f) | 7,793 | 8,275,614 |
| 5.00%, 11/01/33 | 204 | 216,550 |
| California State University, Refunding RB, Systemwide, Series A (AGM): | | |
| 5.00%, 5/01/17 (a) | 5,040 | 5,146,749 |
| 5.00%, 5/01/17 (a) | 7,840 | 8,006,054 |
| 5.00%, 11/01/37 | 5,555 | 5,672,657 |
| City of Riverside California, RB, Issue D (AGM), 5.00%, 10/01/38 | 20,000 | 21,378,400 |
| County of San Diego California Water Authority Financing Corp., COP, Refunding, Series A (AGM) (a): | | |
| 5.00%, 5/01/18 | 1,554 | 1,651,638 |
| 5.00%, 5/01/18 | 7,816 | 8,303,987 |
| Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A, 6.00%, 8/01/19 (a) | 5,248 | 5,960,855 |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/19 (a) | 1,047 | 1,168,879 |
| University of California, RB, Series O, 5.75%, 5/15/19 (a) | 2,206 | 2,469,708 |
| | | 68,251,091 |
| Colorado 0.3% | | |
| Colorado Health Facilities Authority, Refunding RB, Catholic Health Initiatives, Series A, 5.50%, 7/01/34 (f) | 2,469 | 2,721,026 |
| | Par (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond Trusts (e) | | |
| Connecticut 0.9% | | |
| Connecticut State Health & Educational Facility Authority, RB, Yale University, Series T-1, 4.70%, 7/01/29 | \$ 5,019 | \$ 5,146,067 |
| Connecticut State Health & Educational Facility Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/45 | 3,932 | 4,550,321 |
| | | 9,696,388 |
| District of Columbia 2.5% | | |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 (f) | 2,594 | 2,940,980 |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 6.00%, 10/01/18 (a)(f) | | |
| | 4,277 | 4,691,879 |
| Metropolitan Washington Airports Authority, RB, Series B, AMT, 5.00%, 10/01/32 | 10,000 | 10,354,400 |
| Metropolitan Washington Airports Authority, Refunding ARB, Series A, AMT, 5.00%, 10/01/30 | 6,880 | 7,877,394 |
| | | 25,864,653 |
| Florida 5.0% | | |
| City of Miami Beach Florida, RB, 5.00%, 9/01/45 | 8,760 | 10,199,005 |
| County of Highlands Florida Health Facilities Authority, RB, Adventist, Series C, 5.25%, 11/15/16 | 5,400 | 5,409,558 |
| County of Miami-Dade Florida, Refunding RB, Transit System Sales Surtax, 5.00%, 7/01/42 | 4,840 | 5,552,497 |
| County of Miami-Dade Florida Water & Sewer System (AGC), 5.00%, 10/01/39 | 11,702 | 13,162,134 |
| County of Orange Florida School Board, COP, Series A (AGC), 5.50%, 8/01/19 (a) | 12,013 | 13,473,924 |
| State of Florida Board of Education, GO, Refunding, Series C, 5.00%, 6/01/18 (f) | 3,299 | 3,413,768 |

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| | | |
|--|-------|------------|
| | | 51,210,886 |
| Illinois 3.4% | | |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A, 5.00%, 6/15/42 (f) | 719 | 762,934 |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/19 (a)(f) | 3,499 | 3,882,109 |

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

OCTOBER 31, 2016

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Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| Municipal Bonds Transferred to | Par | |
|---|-----------|---------------|
| Tender Option Bond Trusts (e) | (000) | Value |
| Illinois (continued) | | |
| State of Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/18 (a) | \$ 10,000 | \$ 10,886,400 |
| State of Illinois Toll Highway Authority, RB: | | |
| Senior Priority, Series A, 5.00%, 1/01/40 | 7,621 | 8,801,758 |
| Senior, Series B, 5.00%, 1/01/40 | 2,939 | 3,381,428 |
| Series A, 5.00%, 1/01/38 | 5,836 | 6,660,876 |
| | | 34,375,505 |
| Kentucky 0.6% | | |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC): | | |
| 5.25%, 2/01/19 (a) | 5,304 | 5,763,138 |
| 5.25%, 2/01/27 | 681 | 739,698 |
| | | 6,502,836 |
| Massachusetts 0.5% | | |
| Commonwealth of Massachusetts, GO, Series A, 5.00%, 3/01/46 | 4,204 | 4,876,127 |
| Michigan 0.9% | | |
| Michigan Finance Authority, RB, Beaumont Health Credit Group, 5.00%, 11/01/44 | 5,591 | 6,270,532 |
| Michigan State Building Authority, Refunding RB, Facilities Program, Series I, 5.00%, 10/15/45 | 2,410 | 2,779,911 |
| | | 9,050,443 |
| Nevada 1.7% | | |
| County of Clark Nevada Water Reclamation District, GO, Series B (a): | | |
| Limited Tax, 5.75%, 7/01/19 | 4,813 | 5,410,673 |
| 5.50%, 7/01/19 | 510 | 569,769 |
| Las Vegas Valley Water District Nevada, GO, Refunding, Water Improvement, Series A, 5.00%, 6/01/46 | 9,840 | 11,548,913 |
| | | 17,529,355 |
| New Jersey 2.1% | | |
| County of Hudson New Jersey Improvement Authority, RB, Hudson County Vocational-Technical Schools Project, 5.25%, 5/01/51 | 2,320 | 2,765,625 |
| Municipal Bonds Transferred to | | |
| Tender Option Bond Trusts (e) | | |
| New Jersey (continued) | | |
| Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28 | \$ 10,000 | \$ 12,748,700 |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (f) | 4,961 | 5,437,156 |
| | | 20,951,481 |
| New York 7.9% | | |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Series DD: | | |
| 5.00%, 6/15/18 (a) | 2,586 | 2,750,665 |
| 5.00%, 6/15/37 | 14,981 | 15,935,917 |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Fiscal 2013, Series CC, 5.00%, 6/15/47 | 15,521 | 17,978,023 |
| City of New York New York Water & Sewer System, Refunding RB, 2nd General Resolution, Fiscal 2014, Series DD, 5.00%, 6/15/35 | 4,740 | 5,640,932 |
| Metropolitan Transportation Authority, RB, Sub-Series D-1, 5.25%, 11/15/44 | 9,850 | 11,851,225 |
| Metropolitan Transportation Authority, Refunding RB, Series C-1, 5.25%, 11/15/56 | 4,280 | 5,145,481 |
| New York State Urban Development Corp., RB, Personal Income Tax, General Purpose, Series A-1, 5.00%, 3/15/43 | 14,280 | 16,479,548 |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34 (f) | 4,500 | 4,875,750 |

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| | | |
|---|-------------|------------|
| | | 80,657,541 |
| North Carolina | 0.5% | |
| North Carolina HFA, RB, S/F Housing, Series 31-A, AMT, 5.25%, 7/01/38 | | 4,610 |
| | | 4,657,621 |
| Ohio | 0.7% | |
| County of Montgomery Ohio, RB, Catholic Health, Series C-1 (AGM), 5.00%, 10/01/18 (a) | | 4,990 |
| | | 5,295,638 |

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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)

| | Par | |
|---|---------------|------------------|
| | (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond Trusts (e) Ohio (continued) | | |
| State of Ohio, RB, Cleveland Clinic Health Obligated Group, Series B, 5.50%, 1/01/34 | \$ 1,520 | \$ 1,657,286 |
| | | 6,952,924 |
| Pennsylvania 0.3% | | |
| County of Westmoreland Pennsylvania Municipal Authority, RB, Westmoreland County, Pennsylvania (BAM), 5.00%, 8/15/42 | 2,560 | 2,931,584 |
| South Carolina 1.2% | | |
| State of South Carolina Public Service Authority, Refunding RB, Series B, 5.00%, 12/01/56 | 10,740 | 12,235,652 |
| Texas 4.6% | | |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38 | 1,799 | 2,043,783 |
| Dallas Fort Worth International Airport, ARB, Series H, AMT, 5.00%, 11/01/37 (f) | 8,868 | 9,948,144 |
| Friendswood ISD Texas, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/18 (a) | 12,953 | 13,645,454 |
| Houston ISD, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/17 (a) | 10,000 | 10,124,100 |
| Texas State University Systems, Refunding RB, 5.25%, 3/15/18 (a) | 10,000 | 10,603,100 |
| | | 46,364,581 |
| Virginia 0.4% | | |
| University of Virginia, Refunding RB, GO, 5.00%, 6/01/40 | 3,944 | 4,193,724 |
| Washington 2.7% | | |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/17 (a) | 16,770 | 17,726,561 |
| | Par | |
| | (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond Trusts (e) Washington (continued) | | |
| Washington Health Care Facilities Authority, Refunding RB, Seattle Children's Hospital, Series B, 5.00%, 10/01/38 | \$ 8,205 | \$ 10,212,189 |
| | | 27,938,750 |
| Wisconsin 2.7% | | |
| State of Wisconsin, Refunding RB, Series A, 6.00%, 5/01/36 | 14,780 | 16,480,883 |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., Obligated Group: | | |
| Series A, 5.00%, 4/01/42 | 2,490 | 2,766,639 |
| Series C, 5.25%, 4/01/39 (f) | 7,459 | 7,989,350 |
| | | 27,236,872 |
| Total Municipal Bonds Transferred to Tender Option Bond Trusts 46.7% | | 474,973,640 |
| Total Long-Term Investments (Cost \$1,495,729,206) 160.5% | | 1,632,495,781 |
| Short-Term Securities | | |
| | Shares | |
| BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.44% (g)(h) | 5,119,829 | 5,120,341 |
| Total Short-Term Securities (Cost \$5,119,830) 0.5% | | 5,120,341 |
| Total Investments (Cost \$1,500,849,036*) 161.0% | | 1,637,616,122 |
| Liabilities Less Other Assets (0.0%) | | (471,442) |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (26.0%) | | (263,986,738) |
| VRDP Shares at Liquidation Value, Net of Deferred Offering Costs (35.0%) | | (355,907,951) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 1,017,249,991 |

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* As of October 31, 2016, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

| | |
|-------------------------------|------------------|
| Tax cost | \$ 1,241,280,757 |
| Gross unrealized appreciation | \$ 138,436,984 |
| Gross unrealized depreciation | (5,609,771) |
| Net unrealized appreciation | \$ 132,827,213 |

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

OCTOBER 31, 2016

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Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

Notes to Schedule of Investments

- (a) 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.
- (b) Step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate as of period end.
- (c) When-issued security.
- (d) Zero-coupon bond.
- (e) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing.
- (f) All or a portion of security is subject to a recourse agreement. The aggregate maximum potential amount the Fund could ultimately be required to pay under the agreements, which expire between November 16, 2016 to December 1, 2029, is \$34,531,349.
- (g) During the period ended October 31, 2016, investments in issuers considered to be affiliates of the Fund 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, 2016 | Net Activity | Shares Held at October 31, 2016 | Value at October 31, 2016 | Income |
|--|------------------------------------|-----------------|---------------------------------------|---------------------------------|----------|
| BlackRock Liquidity Funds, MuniCash, Institutional Class | 5,108,362 | 11,467 | \$ 5,119,829 | \$ 5,120,341 | \$ 9,567 |

- (h) Current yield as of period end.

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

Futures Contracts

| Contracts | Issue | Expiration | Notional Value | Unrealized Appreciation |
|----------------|----------------------------|---------------|----------------|-------------------------|
| Short (160) | 10-Year U.S. Treasury Note | December 2016 | \$ 20,740,000 | \$ 260,518 |
| (195) | Long U.S. Treasury Bond | December 2016 | \$ 31,730,156 | 1,261,875 |
| (33) | Ultra U.S. Treasury Bond | December 2016 | \$ 5,805,938 | 323,520 |
| Total | | | | \$ 1,845,913 |

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation methodologies are categorized into a fair value 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. Investments classified within Level 3 have significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 Investments include equity or debt issued by privately-held companies. There may not be a secondary market, and/or there are a limited number of investors. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Global Valuation Committee in the absence of market information.

Changes in valuation methodologies may result in transfers into or out of an assigned level within the hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investments 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 instruments, refer to the Fund's most recent financial statements as contained in its annual report.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|------------------|---------|------------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 1,632,495,781 | | \$ 1,632,495,781 |
| Short-Term Securities | \$ 5,120,341 | | | 5,120,341 |
| Total | \$ 5,120,341 | \$ 1,632,495,781 | | \$ 1,637,616,122 |

Derivative Financial Instruments²

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Assets:

| | | |
|-------------------------|--------------|--------------|
| Interest rate contracts | \$ 1,845,913 | \$ 1,845,913 |
|-------------------------|--------------|--------------|

¹ See above Schedule of Investments for values in each state or political sub-division.

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

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

OCTOBER 31, 2016

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Schedule of Investments (concluded)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial reporting purposes. As of period end, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|------------------|---------|------------------|
| Assets: | | | | |
| Cash pledged for futures contracts | \$ 1,099,600 | | | \$ 1,099,600 |
| Liabilities: | | | | |
| Bank overdraft | | \$ (1,400) | | (1,400) |
| TOB Trust Certificates | | (263,508,152) | | (263,508,152) |
| VRDP Shares at Liquidation Value | | (356,400,000) | | (356,400,000) |
| Total | \$ 1,099,600 | \$ (619,909,552) | | \$ (618,809,952) |

During the period ended October 31, 2016, there were no transfers between levels.

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: December 20, 2016

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: December 20, 2016

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

Date: December 20, 2016