

Castellano Michael J  
 Form 3  
 April 20, 2011

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0104  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

|  |   |   |  |   |  |
|--|---|---|--|---|--|
| <p>1. Name and Address of Reporting Person *</p> <p>Castellano Michael J</p> <p>(Last) (First) (Middle)</p> <p>55 EAST 52ND STREET</p> <p>(Street)</p> <p>NEW YORK, NY 10055</p> <p>(City) (State) (Zip)</p> | <p>2. Date of Event Requiring Statement</p> <p>(Month/Day/Year)</p> <p>04/14/2011</p> | <p>3. Issuer Name and Ticker or Trading Symbol</p> <p>BLACKROCK MUNIYIELD QUALITY FUND III, INC [MYI]</p> | <p>4. Relationship of Reporting Person(s) to Issuer</p> <p>(Check all applicable)</p> <p><input checked="" type="checkbox"/> Director    <input type="checkbox"/> 10% Owner<br/> <input type="checkbox"/> Officer    <input type="checkbox"/> Other<br/>                 (give title below)    (specify below)</p> | <p>5. If Amendment, Date Original Filed(Month/Day/Year)</p> | <p>6. Individual or Joint/Group Filing(Check Applicable Line)</p> <p><input checked="" type="checkbox"/> Form filed by One Reporting Person<br/> <input type="checkbox"/> Form filed by More than One Reporting Person</p> |
|--|---|---|--|---|--|

**Table I - Non-Derivative Securities Beneficially Owned**

|  |  |   |  |
|--|--|---|--|
| <p>1. Title of Security<br/>(Instr. 4)</p> | <p>2. Amount of Securities Beneficially Owned<br/>(Instr. 4)</p> | <p>3. Ownership Form:<br/>Direct (D)<br/>or Indirect (I)<br/>(Instr. 5)</p> | <p>4. Nature of Indirect Beneficial Ownership<br/>(Instr. 5)</p> |
|--|--|---|--|

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

|   |  |   |   |   |  |
|---|--|---|---|---|--|
| <p>1. Title of Derivative Security<br/>(Instr. 4)</p> | <p>2. Date Exercisable and Expiration Date<br/>(Month/Day/Year)</p> <p>Date Exercisable    Expiration Date</p> | <p>3. Title and Amount of Securities Underlying Derivative Security<br/>(Instr. 4)</p> <p>Title    Amount or Number of Shares</p> | <p>4. Conversion or Exercise Price of Derivative Security</p> | <p>5. Ownership Form of Derivative Security:<br/>Direct (D)<br/>or Indirect (I)</p> | <p>6. Nature of Indirect Beneficial Ownership<br/>(Instr. 5)</p> |
|---|--|---|---|---|--|

