

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

Form N-Q

December 22, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-06540

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield Quality Fund

III, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 07/31/2016

Date of reporting period: 10/31/2015

Item 1 Schedule of Investments

## Schedule of Investments October 31, 2015 (Unaudited)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Municipal Bonds</b>  |              |              |
| <b>Alabama 0.4%</b>   |              |              |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/19 (a) | \$ 3,605     | \$ 4,225,565 |
| <b>Alaska 1.5%</b>  |              |              |
| Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41               | 2,690        | 3,047,501    |
| Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC):   |              |              |
| 6.00%, 9/01/19 (a)  | 6,450        | 7,648,023    |
| 6.00%, 9/01/28  | 3,700        | 4,341,839    |
|   |              | 15,037,363   |
| <b>Arizona 0.4%</b>   |              |              |
| City of Phoenix & County of Maricopa Arizona IDA, Refunding RB, S/F Housing, Series A-2, AMT (Fannie Mae), 5.80%, 7/01/40 | 175          | 182,809      |
| State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27                                      | 3,075        | 3,414,695    |
|   |              | 3,597,504    |
| <b>Arkansas 0.1%</b>  |              |              |
| County of Pulaski Arkansas Public Facilities Board, RB, 5.00%, 12/01/42   | 610          | 664,802      |
| <b>California 13.9%</b>   |              |              |
| Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.40%, 10/01/24         | 10,000       | 10,777,700   |
| California Health Facilities Financing Authority, RB:   |              |              |
| St. Joseph Health System, Series A, 5.75%, 7/01/39  | 1,550        | 1,764,644    |
| Sutter Health, Series B, 5.88%, 8/15/31   | 3,200        | 3,770,208    |
| California Health Facilities Financing Authority, Refunding RB, St. Joseph Health System, Series A, 5.00%, 7/01/37        | 2,965        | 3,377,165    |
| California HFA, RB, S/F Housing, Home Mortgage, Series K, AMT, 5.50%, 2/01/42   | 360          | 363,042      |
| California State University, RB, Systemwide, Series A, 5.50%, 11/01/39  | 1,525        | 1,739,720    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>California (continued)</b>   |              |              |
| California State University, Refunding RB, Series A:  |              |              |
| 5.00%, 5/01/17 (a)  | \$ 1,510     | \$ 1,613,420 |
| 5.00%, 11/01/37   | 2,035        | 2,147,658    |
| California Statewide Communities Development Authority, RB:   |              |              |
| Kaiser Permanente, Series A, 5.00%, 4/01/42   | 4,030        | 4,455,246    |
| St. Joseph Health System, Series E (AGM), 5.25%, 7/01/47  | 4,000        | 4,270,040    |
| City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30  | 1,900        | 2,064,312    |
| City of San Jose California, Refunding ARB, AMT:  |              |              |
| Series A (AMBAC), 5.50%, 3/01/32  | 11,965       | 12,610,392   |
| Series A-1, 5.75%, 3/01/34  | 2,300        | 2,662,480    |
| Coast Community College District, GO, Election of 2002, Series C (AGM), 0.00%, 8/01/16 (a)(b)                             | 8,100        | 3,229,956    |
| County of Orange California Sanitation District, COP, Series B (AGM), 5.00%, 2/01/17 (a)                                  | 5,000        | 5,288,900    |
| County of Sacramento California, ARB, Senior Series A, 5.00%, 7/01/41   | 10,000       | 10,858,900   |
| County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36 | 1,830        | 2,205,388    |
| Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 0.00%, 8/01/34 (b)                        | 5,000        | 1,817,800    |
| Golden State Tobacco Securitization Corp., Refunding RB, Asset-Backed, Series A, 5.00%, 6/01/40                           | 4,200        | 4,673,004    |
| Grossmont Union High School District, GO, CAB, Election of 2004, 0.00%, 8/01/31 (b)                                       | 5,110        | 2,793,790    |
| Long Beach Unified School District, GO, CAB, Election of 2008, Series B, 0.00%, 8/01/34 (b)                               | 5,000        | 2,353,000    |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/17 (a)               | 1,200        | 1,294,356    |

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## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Municipal Bonds</b>  |              |              |
| <b>California (continued)</b>   |              |              |
| Mount San Antonio Community College District, GO, Refunding, CAB, Election of 2008, Series A, 0.00%, 8/01/43 (c)        | \$ 3,975     | \$ 2,775,663 |
| Norwalk-La Mirada Unified School District, GO, Refunding, CAB, Election of 2002, Series E (AGC), 0.00%, 8/01/38 (b)     | 7,620        | 2,830,678    |
| Oceanside Unified School District, GO, Series A (AGC), 5.25%, 8/01/33   | 2,500        | 2,735,800    |
| Poway Unified School District, GO, Refunding, CAB, School Facilities Improvement, Election of 2008, Series B (b):       |              |              |
| 0.00%, 8/01/35  | 7,820        | 3,547,230    |
| 0.00%, 8/01/36  | 10,000       | 4,289,900    |
| Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C (b):                               |              |              |
| 0.00%, 8/01/37  | 8,000        | 3,321,840    |
| 0.00%, 8/01/38  | 12,940       | 5,160,342    |
| San Bernardino Community College District, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/16 (a)                     | 2,165        | 2,242,399    |
| San Diego California Unified School District, GO, CAB, Election of 2008, Series G (b):                                  |              |              |
| 0.00%, 7/01/34  | 1,860        | 767,920      |
| 0.00%, 7/01/35  | 1,970        | 764,143      |
| 0.00%, 7/01/36  | 2,960        | 1,083,922    |
| 0.00%, 7/01/37  | 1,975        | 677,030      |
| San Diego California Unified School District, GO, Refunding, CAB, Series R-1, 0.00%, 7/01/31 (b)                        | 3,485        | 1,932,119    |
| San Marcos Unified School District, GO, Election of 2010, Series A:   |              |              |
| 5.00%, 8/01/34  | 1,800        | 2,058,930    |
| 5.00%, 8/01/38  | 1,600        | 1,821,904    |
| State of California, GO, Refunding, Various Purposes:   |              |              |
| 5.00%, 9/01/41  | 2,700        | 3,023,838    |
| 5.00%, 10/01/41   | 2,555        | 2,865,535    |
| State of California, GO, Series 2007-2 (NPFGC), 5.50%, 4/01/30  | 10           | 10,041       |
| State of California Public Works Board, LRB, Various Capital Projects, Series I, 5.00%, 11/01/38                        | 5,040        | 5,683,608    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>California (continued)</b>   |              |              |
| Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 0.00%, 8/01/36 (b)                          | \$ 6,545     | \$ 2,768,600 |
| West Valley-Mission Community College District, GO:   |              |              |
| 5.00%, 8/01/16 (a)  | 3,025        | 3,133,144    |
| 5.00%, 8/01/30  | 575          | 593,762      |
|   |              | 140,219,469  |
| <b>Colorado 0.6%</b>  |              |              |
| Regional Transportation District, COP, Series A, 5.00%, 6/01/39   | 5,655        | 6,295,372    |
| <b>Florida 14.7%</b>  |              |              |
| County of Brevard Florida Health Facilities Authority, Refunding RB, Health First, Inc. Project, 5.00%, 4/01/39         | 4,535        | 4,927,278    |
| County of Broward Florida School Board, COP, Series A (AGM), 5.25%, 7/01/33   | 13,100       | 14,281,489   |
| County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/18 (a)                            | 2,250        | 2,535,885    |
| County of Collier Florida School Board, COP, (AGM), 5.00%, 2/15/16 (a)  | 5,000        | 5,070,400    |
| County of Highlands Florida Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37 | 1,750        | 2,022,598    |
| County of Lee Florida, Refunding ARB, Series A, AMT:  |              |              |
| 5.63%, 10/01/26   | 2,600        | 3,014,934    |
| 5.38%, 10/01/32   | 3,440        | 3,824,833    |
| County of Miami-Dade Florida, GO, Building Better Communities Program:  |              |              |
| Series B, 6.38%, 7/01/28  | 6,000        | 6,854,460    |
| Series B-1, 5.75%, 7/01/33  | 3,700        | 4,131,087    |
| County of Miami-Dade Florida, RB, Seaport:  |              |              |
| Series A, 6.00%, 10/01/38   | 5,695        | 6,811,391    |
| Series B, AMT, 6.00%, 10/01/30  | 1,820        | 2,210,863    |
| Series B, AMT, 6.25%, 10/01/38  | 1,165        | 1,417,257    |
| Series B, AMT, 6.00%, 10/01/42  | 1,865        | 2,186,414    |
|   | 20,095       | 23,072,476   |

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County of Miami-Dade Florida, Refunding RB, Water & Sewer System, Series C (BHAC),  
6.00%, 10/01/18 (a)

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## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Florida (continued)</b>  |              |              |
| County of Miami-Dade Florida Aviation, Refunding ARB, AMT:<br>5.00%, 10/01/34   | \$ 530       | \$ 580,657   |
| Miami International Airport, Series A (AGM), 5.50%, 10/01/41  | 19,020       | 20,985,337   |
| County of Miami-Dade Florida Educational Facilities Authority, Refunding RB, University Miami,<br>Series A, 5.00%, 4/01/40                        | 9,795        | 10,709,951   |
| County of Miami-Dade Florida Transit System, RB, Surtax:<br>5.00%, 7/01/16 (a)  | 19,800       | 20,416,374   |
| (AGM), 5.00%, 7/01/35   | 2,800        | 3,037,440    |
| County of Palm Beach Florida Solid Waste Authority, Refunding RB, 5.00%, 10/01/31   | 3,100        | 3,597,736    |
| County of Sarasota Florida Public Hospital District, RB, Sarasota Memorial Hospital Project,<br>Series A, 5.63%, 7/01/39                          | 5,135        | 5,678,899    |
|   |              | 147,367,759  |
| <b>Georgia 2.2%</b>   |              |              |
| County of Burke Georgia Development Authority, Refunding RB, Oglethorpe Power-Vogle<br>Project, Series C, 5.70%, 1/01/43                          | 6,450        | 6,979,480    |
| County of Gainesville Georgia & Hall Hospital Authority, Refunding RB, Northeast Georgia Health<br>System, Inc. Project, Series A, 5.50%, 8/15/54 | 1,405        | 1,635,870    |
| Metropolitan Atlanta Rapid Transit Authority, Refunding RB, 3rd Indenture, Series B,<br>5.00%, 7/01/37  | 10,000       | 10,591,900   |
| Private Colleges & Universities Authority, RB, Savannah College of Art & Design:<br>5.00%, 4/01/31  | 540          | 601,528      |
| 5.00%, 4/01/33  | 395          | 436,661      |
| 5.00%, 4/01/44  | 1,775        | 1,908,657    |
|   |              | 22,154,096   |
| <b>Hawaii 0.4%</b>  |              |              |
| State of Hawaii Department of Transportation, COP, AMT:<br>5.00%, 8/01/27   | 2,000        | 2,281,700    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Hawaii (continued)</b>   |              |              |
| State of Hawaii Department of Transportation, COP, AMT (continued):<br>5.00%, 8/01/28   | \$ 1,775     | \$ 2,001,188 |
|   |              | 4,282,888    |
| <b>Illinois 19.5%</b>   |              |              |
| City of Chicago Illinois, GARB, 3rd Lien, O Hare International Airport:<br>Series A, 5.75%, 1/01/39   | 9,000        | 10,471,500   |
| Series B-2, AMT (NPFGC), 5.25%, 1/01/27   | 8,530        | 8,547,145    |
| City of Chicago Illinois, GO, Refunding, Series A:<br>5.00%, 1/01/35  | 9,280        | 9,256,707    |
| 5.00%, 1/01/36  | 4,245        | 4,234,005    |
| Project, 5.25%, 1/01/33   | 2,340        | 2,384,951    |
| City of Chicago Illinois, Refunding GARB, O Hare International Airport, AMT:<br>3rd Lien, Series C-2 (AGM), 5.25%, 1/01/30                        | 7,860        | 7,875,799    |
| Series B, 5.00%, 1/01/31  | 2,425        | 2,607,045    |
| City of Chicago Illinois, Refunding RB, Series A:<br>Sales Tax Receipts, 5.00%, 1/01/41   | 4,190        | 4,216,229    |
| Waterworks, 2nd Lien (AMBAC), 5.00%, 11/01/36   | 3,500        | 3,523,100    |
| City of Chicago Illinois Midway International Airport, Refunding RB, 2nd Lien, Series A, AMT,<br>5.00%, 1/01/34                                   | 3,035        | 3,222,836    |
| City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36   | 1,620        | 1,729,269    |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago,<br>5.13%, 12/01/38                                       | 3,250        | 3,549,650    |
| County of Cook Illinois Forest Preserve District, GO, Refunding, Limited Tax Project, Series B,<br>5.00%, 12/15/37                                | 775          | 831,800      |

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Illinois Finance Authority, RB, Carle Foundation, Series A, 5.75%, 8/15/34

8,700

10,128,714

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## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Illinois (continued)</b>   |              |              |
| Illinois Finance Authority, Refunding RB:   |              |              |
| Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39  | \$ 5,250     | \$ 6,046,163 |
| Silver Cross Hospital And Medical Centers, 4.13%, 8/15/37   | 1,965        | 1,959,302    |
| Silver Cross Hospital And Medical Centers, 5.00%, 8/15/44   | 985          | 1,055,841    |
| Illinois Municipal Electric Agency, RB, Series A (NPFGC) (a):   |              |              |
| 5.00%, 2/01/17  | 17,935       | 18,958,909   |
| 5.25%, 2/01/17  | 15,000       | 15,903,150   |
| Metropolitan Pier & Exposition Authority, RB, CAB,<br>Series A (NPFGC) (b):   |              |              |
| McCormick Place Expansion Project,<br>0.00%, 12/15/26   | 8,500        | 5,557,045    |
| McCormick Place Expansion Project,<br>0.00%, 12/15/33   | 20,000       | 8,786,400    |
| McCormick Place Explosion Project,<br>0.00%, 6/15/32  | 14,000       | 6,637,400    |
| McCormick Place Explosion Project,<br>0.00%, 12/15/34   | 41,880       | 17,451,396   |
| Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project,<br>Series B (AGM), 0.00%, 6/15/44 (b) | 9,430        | 2,313,179    |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28   | 1,700        | 2,016,081    |
| Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 6/01/20   | 865          | 1,003,919    |
| State of Illinois, GO:  |              |              |
| 5.25%, 7/01/29  | 3,160        | 3,377,598    |
| 5.25%, 2/01/33  | 5,860        | 6,184,585    |
| 5.50%, 7/01/33  | 2,235        | 2,399,451    |
| 5.25%, 2/01/34  | 5,360        | 5,641,722    |
| 5.50%, 7/01/38  | 1,200        | 1,265,088    |
| 5.00%, 2/01/39  | 7,500        | 7,667,325    |
| State of Illinois Toll Highway Authority, RB, Series B, 5.50%, 1/01/33  | 4,000        | 4,346,440    |
| State of Illinois Toll Highway Authority, RB, Series B (BHAC), 5.50%, 1/01/33   | 2,000        | 2,177,280    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Illinois (continued)</b>   |              |              |
| University of Illinois, RB, Auxiliary Facilities System, Series A, 5.00%, 4/01/39   | \$ 2,580     | \$ 2,810,910 |
|   |              | 196,137,934  |
| <b>Indiana 3.2%</b>   |              |              |
| City of Indianapolis Indiana, Refunding RB, Series B (AGC), 5.25%, 8/15/27  | 5,000        | 5,432,500    |
| Indiana Finance Authority, RB, Series A:<br>CWA Authority Project, 1st Lien,<br>5.25%, 10/01/38                                       | 2,900        | 3,359,302    |
| Private Activity Bond, Ohio River Bridges East End Crossing Project, AMT,<br>5.00%, 7/01/44   | 1,400        | 1,484,490    |
| Private Activity Bond, Ohio River Bridges, AMT, 5.00%, 7/01/40  | 2,425        | 2,581,194    |
| Indiana Municipal Power Agency, RB:<br>Series A (NPFGC), 5.00%, 1/01/37   | 3,850        | 4,000,535    |
| Series B, 6.00%, 1/01/39  | 5,000        | 5,682,100    |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A:<br>5.75%, 1/01/38                        | 2,900        | 3,295,502    |
| (AGC), 5.25%, 1/01/29   | 1,350        | 1,510,556    |
| (AGC), 5.50%, 1/01/38   | 4,250        | 4,803,817    |
|   |              | 32,149,996   |
| <b>Iowa 2.7%</b>  |              |              |
| Iowa Finance Authority, RB, Iowa Health Care Facilities, Series A (AGC), 5.63%, 8/15/37   | 12,650       | 14,253,387   |
| Iowa Student Loan Liquidity Corp., RB, Senior Series A-2, AMT:<br>5.60%, 12/01/26   | 3,185        | 3,446,679    |

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|   |       |            |
|---|-------|------------|
| 5.70%, 12/01/27   | 3,180 | 3,420,917  |
| 5.75%, 12/01/28   | 1,680 | 1,806,622  |
| 5.80%, 12/01/29   | 2,150 | 2,310,089  |
| 5.85%, 12/01/30   | 2,230 | 2,397,897  |
|   |       | 27,635,591 |
| <b>Kentucky 1.1%</b>  |       |            |
| Kentucky Economic Development Finance Authority, RB, Catholic Health Initiatives, Series A,<br>5.38%, 1/01/40 | 1,000 | 1,105,250  |

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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        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Kentucky (continued)</b>   |              |              |
| Kentucky Public Transportation Infrastructure Authority, RB, Downtown Crossing Project, Convertible CAB, 1st Tier, Series C, 0.00%, 7/01/39 (c) | \$ 8,225     | \$ 5,895,516 |
| Kentucky State Property & Buildings Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/28  | 4,000        | 4,460,320    |
|   |              | 11,461,086   |
| <b>Louisiana 1.2%</b>   |              |              |
| City of New Orleans Louisiana Aviation Board, RB, AMT:<br>Series A (AGM), 5.25%, 1/01/32  | 6,405        | 6,810,821    |
| Series B, 5.00%, 1/01/40  | 4,825        | 5,207,429    |
|   |              | 12,018,250   |
| <b>Massachusetts 1.1%</b>   |              |              |
| Massachusetts HFA, RB, M/F Housing, Series B, 7.00%, 12/01/38   | 3,150        | 3,394,157    |
| Massachusetts HFA, Refunding RB, Series C, AMT, 5.35%, 12/01/42   | 3,100        | 3,204,935    |
| Massachusetts School Building Authority, RB, Dedicated Sales Tax, Senior Series A, 5.00%, 5/15/43   | 3,495        | 3,973,710    |
|   |              | 10,572,802   |
| <b>Michigan 7.8%</b>  |              |              |
| City of Detroit Michigan Water Supply System, RB, 2nd Lien, Series B (AGM), 6.25%, 7/01/36  | 1,075        | 1,185,263    |
| City of Detroit Michigan Water Supply System, Refunding RB, 2nd Lien, Series D (NPFGC), 5.00%, 7/01/33  | 5,000        | 5,063,250    |
| City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A, 5.50%, 7/01/41   | 3,185        | 3,750,624    |
| Michigan Finance Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/39  | 16,100       | 17,616,137   |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, Series D, 5.00%, 9/01/39                                | 1,330        | 1,449,008    |
| State of Michigan, RB, GAB (AGM):<br>5.25%, 9/15/22   | 10,000       | 10,826,000   |
|   | <b>Par</b>   | <b>Value</b> |
|   | <b>(000)</b> |              |
| <b>Municipal Bonds</b>  |              |              |
| <b>Michigan (continued)</b>   |              |              |
| State of Michigan, RB, GAB (AGM) (continued):<br>5.25%, 9/15/26   | \$ 6,650     | \$ 7,188,850 |
| State of Michigan Building Authority, Refunding RB, Facilities Program:<br>Series, 6.25%, 10/15/18 (a)  | 1,890        | 2,186,295    |
| Series, 6.25%, 10/15/38   | 1,235        | 1,402,478    |
| Series I (AGC), 5.25%, 10/15/24   | 1,750        | 1,993,915    |
| Series I (AGC), 5.25%, 10/15/25   | 3,250        | 3,692,845    |
| Series I-A, 5.38%, 10/15/36   | 2,075        | 2,379,755    |
| Series I-A, 5.38%, 10/15/41   | 1,900        | 2,174,550    |
| Series II-A (AGM), 5.25%, 10/15/36  | 8,040        | 8,941,365    |
| State of Michigan HDA, RB, S/F Housing, Series C, AMT, 5.50%, 12/01/28  | 2,065        | 2,185,927    |
| Wayne County Airport Authority, Refunding RB, AMT (AGC), 5.38%, 12/01/32  | 5,000        | 5,515,250    |
| Western Michigan University, Refunding RB, General, University and College Improvements (AGM), 5.00%, 11/15/39                                  | 1,080        | 1,189,501    |
|   |              | 78,741,013   |
| <b>Minnesota 0.6%</b>   |              |              |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services:<br>Series A (AGC), 6.50%, 11/15/38                                       | 4,655        | 5,290,268    |
| Series B (AGC), 6.50%, 11/15/18 (a)   | 845          | 984,653      |
|   |              | 6,274,921    |
| <b>Nebraska 0.8%</b>  |              |              |
| Central Plains Energy Project Nebraska, RB, Gas<br>Project No. 3, 5.25%, 9/01/37  | 6,825        | 7,540,874    |
| <b>Nevada 1.1%</b>  |              |              |

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|  |       |           |
|--|-------|-----------|
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34                  | 2,250 | 2,613,442 |
| County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A:<br>5.25%, 7/01/42 | 2,000 | 2,238,300 |

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

OCTOBER 31, 2015

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## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>Nevada (continued)</b>  |              |              |
| County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A (continued):<br>(AGM), 5.25%, 7/01/39    | \$ 5,170     | \$ 5,788,177 |
|  |              | 10,639,919   |
| <b>New Jersey 7.8%</b>   |              |              |
| New Jersey EDA, RB:  |              |              |
| Private Activity Bond, The Goethals Bridge Replacement Project, AMT, 5.13%, 1/01/34                                      | 1,930        | 2,093,934    |
| Private Activity Bond, The Goethals Bridge Replacement Project, AMT, 5.38%, 1/01/43                                      | 4,920        | 5,245,901    |
| Series WW, 5.25%, 6/15/33  | 445          | 467,268      |
| Series WW, 5.00%, 6/15/34  | 570          | 586,644      |
| Series WW, 5.00%, 6/15/36  | 3,565        | 3,652,414    |
| Series WW, 5.25%, 6/15/40  | 1,025        | 1,068,183    |
| New Jersey EDA, Refunding RB, School Facilities Construction:  |              |              |
| Series N-1 (AMBAC), 5.50%, 9/01/24   | 6,325        | 7,074,829    |
| Series N-1 (NPFGC), 5.50%, 9/01/28   | 1,685        | 1,892,777    |
| New Jersey Higher Education Student Assistance Authority, Refunding RB, Series 1, AMT:                                   |              |              |
| 5.50%, 12/01/25  | 1,250        | 1,389,362    |
| 5.50%, 12/01/26  | 1,800        | 1,990,800    |
| 5.75%, 12/01/28  | 200          | 220,852      |
| 5.88%, 12/01/33  | 6,895        | 7,626,215    |
| New Jersey Housing & Mortgage Finance Agency, Refunding RB, M/F Housing, Series 2, AMT,<br>4.35%, 11/01/33               |              |              |
|  | 3,070        | 3,150,158    |
| New Jersey Transportation Trust Fund Authority, RB:  |              |              |
| CAB, Transportation System, Series C (AGC) (AMBAC), 0.00%, 12/15/25 (b)  | 10,000       | 6,354,300    |
| Transportation System, Series A,<br>0.00%, 12/15/35 (b)  | 18,525       | 6,116,955    |
| Transportation Program, Series AA,<br>5.25%, 6/15/33   | 4,150        | 4,362,480    |
| Transportation Program, Series AA,<br>5.00%, 6/15/38   | 4,990        | 5,080,718    |
| Transportation System, Series A (NPFGC),<br>5.75%, 6/15/25   | 4,000        | 4,592,080    |
| Transportation System, Series AA,<br>5.50%, 6/15/39  | 5,625        | 5,988,094    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>New Jersey (continued)</b>  |              |              |
| New Jersey Transportation Trust Fund Authority, RB (continued):  |              |              |
| Transportation System, Series B,<br>5.50%, 6/15/31   | \$ 1,000     | \$ 1,068,090 |
| Transportation System, Series B,<br>5.00%, 6/15/42   | 6,500        | 6,611,150    |
| Transportation System, Series D,<br>5.00%, 6/15/32   | 1,825        | 1,882,925    |
|  |              | 78,516,129   |
| <b>New Mexico 0.1%</b>   |              |              |
| New Mexico Hospital Equipment Loan Council, Refunding RB, Presbyterian Healthcare Services,<br>5.00%, 8/01/44            |              |              |
|  | 1,040        | 1,153,381    |
| <b>New York 1.9%</b>   |              |              |
| City of New York New York Transitional Finance Authority, RB, Fiscal 2009, Series S-4,<br>5.50%, 1/15/34                 |              |              |
|  | 7,250        | 8,214,467    |
| City of New York New York Transitional Finance Authority, Refunding RB, Future Tax Secured, Series<br>B, 5.00%, 11/01/32 |              |              |
|  | 4,150        | 4,778,186    |
| Hudson Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47  |              |              |
|  | 1,920        | 2,183,846    |
| State of New York Dormitory Authority, ERB, Series B, 5.25%, 3/15/38   |              |              |
|  | 3,250        | 3,648,418    |

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|  |        |            |
|--|--------|------------|
|  |        | 18,824,917 |
| <b>Ohio 2.2%</b>   |        |            |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37                        | 3,000  | 3,689,790  |
| County of Montgomery Ohio, RB, Catholic Health Initiatives, Series D-2, 5.45%, 10/01/38                    | 11,135 | 12,679,090 |
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1:<br>5.25%, 2/15/32 | 1,950  | 2,239,478  |
| 5.25%, 2/15/33   | 2,730  | 3,127,570  |
|  |        | 21,735,928 |
| <b>Pennsylvania 4.6%</b>   |        |            |
| Commonwealth Financing Authority, RB, Series B, 5.00%, 6/01/42   | 3,305  | 3,578,092  |

## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

|  | Par      |              |
|--|----------|--------------|
|  | (000)    | Value        |
| <b>Municipal Bonds</b>   |          |              |
| <b>Pennsylvania (continued)</b>  |          |              |
| Pennsylvania Economic Development Financing Authority, RB, AMT:  |          |              |
| Pennsylvania Bridge Finco LP, 5.00%, 12/31/38  | \$ 5,850 | \$ 6,238,323 |
| The Pennsylvania Rapid Bridge Replacement Project, 5.00%, 12/31/34   | 7,115    | 7,688,967    |
| Pennsylvania Higher Educational Facilities Authority, Refunding RB, Thomas Jefferson University, Series A, 5.25%, 9/01/50          | 11,685   | 12,841,698   |
| Pennsylvania Turnpike Commission, RB:  |          |              |
| Series A, 5.00%, 12/01/38  | 1,775    | 1,961,730    |
| Series C, 5.50%, 12/01/33  | 1,565    | 1,839,110    |
| Sub-Series C (AGC), 6.25%, 6/01/38   | 5,695    | 6,350,267    |
| Subordinate, Special Motor License Fund, 6.00%, 12/01/36   | 2,575    | 3,019,754    |
| Pennsylvania Turnpike Commission, Refunding RB, Series A-1, 5.00%, 12/01/40  | 2,165    | 2,392,173    |
|  |          | 45,910,114   |
| <b>South Carolina 3.3%</b>   |          |              |
| South Carolina Jobs EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39   | 3,600    | 4,303,008    |
| South Carolina Ports Authority, RB, AMT, 5.25%, 7/01/50 (d)  | 6,530    | 7,145,453    |
| State of South Carolina Public Service Authority, RB:  |          |              |
| Santee Cooper, Series E, 5.50%, 12/01/53   | 2,025    | 2,245,118    |
| Series A, 5.50%, 12/01/54  | 11,450   | 12,819,763   |
| State of South Carolina Public Service Authority, Refunding RB, Santee Cooper, Series B, 5.00%, 12/01/38                           | 5,870    | 6,441,914    |
|  |          | 32,955,256   |
| <b>Texas 15.9%</b>   |          |              |
| Central Texas Turnpike System, Refunding RB:   |          |              |
| 2nd Tier, Series C, 5.00%, 8/15/34   | 355      | 390,749      |
| Series B, 5.00%, 8/15/37   | 1,245    | 1,370,372    |
| City of Houston Texas Utility System, Refunding RB:  |          |              |
| Combined 1st Lien, Series A (AGC), 6.00%, 11/15/35   | 5,700    | 6,659,880    |
| <b>Municipal Bonds</b>   |          |              |
| <b>Texas (continued)</b>   |          |              |
| City of Houston Texas Utility System, Refunding RB (continued):  |          |              |
| Combined 1st Lien, Series A (AGC), 5.38%, 11/15/38   | \$ 3,650 | \$ 4,131,289 |
| Series A (AGM), 5.00%, 11/15/36  | 10,000   | 10,712,100   |
| City of San Antonio Texas Public Service Board, RB, Junior Lien, 5.00%, 2/01/38  | 1,450    | 1,609,747    |
| County of Midland Texas Fresh Water Supply District No. 1, RB, CAB, City of Midland Project, Series A, 0.00%, 9/15/36 (b)          | 5,810    | 2,307,325    |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Cook Children s Medical Center, 5.25%, 12/01/39 | 2,095    | 2,385,996    |
| Dallas ISD, GO, School Building (PSF-GTD), 6.38%, 2/15/18 (a)  | 10,000   | 11,279,200   |
| Dallas-Fort Worth International Airport, ARB, Joint Improvement, Series D, AMT, 5.00%, 11/01/38                                    | 10,980   | 11,772,646   |
| Dallas-Fort Worth International Airport, Refunding ARB, Series F:  |          |              |
| 5.25%, 11/01/33  | 2,745    | 3,175,169    |
| 5.00%, 11/01/35  | 5,000    | 5,501,900    |
| Grand Prairie ISD, GO, Refunding, CAB, 0.00%, 8/15/28 (b)  | 10,000   | 4,950,500    |
| Judson ISD Texas, GO, School Building (AGC), 5.00%, 2/01/17 (a)  | 10,000   | 10,570,600   |
| Leander ISD, GO, Refunding, CAB, Series D, 0.00%, 8/15/38 (b)  | 9,685    | 3,586,355    |
| North Texas Tollway Authority, RB, CAB, Special Project System, Series B, 0.00%, 9/01/43 (b)                                       | 31,000   | 7,324,680    |
| North Texas Tollway Authority, Refunding RB:   |          |              |
| 1st Tier System, Series A, 6.00%, 1/01/28  | 6,275    | 7,196,170    |
| 1st Tier System, Series A (NPFGC), 5.13%, 1/01/28  | 20,000   | 21,474,600   |
| 1st Tier System, Series B (NPFGC), 5.75%, 1/01/40  | 10,000   | 10,892,400   |
| Series B, 5.00%, 1/01/40   | 5,665    | 6,180,685    |
| San Antonio Public Facilities Corp., Refunding RB, Convention Center Refinancing and Expansion Project, CAB (b):                   |          |              |
| 0.00%, 9/15/35   | 680      | 275,971      |





## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

|   | Par          |               |
|---|--------------|---------------|
|   | (000)        | Value         |
| <b>Municipal Bonds</b>  |              |               |
| <b>Texas (continued)</b>  |              |               |
| San Antonio Public Facilities Corp., Refunding RB, Convention Center Refinancing and Expansion Project, CAB (b) (continued):      |              |               |
| 0.00%, 9/15/36  | \$ 12,195    | \$ 4,658,124  |
| 0.00%, 9/15/37  | 8,730        | 3,136,427     |
| Texas Municipal Gas Acquisition & Supply Corp. III, RB:   |              |               |
| 5.00%, 12/15/32   | 3,930        | 4,303,939     |
| Natural Gas Utility Improvements, 5.00%, 12/15/31   | 1,665        | 1,816,831     |
| Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier, Series A, 5.00%, 8/15/41                  | 11,345       | 12,329,406    |
|   |              | 159,993,061   |
| <b>Utah 1.8%</b>  |              |               |
| Utah Transit Authority, Refunding RB, CAB (b):  |              |               |
| Sub-Series A (AGC), 0.00%, 6/15/20  | 10,000       | 8,564,900     |
| Sub-Series A (NPFGC), 0.00%, 6/15/24  | 13,930       | 9,773,009     |
|   |              | 18,337,909    |
| <b>Vermont 0.0%</b>   |              |               |
| Vermont HFA, Refunding RB, Multiple Purpose, S/F Housing, Series C, AMT (AGM), 5.50%, 11/01/38                                    |              |               |
|   | 215          | 216,924       |
| <b>Washington 1.3%</b>  |              |               |
| Port of Seattle Washington, RB, Series C, AMT, 5.00%, 4/01/40   |              |               |
|   | 2,830        | 3,071,399     |
| Washington Health Care Facilities Authority, RB:  |              |               |
| MultiCare Health System, Remarketing, Series B, 5.00%, 8/15/44  | 1,000        | 1,079,260     |
| Providence Health & Services, Series A, 5.25%, 10/01/39   | 2,725        | 3,004,231     |
| Washington Health Care Facilities Authority, Refunding RB, Catholic Health Initiatives, Series D, 6.38%, 10/01/36                 | 5,400        | 6,097,788     |
|   |              | 13,252,678    |
|   | <b>Par</b>   | <b>Value</b>  |
|   | <b>(000)</b> | <b>Value</b>  |
| <b>Municipal Bonds</b>  |              |               |
| <b>Wisconsin 0.4%</b>   |              |               |
| State of Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit Group, Series E, 5.00%, 11/15/33 |              |               |
|   | \$ 3,745     | \$ 4,219,866  |
| <b>Total Municipal Bonds - 112.6%</b>   |              | 1,132,133,367 |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (e)</b>   |              |               |
| <b>Arizona 1.5%</b>   |              |               |
| Arizona School Facilities Board, COP, (AGC), 5.13%, 9/01/18 (a)(f)  |              |               |
|   | 10,000       | 11,200,200    |
| Salt River Project Agricultural Improvement & Power District, RB, Electric System, Series A, 5.00%, 1/01/38                       | 3,500        | 3,759,665     |
|   |              | 14,959,865    |
| <b>California 7.7%</b>  |              |               |
| California State University, RB, Systemwide, Series A (AGM), 5.00%, 11/01/33 (f)  |              |               |
|   | 7,996        | 8,740,764     |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/37  | 18,435       | 19,455,463    |
| City of Riverside California, RB, Issue D (AGM), 5.00%, 10/01/38  | 20,000       | 21,843,400    |
| County of Alameda California Joint Powers Authority, Refunding LRB, (AGM), 5.00%, 12/01/34  | 6,990        | 7,518,235     |
| Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A, 6.00%, 8/01/19 (a)                  | 5,248        | 6,225,875     |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33   | 1,047        | 1,195,132     |
| San Diego County Water Authority Financing Corp., COP, Refunding, Series A: 5.00%, 5/01/18 (a)                                    | 1,555        | 1,726,384     |

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5.00%, 5/01/33

7,815

8,496,380

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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        |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (e)</b>   |          |              |
| <b>California (continued)</b>   |          |              |
| University of California, RB, Series O, 5.75%, 5/15/19 (a)  | \$ 2,205 | \$ 2,573,529 |
|   |          | 77,775,162   |
| <b>Colorado 0.3%</b>  |          |              |
| Colorado Health Facilities Authority, Refunding RB, Catholic Health Initiatives, Series A, 5.50%, 7/01/34 (f) | 2,469    | 2,783,344    |
| <b>Connecticut 0.5%</b>   |          |              |
| Connecticut State Health & Educational Facility Authority, RB, Yale University, Series T-1, 4.70%, 7/01/29    | 5,019    | 5,311,978    |
| <b>District of Columbia 2.6%</b>  |          |              |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 (f)   | 2,595    | 3,019,075    |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 6.00%, 10/01/18 (a)(f)     | 4,277    | 4,907,793    |
| Metropolitan Washington Airports Authority, RB, Series B, AMT, 5.00%, 10/01/32                                | 10,000   | 10,631,200   |
| Metropolitan Washington Airports Authority, Refunding ARB, Series A, AMT, 5.00%, 10/01/30                     | 6,880    | 7,647,533    |
|   |          | 26,205,601   |
| <b>Florida 4.4%</b>   |          |              |
| City of Tallahassee Florida, RB, Energy System (NPFGC), 5.00%, 10/01/32 (f)                                   | 3,300    | 3,529,713    |
| County of Highlands Florida Health Facilities Authority, RB, Adventist, Series C, 5.25%, 11/15/16             | 5,400    | 5,655,690    |
| County of Miami-Dade Florida, Refunding RB, Transit System Sales Surtax, 5.00%, 7/01/42                       | 4,840    | 5,343,989    |
| County of Miami-Dade Florida Water & Sewer System (AGM), 5.00%, 10/01/39                                      | 11,702   | 13,237,044   |
| County of Orange Florida School Board, COP, Series A (AGC), 5.50%, 8/01/34                                    | 12,013   | 13,351,924   |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (e)</b>   |          |              |
| <b>Florida (continued)</b>  |          |              |
| State of Florida Board of Education, GO, Series D, 5.00%, 6/01/37 (f)   | \$ 3,299 | \$ 3,528,673 |
|   |          | 44,647,033   |
| <b>Illinois 3.5%</b>  |          |              |
| City of Chicago Illinois, RB, Motor Fuel Tax Project, Series A (AGC), 5.00%, 1/01/38                          | 4,000    | 4,067,120    |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A, 5.00%, 6/15/42     | 719      | 726,476      |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34 (f)   | 3,499    | 3,880,604    |
| State of Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/18 (a)                  | 10,000   | 11,430,700   |
| State of Illinois Toll Highway Authority, RB, Series A: Senior Priority, 5.00%, 1/01/40                       | 7,621    | 8,426,651    |
| 5.00%, 1/01/38  | 5,836    | 6,339,348    |
|   |          | 34,870,899   |
| <b>Kentucky 0.7%</b>  |          |              |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27             | 5,985    | 6,714,456    |
| <b>Louisiana 1.0%</b>   |          |              |
| State of Louisiana Gas & Fuels, RB, Series A (AGM), 5.00%, 5/01/16 (a)  | 10,000   | 10,236,000   |
| <b>Michigan 0.3%</b>  |          |              |
| Michigan State Building Authority, Refunding RB, Facilities Program, Series I, 5.00%, 10/15/45                | 2,410    | 2,671,075    |
| <b>Nevada 0.6%</b>  |          |              |
| County of Clark Nevada Water Reclamation District, GO, Series B: Limited Tax, 5.75%, 7/01/34                  | 4,813    | 5,551,496    |
| 5.50%, 7/01/29  | 510      | 582,978      |
|   |          | 6,134,474    |
| <b>New Jersey 1.8%</b>  |          |              |
| Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28                        | 10,000   | 12,468,700   |

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

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## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| Municipal Bonds Transferred to<br>Tender Option Bond Trusts (e)  | Par<br>(000) | Value         |
|--|--------------|---------------|
| <b>New Jersey (continued)</b>  |              |               |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (f)  | \$ 4,961     | \$ 5,143,958  |
|  |              | 17,612,658    |
| <b>New York 7.4%</b>   |              |               |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution:<br>Fiscal 2013, Series CC, 5.00%, 6/15/47 | 15,521       | 17,264,413    |
| Series DD, 5.00%, 6/15/37  | 17,567       | 19,259,101    |
| 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        | 5,412,985     |
| Metropolitan Transportation Authority, RB, Sub-Series D-1, 5.25%, 11/15/44   | 9,850        | 11,258,057    |
| New York State Urban Development Corp., RB, Personal Income Tax, General Purpose, Series A-1, 5.00%, 3/15/43   | 14,280       | 15,996,028    |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34 (f)   | 4,500        | 5,032,170     |
|  |              | 74,222,754    |
| <b>North Carolina 0.7%</b>   |              |               |
| North Carolina HFA, RB, S/F Housing, Series 31-A, AMT, 5.25%, 7/01/38  | 6,570        | 6,755,504     |
| <b>Ohio 0.7%</b>   |              |               |
| County of Montgomery Ohio, RB, Catholic Health, Series C-1 (AGM), 5.00%, 10/01/41  | 4,990        | 5,250,229     |
| State of Ohio, RB, Cleveland Clinic Health Obligated Group, Series B, 5.50%, 1/01/34   | 1,520        | 1,713,526     |
|  |              | 6,963,755     |
| <b>South Carolina 0.2%</b>   |              |               |
| State of South Carolina Housing Finance & Development Authority, Refunding RB, S/F Housing, Series B-1, 5.55%, 7/01/39   | 2,083        | 2,128,112     |
| <b>Municipal Bonds Transferred to<br/>Tender Option Bond Trusts (e)</b>  |              |               |
| <b>Texas 5.0%</b>  |              |               |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38                              | \$ 1,799     | \$ 2,002,586  |
| Dallas Fort Worth International Airport, ARB, Series H, AMT, 5.00%, 11/01/37   | 8,868        | 9,527,824     |
| Friendswood ISD Texas, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/37   | 12,955       | 13,940,476    |
| Houston ISD, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/33   | 10,000       | 10,505,000    |
| North East Texas ISD, GO, School Building, Series A (PSF-GTD), 5.00%, 8/01/17 (a)(f)   | 3,500        | 3,769,465     |
| Texas State University Systems, Refunding RB, 5.25%, 3/15/18 (a)   | 10,000       | 11,049,600    |
|  |              | 50,794,951    |
| <b>Virginia 0.4%</b>   |              |               |
| University of Virginia, Refunding RB, General, 5.00%, 6/01/40  | 3,944        | 4,319,938     |
| <b>Washington 2.8%</b>   |              |               |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/17 (a)  | 17,000       | 18,478,444    |
| Washington Health Care Facilities Authority, Refunding RB, Seattle Children's Hospital, Series B, 5.00%, 10/01/38  | 8,205        | 9,629,798     |
|  |              | 28,108,242    |
| <b>Wisconsin 2.8%</b>  |              |               |
| State of Wisconsin, Refunding RB, Series A, 6.00%, 5/01/36   | 14,780       | 17,101,938    |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., Obligated Group:<br>Series A, 5.00%, 4/01/42                | 2,490        | 2,708,124     |
| Series C, 5.25%, 4/01/39 (f)   | 7,459        | 8,063,184     |
|  |              | 27,873,246    |
| <b>Total Municipal Bonds Transferred to<br/>Tender Option Bond Trusts 44.9%</b>  |              | 451,089,047   |
| <b>Total Long-Term Investments<br/>(Cost \$1,453,965,625) 157.5%</b>   |              | 1,583,222,414 |



## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| Short-Term Securities   | Shares     | Value                   |
|---|------------|-------------------------|
| FFI Institutional Tax-Exempt Fund, 0.02% (g)(h)                 | 15,381,067 | \$ 15,381,067           |
| <b>Total Short-Term Securities</b>                              |            |                         |
| (Cost \$15,381,067) 1.5%  |            | 15,381,067              |
| <b>Total Investments (Cost \$1,469,346,692*) 159.0%</b>         |            | <b>1,598,603,481</b>    |
| <b>Other Assets Less Liabilities 0.8%</b>                       |            | <b>8,513,111</b>        |
| <b>Liability for TOB Trust Certificates, Including Interest</b> |            |                         |
| <b>Expense and Fees Payable (24.4)%</b>                         |            | <b>(245,037,622)</b>    |
| <b>VRDP Shares, at Liquidation Value (35.4)%</b>                |            | <b>(356,400,000)</b>    |
| <b>Net Assets Applicable to Common Shares 100.0%</b>            |            | <b>\$ 1,005,678,970</b> |

\* As of October 31, 2015, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

|                               |                  |
|-------------------------------|------------------|
| Tax cost                      | \$ 1,229,720,502 |
| Gross unrealized appreciation | \$ 130,695,906   |
| Gross unrealized depreciation | (6,787,260)      |
| Net unrealized appreciation   | \$ 123,908,646   |

## 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) Zero-coupon bond.
- (c) 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 is as of period end.
- (d) When-issued security.
- (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, which may require the Fund to pay the liquidity provider in the event there is a shortfall between the TOB Trust Certificates and proceeds received from the sale of the security contributed to the TOB Trust or in the event of a default on the security. In the case of a shortfall or default, the aggregate maximum potential amount the Fund could ultimately be required to pay under the agreement(s), which expire from February 1, 2016 to December 1, 2029 is \$37,542,642.
- (g) During the period ended October 31, 2015, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

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| Affiliate                         | Shares Held         | Net<br>Activity | Shares Held            |        |
|-----------------------------------|---------------------|-----------------|------------------------|--------|
|                                   | at July 31,<br>2015 |                 | at October 31,<br>2015 |        |
|                                   |                     |                 |                        | Income |
| FFI Institutional Tax-Exempt Fund | 7,593,721           | 7,787,346       | 15,381,067             | \$ 343 |

(h) Represents the current yield as of period end.

**Portfolio Abbreviations**

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

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

OCTOBER 31, 2015

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## Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

|            |                                  |              |   |            |                    |
|------------|----------------------------------|--------------|---|------------|--------------------|
| <b>GO</b>  | General Obligation Bonds         | <b>ISD</b>   | Independent School District             | <b>OTC</b> | Over-the-Counter   |
| <b>HDA</b> | Housing Development Authority    | <b>LRB</b>   | Lease Revenue Bonds                     | <b>PSF</b> | Public School Fund |
| <b>HFA</b> | Housing Finance Agency           | <b>M/F</b>   | Multi-Family                            | <b>RB</b>  | Revenue Bonds      |
| <b>IDA</b> | Industrial Development Authority | <b>NPFGC</b> | National Public Finance Guarantee Corp. | <b>S/F</b> | Single-Family      |

## Derivative Financial Instruments Outstanding as of Period End

## Financial Futures Contracts

| Contracts    | Issue                      | Expiration    | Notional Value | Unrealized Appreciation |
|--------------|----------------------------|---------------|----------------|-------------------------|
| Short        |                            |               |                |                         |
| (58)         | 5-Year U.S. Treasury Note  | December 2015 | \$6,946,859    | \$ 82,399               |
| (76)         | 10-Year U.S. Treasury Note | December 2015 | \$9,704,250    | 143,939                 |
| (49)         | Long U.S. Treasury Bond    | December 2015 | \$7,665,438    | 166,545                 |
| (9)          | U.S. Ultra Bond            | December 2015 | \$1,437,750    | 29,020                  |
| <b>Total</b> |                            |               |                | <b>\$ 421,903</b>       |

## 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 techniques 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 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 Funds 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. The significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments are typically categorized as level 3.

Changes in valuation techniques 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 and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments 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, refer to the Fund's most recent financial statements as contained in its annual report.

## Schedule of Investments (concluded)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

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

|                                    | Level 1       | Level 2          | Level 3 | Total            |
|------------------------------------|---------------|------------------|---------|------------------|
| <b>Assets:</b>                     |               |                  |         |                  |
| Investments:                       |               |                  |         |                  |
| Long-Term Investments <sup>1</sup> |               | \$ 1,583,222,414 |         | \$ 1,583,222,414 |
| Short-Term Securities              | \$ 15,381,067 |                  |         | 15,381,067       |
| <b>Total</b>                       | \$ 15,381,067 | \$ 1,583,222,414 |         | \$ 1,598,603,481 |

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

|   | Level 1    | Level 2 | Level 3 | Total      |
|---|------------|---------|---------|------------|
| <b>Derivative Financial Instruments<sup>1</sup></b> |            |         |         |            |
| <b>Assets:</b>                                      |            |         |         |            |
| Interest rate contracts                             | \$ 421,903 |         |         | \$ 421,903 |

<sup>1</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation (depreciation) on the instrument.

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            |
|--|------------|------------------|---------|------------------|
| <b>Assets:</b>                               |            |                  |         |                  |
| Cash pledged for financial futures contracts | \$ 358,600 |                  |         | \$ 358,600       |
| <b>Liabilities:</b>                          |            |                  |         |                  |
| TOB trust certificates                       |            | \$ (244,974,333) |         | (244,974,333)    |
| VRDP Shares                                  |            | (356,400,000)    |         | (356,400,000)    |
| <b>Total</b>                                 | \$ 358,600 | \$ (601,374,333) |         | \$ (601,015,733) |

During the period ended October 31, 2015, 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 22, 2015

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 22, 2015

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of

BlackRock MuniYield Quality Fund III, Inc.

Date: December 22, 2015