

BLACKROCK MUNIYIELD QUALITY FUND III, INC
Form N-Q
June 25, 2012
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: 07/31/2012

Date of reporting period: 04/30/2012

Item 1 – Schedule of Investments

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Schedule of Investments April 30, 2012 (Unaudited)

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

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| Alabama 0.4% | | |
| Birmingham Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39 | \$ 3,605 | \$ 4,106,960 |
| Alaska 1.7% | | |
| Alaska Housing Finance Corp., RB, General Housing, Series B (NPFGC), 5.25%, 12/01/30 | 2,000 | 2,074,780 |
| Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41 | 2,690 | 3,021,973 |
| Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC), 6.00%, 9/01/28 | 10,150 | 12,126,509 |
| | | 17,223,262 |
| Arizona 0.6% | | |
| Maricopa County & Phoenix Industrial Development Authorities, Refunding RB, S/F, Series A-2, AMT (Ginnie Mae), 5.80%, 7/01/40 | 1,320 | 1,361,118 |
| State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27 | 3,725 | 4,155,498 |
| | | 5,516,616 |
| California 13.1% | | |
| Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.40%, 10/01/24 (a) | 10,000 | 9,961,300 |
| California Health Facilities Financing Authority, Refunding RB: Saint Joseph Health System, Series A, 5.75%, 7/01/39 | 1,550 | 1,754,662 |
| Sutter Health, Series B, 5.88%, 8/15/31 | 3,200 | 3,803,520 |
| California HFA, RB, Home Mortgage, Series K, AMT, 5.50%, 2/01/42 | 3,925 | 4,068,576 |
| California State Public Works Board Lease, Various Capital Projects, Series A, 5.00%, 4/01/37 | 360 | 377,492 |
| California State University, RB, Systemwide, Series A: 5.50%, 11/01/39 | 1,525 | 1,704,950 |
| (NPFGC), 5.00%, 11/01/32 | 9,865 | 10,194,590 |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/37 | 3,545 | 3,863,341 |
| California Statewide Communities Development Authority, RB: Kaiser Permanente, Series A, 5.00%, 4/01/42 | 4,030 | 4,299,325 |
| Saint Joseph Health System, Series E (AGM), 5.25%, 7/01/47 | 5,000 | 5,263,850 |
| Sutter Health, Series D (AGM), 5.05%, 8/15/38 | 300 | 317,865 |

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| Municipal Bonds | Par (000) | Value |
|--|--------------|--------------|
| California (continued) | | |
| City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30 | \$ 1,900 | \$ 2,086,618 |
| City of San Jose California, ARB, Series A-1, AMT, 5.75%, 3/01/34 | 2,300 | 2,550,010 |
| City of San Jose California, Refunding RB, Series A, AMT (AMBAC), 5.50%, 3/01/32 | 11,965 | 12,622,596 |
| Coast Community College District, GO, Election of 2002, Series C (AGM), 6.05%, 8/01/33 (b) | 8,100 | 2,562,030 |
| County of Sacramento California, RB, Senior Series A (AGM), 5.00%, 7/01/41 | 14,500 | 15,341,870 |
| Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 6.95%, 8/01/34 (b) | 5,000 | 1,308,550 |
| Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/28 | 5,800 | 6,276,064 |
| Grossmont Union High School District, GO, CAB, Election of 2004, 5.41%, 8/01/31 (b) | 5,110 | 1,905,468 |
| Long Beach Unified School District, GO, Election of 2008, Series B, 6.54%, 8/01/34 | 5,000 | 1,575,750 |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32 | 1,200 | 1,347,552 |
| Norwalk-La Mirada Unified School District California, GO, Refunding, CAB, Election of 2002, Series E (AGC), 6.47%, 8/01/38 (b) | 7,620 | 1,801,292 |
| Oceanside Unified School District California, GO, Series A (AGC), 5.25%, 8/01/33 | 2,500 | 2,753,975 |
| Port of Oakland, Refunding RB, Series M (NPFGC), 5.38%, 11/01/27 | 8,030 | 8,138,164 |
| Poway Unified School District, GO, CAB, School Facilities Improvement, District, Election of 2008, Series B, 6.27%, 8/01/36 (b) | 10,000 | 2,818,700 |
| Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C, 6.18%, 8/01/38 (b) | 12,940 | 3,284,043 |
| San Bernardino Community College District, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31 | 2,165 | 2,403,799 |
| San Diego Unified School District California, GO, Refunding, CAB, Series R-1, 5.08%, 7/01/31 (b) | 3,485 | 1,336,184 |
| San Joaquin County Transportation Authority, RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36 | 1,830 | 2,195,067 |

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 Marcos Unified School District, GO, Election of 2010, Series A: | | |
| 5.00%, 8/01/34 | \$ 1,800 | \$ 1,977,390 |
| 5.00%, 8/01/38 | 1,600 | 1,735,520 |
| State of California, GO: | | |
| 5.50%, 3/01/40 | 1,020 | 1,132,129 |
| 5.00%, 10/01/41 | 2,555 | 2,720,768 |
| Series 2007-2 (NPFGC), 5.50%, 4/01/30 | 10 | 10,617 |
| Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 6.14%, 8/01/36 (b) | 6,545 | 1,854,068 |
| West Valley-Mission Community College District, GO, Election of 2004, Series A (AGM), 5.00%, 8/01/30 | 3,600 | 3,989,376 |
| | | 131,337,071 |
| Connecticut 0.3% | | |
| Connecticut Housing Finance Authority, RB, Sub-Series E-2, 5.00%, 11/15/31 | 3,235 | 3,423,601 |
| Florida 14.5% | | |
| Broward County School Board Florida, COP, Series A (AGM), 5.25%, 7/01/33 | 14,800 | 15,893,720 |
| Broward County Water & Sewer Utility, RB, Series A, 5.25%, 10/01/34 | 2,250 | 2,551,995 |
| City of Jacksonville, Refunding RB, Transportation, Series A, 5.00%, 10/01/30 | 770 | 854,469 |
| Collier County School Board, COP (AGM), 5.00%, 2/15/23 | 5,000 | 5,640,400 |
| County of Lee Florida, Refunding RB, Series A, AMT: | | |
| 5.63%, 10/01/26 | 2,600 | 2,888,782 |
| 5.38%, 10/01/32 | 3,440 | 3,682,451 |
| County of Miami-Dade Florida, GO, Building Better Communities Program: | | |
| Series B, 6.38%, 7/01/28 | 6,000 | 7,144,380 |
| Series B-1, 5.75%, 7/01/33 | 3,700 | 4,213,153 |
| County of Miami-Dade Florida, RB: | | |
| Miami International Airport, AMT (NPFGC), 5.38%, 10/01/25 | 7,500 | 7,567,425 |
| Miami International Airport, AMT (NPFGC), 5.38%, 10/01/27 | 1,000 | 1,007,460 |
| Miami International Airport, Series A, AMT (AGM), 5.50%, 10/01/41 | 19,020 | 20,080,365 |
| Water & Sewer System (AGM), 5.00%, 10/01/39 | 11,700 | 12,668,175 |
| County of Miami-Dade Florida, Refunding RB: | | |
| Miami International Airport (AGC), 5.00%, 10/01/40 | 11,000 | 11,245,630 |
| Series C (BHAC), 6.00%, 10/01/23 | 20,095 | 24,846,262 |

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| | | |
|--|----------------------|--------------|
| Transit System Sales Surtax (AGM), 5.00%, 7/01/35 | 2,800 | 2,984,688 |
| | Par (000) | Value |
| Municipal Bonds | | |
| Florida (concluded) | | |
| Highlands County Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37 | \$ 1,750 | \$ 2,010,260 |
| Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34 | 12,000 | 13,265,880 |
| Sarasota County Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39 | 5,135 | 5,514,579 |
| The School Board of Miami-Dade County Florida, RB, COP, Series B (AGC), 5.25%, 5/01/31 | 1,010 | 1,098,113 |
| | | 145,158,187 |
| Georgia 1.8% | | |
| Burke County Development Authority, RB, Oglethorpe Power Corp., Vogtle Project, Series C, 5.70%, 1/01/43 | 6,450 | 6,927,106 |
| City of Atlanta Georgia, RB, General, Series B (AGM), 5.25%, 1/01/33 | 10,000 | 10,690,800 |
| | | 17,617,906 |
| Illinois 17.8% | | |
| Chicago Board of Education Illinois, GO, Series A, 5.50%, 12/01/39 | 6,470 | 7,313,235 |
| Chicago Park District, GO, Harbor Facilities, Series C: 5.25%, 1/01/37 | 4,000 | 4,396,880 |
| 5.25%, 1/01/40 | 1,505 | 1,650,835 |
| Chicago Transit Authority, RB, 5.25%, 12/01/36 | 1,620 | 1,804,437 |
| City of Chicago Illinois, ARB, General, Third Lien, Series B-2, AMT (NPFGC): 5.25%, 1/01/27 | 10,000 | 10,290,700 |
| 6.00%, 1/01/27 | 26,230 | 27,970,098 |
| City of Chicago Illinois, GO, CAB, City Colleges (NPFGC) (b): 5.58%, 1/01/29 | 4,000 | 1,790,680 |
| 5.71%, 1/01/33 | 7,950 | 2,745,851 |
| City of Chicago Illinois, RB, Series A: O Hare International Airport, General Third Lien, 5.75%, 1/01/39 | 9,000 | 10,306,890 |
| Second Lien (AMBAC), 5.00%, 11/01/36 | 3,500 | 3,661,980 |
| City of Chicago Illinois, Refunding RB, ARB, O Hare International Airport, General, Third Lien, Series C-2, AMT (AGM), 5.25%, 1/01/30 | 16,400 | 16,639,440 |
| Illinois Finance Authority, RB, Series A, 5.75%, 8/15/34 | 8,700 | 9,401,046 |
| Illinois Finance Authority, Refunding RB, Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39 | 5,250 | 6,051,412 |
| Illinois Municipal Electric Agency, RB, Series A (NPFGC): 5.00%, 2/01/35 | 17,935 | 19,102,568 |
| 5.25%, 2/01/35 | 15,000 | 16,139,400 |

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) | | |
| Illinois State Toll Highway Authority, RB, Series B: | | |
| 5.50%, 1/01/33 | \$ 4,000 | \$ 4,364,960 |
| (BHAC), 5.50%, 1/01/33 | 2,000 | 2,193,200 |
| Kane, Kendall, Etc. Counties Community College District No. 516 Illinois, GO, CAB, Series E (NPFGC), 5.21%, 12/15/25 (b) | 5,000 | 2,548,500 |
| Metropolitan Pier & Exposition Authority, RB, CAB, McCormick Place Expansion Project, Series A (NPFGC) (b): | | |
| 5.16%, 12/15/26 | 9,600 | 4,986,048 |
| 5.76%, 6/15/32 | 14,000 | 5,151,440 |
| 5.97%, 12/15/34 | 41,880 | 13,196,388 |
| Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project, Series B (AGM), 6.25%, 6/15/44 (b) | 9,430 | 1,676,183 |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28 | 1,700 | 1,929,092 |
| Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 6/01/20 | 1,000 | 1,250,670 |
| State of Illinois, GO: | | |
| 5.00%, 3/01/36 | 970 | 1,019,965 |
| 5.00%, 3/01/37 | 390 | 409,133 |
| | | 177,991,031 |
| Indiana 2.9% | | |
| City of Indianapolis Indiana, Refunding RB, Second Lien, Series B (AGC), 5.25%, 8/15/27 | 5,000 | 5,506,050 |
| Indiana Finance Authority, RB, Wastewater Utility, 5.25%, 10/01/38 | 2,900 | 3,232,688 |
| Indiana Municipal Power Agency, RB: Series A (NPFGC), 5.00%, 1/01/37 | 3,850 | 4,084,696 |
| Series B, 5.75%, 1/01/34 | 1,050 | 1,116,266 |
| Series B, 6.00%, 1/01/39 | 5,000 | 5,727,900 |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A: | | |
| 5.75%, 1/01/38 | 2,900 | 3,252,002 |
| (AGC), 5.25%, 1/01/29 | 1,350 | 1,502,104 |
| (AGC), 5.50%, 1/01/38 | 4,250 | 4,732,757 |
| | | 29,154,463 |
| Iowa 3.3% | | |
| Iowa Finance Authority, RB, Series A (AGC), 5.63%, 8/15/37 | 12,650 | 13,871,104 |
| Iowa Student Loan Liquidity Corp., RB, Senior Series A-2, AMT: | | |
| 5.60%, 12/01/26 | 4,530 | 4,991,834 |
| 5.70%, 12/01/27 | 4,530 | 4,992,921 |
| 5.75%, 12/01/28 | 2,400 | 2,636,544 |

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| | | |
|-----------------|-------|------------|
| 5.80%, 12/01/29 | 3,060 | 3,363,032 |
| 5.85%, 12/01/30 | 3,170 | 3,476,824 |
| | | 33,332,259 |

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| Kentucky 1.0% | | |
| Kentucky State Property & Buildings Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/28 | \$ 4,000 | \$ 4,535,800 |
| Louisville & Jefferson County Metropolitan Sewer District Kentucky, RB, Series A (NPFGC), 5.25%, 5/15/37 | 5,000 | 5,399,400 |
| | | 9,935,200 |
| Louisiana 0.8% | | |
| Jefferson Parish Hospital Service District No. 1, Refunding RB, Jefferson Medical Center, Series A (AGM), 6.00%, 1/01/39 | 1,320 | 1,490,056 |
| New Orleans Aviation Board Louisiana, RB, New Orleans Aviation, Series A, AMT (AGM), 5.25%, 1/01/32 | 6,505 | 6,896,536 |
| | | 8,386,592 |
| Massachusetts 3.8% | | |
| Massachusetts HFA, RB: S/F Housing, Series 128 AMT (AGM), 4.88%, 12/01/38 (c) | 7,955 | 8,096,838 |
| Series B, 7.00%, 12/01/38 | 3,150 | 3,563,753 |
| Massachusetts HFA, Refunding RB: Housing Development, Series B (NPFGC), 5.40%, 12/01/28 | 1,835 | 1,836,358 |
| Rental Housing, Series A, AMT (AGM), 5.15%, 7/01/26 | 12,640 | 12,813,926 |
| Series C, AMT, 5.35%, 12/01/42 | 3,100 | 3,269,725 |
| Massachusetts Port Authority, Refunding RB, BOSFUEL Project, AMT (NPFGC), 5.00%, 7/01/38 | 8,275 | 8,364,535 |
| | | 37,945,135 |
| Michigan 8.4% | | |
| City of Detroit Michigan, RB, Series B (AGM): | | |
| Second Lien, 6.25%, 7/01/36 | 1,075 | 1,233,057 |
| Second Lien, 7.00%, 7/01/36 | 500 | 597,820 |
| Senior Lien, 7.50%, 7/01/33 | 1,000 | 1,253,060 |
| City of Detroit Michigan, Refunding RB: Senior Lien, Series C-1 (AGM), 7.00%, 7/01/27 | 1,500 | 1,818,585 |
| Senior Lien, Series D (AGM), 5.00%, 7/01/23 | 5,000 | 5,316,300 |
| Series D (NPFGC), 5.00%, 7/01/33 | 5,000 | 5,010,850 |
| Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36 | 410 | 443,181 |
| Lansing Board of Water & Light Utilities System, RB, Series A, 5.50%, 7/01/41 | 3,185 | 3,680,809 |
| Michigan State Building Authority, Refunding RB, Facilities Program: Series I, 6.25%, 10/15/38 | 3,125 | 3,599,344 |

Schedule of Investments (continued)

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

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| Michigan (concluded) | | |
| Michigan State Building Authority, Refunding RB, Facilities Program (concluded): | | |
| Series I, (AGC), 5.25%, 10/15/24 | \$ 1,750 | \$ 2,021,863 |
| Series I, (AGC), 5.25%, 10/15/25 | 3,250 | 3,727,457 |
| Series I-A, 5.38%, 10/15/36 | 2,075 | 2,334,354 |
| Series II-A, 5.38%, 10/15/41 | 1,900 | 2,126,252 |
| Series II-A, (AGM), 5.25%, 10/15/36 | 8,040 | 8,992,740 |
| Michigan State Finance Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/39 | 11,600 | 12,477,424 |
| Michigan State HDA, RB, Series C, 5.50%, 12/01/28 | 2,900 | 3,060,428 |
| Michigan Strategic Fund, Refunding RB, Detroit Edison Co. Project, Series A (Syncora), 5.50%, 6/01/30 | 2,500 | 2,532,775 |
| State of Michigan, RB, GAB (AGM): | | |
| 5.25%, 9/15/22 | 10,000 | 11,351,100 |
| 5.25%, 9/15/26 | 6,650 | 7,338,408 |
| Wayne County Airport Authority, Refunding RB, AMT (AGC), 5.38%, 12/01/32 | 5,000 | 5,223,600 |
| | | 84,139,407 |
| Minnesota 0.6% | | |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38 | 5,500 | 6,471,245 |
| Mississippi 0.2% | | |
| Medical Center Educational Building Corporation, RB, University of Mississippi Medical Center Facilities and Expansion and Renovation Project, Series A, 5.00%, 6/01/41 | 2,000 | 2,187,180 |
| Nebraska 0.2% | | |
| Central Plains Energy Project Nebraska, RB, Gas Project No. 3, 5.25%, 9/01/37 | 2,050 | 2,131,180 |
| Nevada 2.9% | | |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34 | 2,250 | 2,606,422 |
| County of Clark Nevada, RB: Las Vegas-McCarran International Airport, Series A (AGC), 5.25%, 7/01/39 | 5,170 | 5,621,393 |
| Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/30 | 19,250 | 20,418,860 |
| | | 28,646,675 |
| New Jersey 4.8% | | |

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| | | |
|--|-------|-----------|
| New Jersey EDA, RB, Cigarette Tax, 5.75%, 6/15/34 | 4,000 | 4,448,200 |
|--|-------|-----------|

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| New Jersey (concluded) | | |
| New Jersey EDA, Refunding RB, School Facilities Construction, Series N-1: (AMBAC), 5.50%, 9/01/24 | \$ 6,500 | \$ 8,103,940 |
| (NPFGC), 5.50%, 9/01/28 | 1,685 | 2,084,817 |
| New Jersey Higher Education Student Assistance Authority, RB, Series 1, AMT: | | |
| 5.50%, 12/01/25 | 1,250 | 1,402,588 |
| 5.50%, 12/01/26 | 1,800 | 1,996,974 |
| 5.75%, 12/01/28 | 200 | 222,412 |
| 5.88%, 12/01/33 | 6,895 | 7,581,190 |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System: CAB, Series A, 5.93%, 12/15/35 (b) | 18,525 | 5,464,504 |
| CAB, Series C (AGC), 5.73%, 12/15/25 (b) | 10,000 | 5,579,200 |
| Series A (NPFGC), 5.75%, 6/15/25 | 4,250 | 5,389,213 |
| Series B, 5.25%, 6/15/36 | 4,970 | 5,553,577 |
| | | 47,826,615 |
| New York 2.9% | | |
| City of New York, New York, GO, Series J: 5.25%, 5/15/24 | 6,500 | 7,150,195 |
| 5.25%, 5/15/24 | 3,500 | 3,793,160 |
| Hudson New York Yards Infrastructure Corp., RB, 5.75%, 2/15/47 | 1,920 | 2,166,854 |
| New York City Transitional Finance Authority, RB, Fiscal 2009, Series S-4, 5.50%, 1/15/34 | 7,250 | 8,267,973 |
| New York State Dormitory Authority, ERB, Series B, 5.25%, 3/15/38 | 3,250 | 3,601,000 |
| Port Authority of New York & New Jersey, RB, Consolidated 172nd Series, AMT, 4.50%, 4/01/37 | 4,270 | 4,303,904 |
| | | 29,283,086 |
| North Carolina 0.4% | | |
| North Carolina Medical Care Commission, RB, Novant Health Obligation, Series A, 4.75%, 11/01/43 | 4,075 | 4,195,661 |
| Ohio 0.7% | | |
| County of Allen Ohio, Refunding RB, Catholic HealthCare Partners, Series A, 5.00%, 5/01/42 (d) | 2,030 | 2,159,818 |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37 | 3,000 | 3,656,580 |
| Ohio Higher Educational Facility Commission, Refunding RB, Summa Health System, 2010 Project (AGC), 5.25%, 11/15/40 | 1,250 | 1,336,388 |
| | | 7,152,786 |

Schedule of Investments (continued)

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

| | Par (000) | Value |
|---|--------------|---------------|
| Municipal Bonds | | |
| Pennsylvania 2.7% | | |
| Pennsylvania Turnpike Commission, RB: | | |
| Series A (AMBAC), 5.50%, 12/01/31 | \$ 15,600 | \$ 17,056,416 |
| Sub-Series C (AGC), 6.25%, 6/01/38 | 5,695 | 6,763,268 |
| Subordinate, Special Motor License Fund, 6.00%, 12/01/36 | 2,575 | 3,103,905 |
| | | 26,923,589 |
| Puerto Rico 3.8% | | |
| Puerto Rico Electric Power Authority, Refunding RB, Series A, 5.00%, 7/01/42 (d) | | |
| | 3,860 | 3,853,747 |
| Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities, Series M-3 (NPFGC), 6.00%, 7/01/27 | | |
| | 3,720 | 4,120,830 |
| Puerto Rico Sales Tax Financing Corp., RB: | | |
| CAB, Series C, 5.95%, 8/01/38 (b) | 9,400 | 2,210,692 |
| CAB, Series C, 6.12%, 8/01/39 (b) | 24,000 | 5,313,360 |
| First Sub-Series A, 5.75%, 8/01/37 | 2,000 | 2,211,700 |
| First Sub-Series A, 6.38%, 8/01/39 | 10,195 | 11,858,824 |
| First Sub-Series A, 5.50%, 8/01/42 | 5,155 | 5,562,348 |
| Puerto Rico Sales Tax Financing Corp., Refunding RB: | | |
| CAB, Series A (NPFGC), 5.68%, 8/01/41 (b) | 7,500 | 1,440,675 |
| First Sub-Series C, 6.00%, 8/01/39 | 1,180 | 1,348,870 |
| | | 37,921,046 |
| South Carolina 0.4% | | |
| South Carolina Jobs-EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39 | | |
| | 3,600 | 4,223,088 |
| Tennessee 0.2% | | |
| Memphis Center City Revenue Finance Corp., RB, Pyramid and Pinch Distribution, Series B (AGM), 5.25%, 11/01/30 | | |
| | 1,785 | 2,040,326 |
| Texas 12.3% | | |
| City of Houston Texas, RB, Combined, First Lien, Series A (AGM), 5.00%, 11/15/36 | | |
| | 10,000 | 10,942,400 |
| City of Houston Texas, Refunding RB, Combined, First Lien, Series A (AGC): | | |

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| | | |
|---|--------|------------|
| 6.00%, 11/15/35 | 5,700 | 6,826,092 |
| 5.38%, 11/15/38 | 3,650 | 4,139,538 |
| Dallas ISD, GO, School Building (PSF-GTD), 6.38%, 2/15/34 | 10,000 | 12,467,800 |

| | Par (000) | Value |
|--|--------------|--------------|
| Municipal Bonds | | |
| Texas (concluded) | | |
| Dallas-Fort Worth International Airport Facilities Improvement Corp., Refunding RB, Joint Series A, AMT (NPFGC), 5.63%, 11/01/26 | \$ 5,670 | \$ 5,687,974 |
| Grand Prairie ISD Texas, GO, Refunding, CAB, 6.59%, 8/15/28 (b) | 10,000 | 4,139,600 |
| Harris County Hospital District, RB, Senior Lien, Series A (NPFGC), 5.25%, 2/15/37 | 5,400 | 5,629,176 |
| Judson ISD Texas, GO, School Building (AGC), 5.00%, 2/01/37 | 10,000 | 10,503,400 |
| North Texas Tollway Authority, Refunding RB, Series B (NPFGC), 5.75%, 1/01/40 | 10,000 | 10,858,100 |
| North Texas Tollway Authority, Refunding RB, First Tier, System, Series A: | | |
| 6.00%, 1/01/28 | 6,275 | 7,216,689 |
| (NPFGC), 5.13%, 1/01/28 | 20,000 | 21,700,000 |
| Texas Department of Housing & Community Affairs, MRB, Series A, AMT (NPFGC), 5.45%, 9/01/23 | 3,870 | 3,874,837 |
| Texas State Turnpike Authority, RB (AMBAC): | | |
| CAB, 6.03%, 8/15/31 (b) | 20,265 | 6,442,649 |
| First Tier, Series A, 5.50%, 8/15/39 | 5,500 | 5,523,540 |
| First Tier, Series A, 5.00%, 8/15/42 | 6,900 | 6,902,760 |
| | | 122,854,555 |
| Utah 1.5% | | |
| Utah Transit Authority, Refunding RB, CAB, Sub-Series A (b): | | |
| (AGC), 5.46%, 6/15/20 | 10,000 | 7,400,600 |
| (NPFGC), 5.23%, 6/15/24 | 13,930 | 8,058,784 |
| | | 15,459,384 |
| Vermont 0.2% | | |
| Vermont HFA, HRB, Series 12B, AMT (AGM), 6.30%, 11/01/19 | 215 | 219,266 |
| Vermont HFA, Refunding RB, Multiple Purpose, Series C, AMT (AGM), 5.50%, 11/01/38 (c) | 1,880 | 1,970,240 |
| | | 2,189,506 |
| Washington 1.1% | | |
| Washington Health Care Facilities Authority, RB, Series A: | | |
| 5.00%, 10/01/39 | 1,125 | 1,214,145 |
| 5.25%, 10/01/39 | 2,725 | 3,006,683 |
| Washington Health Care Facilities Authority, Refunding RB, Catholic Health Initiatives, Series D, 6.38%, 10/01/36 | 5,400 | 6,358,500 |
| | | 10,579,328 |

Schedule of Investments (continued)

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

| | Par (000) | Value |
|---|--------------|----------------------|
| Municipal Bonds | | |
| Wisconsin 1.1% | | |
| Wisconsin Health & Educational Facilities Authority, RB: | | |
| Ascension Health Senior Credit Group, 5.00%, 11/15/33 | \$ 3,745 | \$ 4,078,193 |
| Froedtert & Community Health, Inc., 5.25%, 4/01/39 | 3,500 | 3,803,905 |
| SynergyHealth Inc., 6.00%, 11/15/32 | 3,395 | 3,488,668 |
| | | 11,370,766 |
| Total Municipal Bonds 106.4% | | 1,066,723,706 |
| Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (e) | | |
| Arizona 1.5% | | |
| Arizona School Facilities Board, COP (AGC), 5.13%, 9/01/21 | 10,000 | 11,359,600 |
| Salt River Project Agricultural Improvement & Power District, RB, Series A, 5.00%, 1/01/38 | 3,500 | 3,795,785 |
| | | 15,155,385 |
| California 11.8% | | |
| Alameda County Joint Powers Authority, Refunding RB, Lease (AGM), 5.00%, 12/01/34 | 6,990 | 7,495,587 |
| California State University, RB, Systemwide, Series A (AGM): 5.00%, 11/01/33 | 7,996 | 8,604,924 |
| 5.00%, 11/01/37 | 18,435 | 20,090,906 |
| City of Riverside California, RB, Issue D (AGM), 5.00%, 10/01/38 | 20,000 | 21,261,400 |
| Foothill-De Anza Community College District, GO, Election of 1999, Series C (NPFGC), 5.00%, 8/01/36 | 7,500 | 8,107,650 |
| Las Virgenes Unified School District California, GO, Series A (AGM), 5.00%, 8/01/31 | 10,000 | 10,681,538 |
| Los Angeles Community College District California, GO, Series A, 6.00%, 8/01/33 | 5,248 | 6,206,610 |
| Orange County Sanitation District, COP, Series B (AGM), 5.00%, 2/01/37 | 10,780 | 11,646,389 |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33 | 1,047 | 1,201,625 |
| San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33 | 9,370 | 10,220,327 |
| San Francisco Bay Area Rapid Transit District, RB (AGM), 5.00%, 7/01/36 | 10,000 | 10,745,570 |

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| | | |
|---|-------|-------------|
| University of California, RB, Series O, 5.75%, 5/15/34 | 2,205 | 2,558,461 |
| | | 118,820,987 |

| Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (e) | Par (000) | Value |
|--|--------------|--------------|
| Colorado 0.3% | | |
| Colorado Health Facilities Authority, Refunding RB, Catholic Healthcare, Series A, 5.50%, 7/01/34 | \$ 2,469 | \$ 2,763,447 |
| Connecticut 0.6% | | |
| Connecticut State Health & Educational Facility Authority, RB, Yale University, Series T-1, 4.70%, 7/01/29 | 5,010 | 5,689,556 |
| District of Columbia 1.9% | | |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 | 2,595 | 3,167,950 |
| District of Columbia Water & Sewer Authority, RB, Series A, 6.00%, 10/01/35 | 4,281 | 5,304,133 |
| Metropolitan Washington Airports Authority, RB, Series B, AMT (AMBAC), 5.00%, 10/01/32 | 10,000 | 10,403,500 |
| | | 18,875,583 |
| Florida 3.4% | | |
| City of Tallahassee Florida Energy System, RB (NPFGC), 5.00%, 10/01/32 | 3,300 | 3,517,173 |
| County of Miami Dade Florida, RB, (XLCA), 5.00%, 7/01/31 | 19,800 | 21,052,548 |
| Florida State Board of Education, GO, Series D, 5.00%, 6/01/37 | 3,299 | 3,640,049 |
| Highlands County Health Facilities Authority, RB, Adventist, Series C, 5.25%, 11/15/36 | 5,400 | 5,693,760 |
| | | 33,903,530 |
| Georgia 1.1% | | |
| Metropolitan Atlanta Rapid Transit Authority, RB, Third Indenture, Series B (AGM), 5.00%, 7/01/37 | 10,000 | 10,891,443 |
| Hawaii 1.1% | | |
| Honolulu City & County Board of Water Supply, RB, Series A (FGIC), 5.00%, 7/01/33 | 9,830 | 10,816,932 |
| Illinois 3.5% | | |
| City of Chicago Illinois, GO, Refunding, Series A (AGC), 5.25%, 1/01/24 | 11,000 | 12,342,000 |
| City of Chicago Illinois, RB: Motor Fuel Tax, Series A (AGC), 5.00%, 1/01/38 | 4,000 | 4,174,080 |
| Sales Tax Revenue, Series A, 5.00%, 1/01/41 | 2,190 | 2,382,392 |
| Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/38 | 10,000 | 12,112,900 |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34 | 3,499 | 3,849,524 |
| | | 34,860,896 |

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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 Transferred to Tender Option Bond (TOB) Trusts (e) | | |
| Kentucky 0.7% | | |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27 | \$ 5,985 | \$ 6,827,676 |
| Louisiana 1.1% | | |
| State of Louisiana Gas & Fuels, RB, Series A (AGM), 5.00%, 5/01/36 | 10,000 | 10,729,300 |
| Nevada 0.6% | | |
| Clark County Water Reclamation District, GO, Series B: 5.50%, 7/01/29 | 510 | 588,318 |
| 5.75%, 7/01/34 | 4,813 | 5,796,627 |
| | | 6,384,945 |
| New Jersey 1.3% | | |
| Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28 | 10,000 | 13,067,700 |
| New York 5.0% | | |
| New York City Municipal Water & Sewer Finance Authority, Refunding RB, Series DD, 5.00%, 6/15/37 | 17,567 | 18,967,966 |
| Port Authority of New York & New Jersey, RB, 155th Series (AGM), 5.13%, 7/15/30 | 19,500 | 20,934,420 |
| Port Authority of New York & New Jersey, RB, Consolidated, 143rd Series, 5.00%, 10/01/30 | 5,180 | 5,589,790 |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34 | 4,500 | 5,085,900 |
| | | 50,578,076 |
| North Carolina 1.0% | | |
| North Carolina HFA, RB, Series 31-A, AMT, 5.25%, 7/01/38 | 9,886 | 10,127,716 |
| Ohio 0.7% | | |
| County of Montgomery Ohio, RB, Catholic Health, Series C-1 (AGM), 5.00%, 10/01/41 | 4,990 | 5,353,946 |
| State of Ohio, RB, Cleveland Clinic Health, Series B, 5.50%, 1/01/34 | 1,520 | 1,695,529 |
| | | 7,049,475 |
| Puerto Rico 0.7% | | |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, Senior Series C, 5.25%, 8/01/40 | 6,540 | 7,156,068 |
| South Carolina 0.5% | | |
| South Carolina State Housing Finance & Development Authority, Refunding RB, Series B-1, 5.55%, 7/01/39 | 4,518 | 4,771,687 |
| South Dakota 0.2% | | |
| | 2,500 | 2,525,550 |

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South Dakota HDA, RB, Homeownership
Mortgage, Series K, 5.05%, 5/01/36

| | Par (000) | Value |
|---|--------------|---------------|
| Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (e) | | |
| Texas 4.1% | | |
| Friendswood ISD Texas, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/37 | \$ 12,955 | \$ 13,986,613 |
| Houston ISD, GO, Schoolhouse (PSF- GTD), 5.00%, 2/15/33 | 10,000 | 11,174,700 |
| North East ISD Texas, GO, School Building, Series A, 5.00%, 8/01/37 | 3,500 | 3,862,740 |
| Texas State University Systems, Refunding RB, 5.25%, 3/15/26 | 10,000 | 11,841,500 |
| | | 40,865,553 |
| Virginia 0.4% | | |
| University of Virginia, Refunding RB, General, 5.00%, 6/01/40 | 3,944 | 4,350,512 |
| Washington 5.7% | | |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/34 | 16,770 | 18,861,806 |
| County of King Washington, RB (AGM), 5.00%, 1/01/37 | 15,785 | 17,176,251 |
| Port of Seattle Washington, Refunding RB, Series B, AMT (NPFGC), 5.20%, 7/01/29 | 20,565 | 20,907,115 |
| | | 56,945,172 |
| Wisconsin 1.6% | | |
| State of Wisconsin, Refunding RB, Series A, 6.00%, 5/01/36 | 10,000 | 12,104,400 |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health Inc., 5.25%, 4/01/39 | 3,959 | 4,302,891 |
| | | 16,407,291 |
| Total Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts 48.8% | | 489,564,480 |
| Total Long-Term Investments (Cost \$1,427,794,468) 155.2% | | 1,556,288,186 |

| | Shares | |
|---|------------|------------|
| Short-Term Securities | | |
| FFI Institutional Tax-Exempt Fund, 0.01% (f)(g) | 26,452,031 | 26,452,031 |
| Total Short-Term Securities (Cost \$26,452,031) 2.6% | | 26,452,031 |

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

APRIL 30, 2012

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Schedule of Investments (continued)

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

| | Value |
|---|------------------|
| Total Investments (Cost - \$1,454,246,499*) 157.8% | \$ 1,582,740,217 |
| Other Assets Less Liabilities 1.2% | 12,384,000 |
| Liability for TOB Trust Certificates, Including Interest | |
| Expense and Fees Payable (23.5)% | (235,896,044) |
| VRDP Shares, at Liquidation Value (35.5)% | (356,400,000) |
| Net Assets Applicable to Common Shares 100.0% | \$ 1,002,828,173 |

* As of April 30, 2012, gross unrealized appreciation and gross unrealized depreciation based on cost as computed for federal income tax purposes were as follows:

| | |
|-------------------------------|------------------|
| Tax Cost | \$ 1,220,820,176 |
| Gross unrealized appreciation | \$ 128,534,786 |
| Gross unrealized depreciation | \$ (2,381,242) |
| Net unrealized appreciation | \$ 126,153,544 |

- (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) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (c) Variable rate security. Rate shown is as of report date.
- (d) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty | Value | Unrealized Appreciation |
|----------------------------|--------------|----------------------------|
| Morgan Stanley & Co., Inc. | \$ 6,013,565 | \$ 48,561 |

- (e) 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.
- (f) Investments in companies considered to be an affiliate of the Fund during the period, 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, 2011 | Net Activity | Shares Held at April 30, 2012 | Income |
|---|------------------------------------|-----------------|-------------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 4,703,282 | 21,748,749 | 26,452,031 | \$ 3,016 |

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

Financial futures contracts sold as of April 30, 2012 were as follows:

| Contracts | Issue | Exchange | Expiration | Notional Value | Unrealized Depreciation |
|-----------|-----------------------------------|------------------------------|--------------|-------------------|----------------------------|
| 560 | 10-Year US Treasury Note | Chicago Board of Trade | June 2012 | \$ 74,077,500 | \$ (889,111) |

Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedule of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

| | |
|------------|--|
| AGC | Assured Guaranty Corp. |
| AGM | Assured Guaranty Municipal Corp. |
| AMBAC | American Municipal Bond Assurance Corp. |
| AMT | Alternative Minimum Tax (subject to) |
| ARB | Airport Revenue Bonds |
| BHAC | Berkshire Hathaway Assurance Corp. |
| CAB | Capital Appreciation Bonds |
| COP | Certificates of Participation |
| EDA | Economic Development Authority |
| ERB | Education Revenue Bonds |
| FGIC | Financial Guaranty Insurance Co. |
| GAB | Grant Anticipation Bonds |
| Ginnie Mae | Government National Mortgage Association |
| GO | General Obligation Bonds |
| HDA | Housing Development Authority |
| HFA | Housing Finance Agency |
| HRB | Housing Revenue Bonds |
| ISD | Independent School District |
| MRB | Mortgage Revenue Bonds |
| NPFGC | National Public Finance Guarantee Corp. |
| PSF-GTD | Permanent School Fund Guaranteed |
| RB | Revenue Bonds |
| S/F | Single-Family |
| Syncora | Syncora Guarantee |
| XLCA | XL Capital Assurance, Inc. |

Fair Value Measurements - Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized into a disclosure hierarchy consisting of three broad levels for financial reporting purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets and liabilities

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)

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

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

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

APRIL 30, 2012

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Schedule of Investments (concluded)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

The following tables summarize the inputs used as of April 30, 2012 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|---------------|------------------|---------|------------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$1,556,288,186 | | \$ 1,556,288,186 |
| Short-Term Securities | \$ 26,452,031 | | | 26,452,031 |
| Total | \$ 26,452,031 | \$ 1,556,288,186 | | \$ 1,582,740,217 |

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

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---|--------------|---------|---------|--------------|
| Derivative Financial Instruments² | | | | |
| Liabilities: | | | | |
| Interest rate contracts | \$ (889,111) | | | \$ (889,111) |

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

Certain of the Fund's assets and liabilities are held at carrying amount which approximates fair value. Such assets and liabilities are categorized within the disclosure hierarchy as follows:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|--|------------|------------------|---------|------------------|
| Assets: | | | | |
| Cash pledged as collateral for financial futures contracts | \$ 740,000 | | | \$ 740,000 |
| Liabilities: | | | | |
| Bank overdraft | (29,700) | | | (29,700) |
| TOB trust certificates | | \$ (235,766,497) | | (235,766,497) |
| VRDP shares | | (356,400,000) | | (356,400,000) |
| Total | \$ 710,300 | \$ (592,166,497) | | \$ (591,456,197) |

There were no transfers between levels during the period ended April 30, 2012.

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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 22, 2012

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 22, 2012

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

Date: June 22, 2012

