

BLACKROCK MUNIYIELD FUND INC

Form N-CSR

January 09, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-06414

Name of Fund: BlackRock MuniYield Fund, Inc. (MYD)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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Date of fiscal year end: 10/31/2008

Date of reporting period: 11/01/2007 – 10/31/2008

Item 1 – Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

Annual Report

OCTOBER 31, 2008

[BlackRock MuniYield Fund, Inc. \(MYD\)](#)

[BlackRock MuniYield Quality Fund, Inc. \(MQY\)](#)

[BlackRock MuniYield Quality Fund II, Inc. \(MQT\)](#)

NOT FDIC INSURED
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NO BANK GUARANTEE

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A Letter to Shareholders

Dear Shareholder

It has been a tumultuous period for investors, marked by almost daily headlines of deepening turmoil in financial markets and a darkening economic outlook. The news took an extraordinarily heavy tone late in the period as the credit crisis boiled over and triggered unprecedented failures and consolidation in the financial sector, stoking fears of a market and economic collapse and prompting a series of new government programs designed to contain and combat the fallout.

The Federal Reserve Board (the Fed) has taken decisive measures to restore liquidity and stabilize the financial system. Key moves included slashing the target federal funds rate 250 basis points (2.50%) between November 2007 and April 2008 and providing massive cash injections and lending programs. In October, as credit conditions further deteriorated, the central bank cut the key interest rate by 50 basis points on two separate occasions – on October 8 in coordination with five other global central banks, and again during its regularly scheduled meeting on October 29. This left the key short-term rate at just 1.0%, its lowest level since 2004. While the U.S. economy appeared fairly resilient through the second quarter of 2008, the third quarter saw a contraction of 0.5%, and a more significant decline is expected for the fourth quarter. Moreover, on December 1, the National Bureau of Economic Research confirmed that the U.S. had entered a recession in December 2007.

Against this backdrop, U.S. equity markets experienced intense volatility, with periods of downward pressure punctuated by sharp rebounds. Losses were significant and broad-based, though small-cap stocks fared moderately better than their larger counterparts. Non-U.S. markets decelerated at a considerably faster pace than domestic equities – a stark reversal of recent years trends, when international stocks generally outpaced U.S. stocks.

Treasury issues also traded in a volatile fashion, but rallied overall (yields fell and prices correspondingly rose) and outperformed other fixed income assets as investors continued their flight to higher quality and more liquid securities. Tax-exempt issues generally underperformed, as problems among municipal bond insurers and the collapse in the market for auction rate securities afflicted the group throughout the course of the past year. At the same time, the above mentioned economic headwinds and malfunctioning credit markets plagued the high yield sector, with the third quarter of 2008 marking one of the worst periods in history for the asset class.

Facing unprecedented volatility and macro pressures, the major benchmark indexes generally recorded losses for the six- and 12-month reporting periods:

Total Returns as of October 31, 2008	6-month	12-month
U.S. equities (S&P 500 Index)	(29.28)%	(36.10)%
Small cap U.S. equities (Russell 2000 Index)	(24.39)	(34.16)
International equities (MSCI Europe, Australasia, Far East Index)	(41.21)	(46.62)
Fixed income (Barclays Capital U.S. Aggregate Index*)	(3.63)	0.30
Tax-exempt fixed income (Barclays Capital Municipal Bond Index*)	(4.70)	(3.30)
High yield bonds (Barclays Capital U.S. Corporate High Yield 2% Issuer Capped Index*)	(24.86)	(25.41)

* Formerly a Lehman Brothers Index.

Past performance is no guarantee of future results. Index performance shown is for illustrative purposes only. You cannot invest directly in an index.

Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For our most current views on the economy and financial markets, we invite you to visit www.blackrock.com/funds. As always, we thank you for entrusting BlackRock with your investments, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

Rob Kapito
President, BlackRock Advisors, LLC

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Fund Summary as of October 31, 2008

BlackRock MuniYield Fund, Inc.

Investment Objective

BlackRock MuniYield Fund, Inc. (MYD) (the Fund) seeks to provide shareholders with as high a level of current income exempt from federal income taxes as is consistent with its investment policies and prudent investment management by investing primarily in a portfolio of long-term, investment grade municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from federal income taxes.

Performance

For the 12 months ended October 31, 2008, the Fund returned (25.06)% based on market price and (20.69)% based on net asset value (NAV). For the same period, the closed-end Lipper General Municipal Debt Funds (Leveraged) category posted an average return of (19.05)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The Fund maintained a neutral duration and yield curve posture for much of the period, but relative performance was adversely impacted by investments in lower-rated issues as credit spreads widened significantly. The Fund's above-market exposure to lower-rated issues has sustained a highly competitive dividend yield among its Lipper peers.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on New York Stock Exchange	MYD
Initial Offering Date	November 29, 1991
Yield on Closing Market Price as of October 31, 2008 (\$9.66) ¹	7.95%
Tax Equivalent Yield ²	12.23%
Current Monthly Distribution per Common Share ³	\$ 0.064
Current Annualized Distribution per Common Share ³	\$ 0.768
Leverage as of October 31, 2008 ⁴	40%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution rate is not constant and is subject to change.

⁴ As a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to Auction Market Preferred Shares (Preferred Shares) and tender option bond trusts (TOBs)) minus the sum of accrued liabilities.

The table below summarizes the changes in the Fund's market price and net asset value per share:

	10/31/08	10/31/07	Change	High	Low
Market Price	\$ 9.66	\$ 13.72	(29.59)%	\$ 14.90	\$ 6.49
Net Asset Value	\$ 10.70	\$ 14.36	(25.49)%	\$ 14.40	\$ 10.03

The following unaudited charts show the portfolio composition and credit quality allocations of the Fund's long-term investments:

Portfolio Composition

Sector	10/31/08	10/31/07
Hospital	18%	17%
City, County & State	16	15
Transportation	15	20
Education	13	5

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Industrial & Pollution Control	12	15
Housing	8	4
Power	6	8
Tax Revenue	5	7
Tobacco	4	3
Lease Revenue	2	3
Water & Sewer	1	2
Resource Recovery		1

Credit Quality Allocations⁵

Credit Rating	10/31/08	10/31/07
AAA/Aaa	32%	40%
AA/Aa	24	17
A/A	15	11
BBB/Baa	8	10
BB/Ba	2	1
B/B	3	4
CCC/Caa	2	2
Not Rated ⁶	14	15

⁵ Using the higher of Standard & Poor's (S&P's) or Moody's Investors Service (Moody's) ratings.

⁶ The investment advisor has deemed certain of these non-rated securities are of investment grade quality. As of October 31, 2008 and October 31, 2007, the market value of these securities was \$21,126,114 representing 3% and \$28,842,801 representing 3%, respectively, of the Fund's long-term investments.

Fund Summary as of October 31, 2008

BlackRock MuniYield Quality Fund, Inc.

Investment Objective

BlackRock MuniYield Quality Fund, Inc. (MQY) (the Fund) seeks to provide shareholders with as high a level of current income exempt from federal income taxes as is consistent with its investment policies and prudent investment management by investing primarily in a portfolio of long-term, high-grade municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from federal income taxes.

Performance

For the 12 months ended October 31, 2008, the Fund returned (12.47)% based on market price and (16.79)% based on NAV. For the same period, the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of (14.93)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. Fund performance was negatively impacted by above-average exposure to the longer end of the yield curve, where yields increased rapidly while those in the very short end fell. The Fund also had above-average exposure to bonds subject to the alternative minimum tax (AMT), which underperformed non-AMT bonds. Finally, above-average exposure to insured bonds with weaker underlying credits hurt performance as monoline insurers' credit ratings were downgraded.

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Fund Information

Symbol on New York Stock Exchange	MQY
Initial Offering Date	June 26, 1992
Yield on Closing Market Price as of October 31, 2008 (\$10.90) ¹	6.28%
Tax Equivalent Yield ²	9.66%
Current Monthly Distribution per Common Share ³	\$ 0.057
Current Annualized Distribution per Common Share ³	\$ 0.684
Leverage as of October 31, 2008 ⁴	43%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution is not constant and is subject to change.

⁴ As a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to Preferred Shares and TOBs) minus the sum of accrued liabilities.

The table below summarizes the changes in the Fund's market price and net asset value per share:

	10/31/08	10/31/07	Change	High	Low
Market Price	\$ 10.90	\$ 13.20	(17.42)%	\$ 14.15	\$ 6.78
Net Asset Value	\$ 11.68	\$ 14.88	(21.51)%	\$ 15.11	\$ 10.43

The following unaudited charts show the portfolio composition and credit quality allocations of the Fund's long-term investments:

Portfolio Composition

Sector	10/31/08	10/31/07
Transportation	23%	22%
City, County & State	20	24
Education	13	9

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Water & Sewer	10	9
Industrial & Pollution Control	8	9
Hospital	8	8
Tax Revenue	7	8
Tobacco	3	2
Housing	3	2
Power	3	4
Lease Revenue	2	3

Credit Quality Allocations⁵

Credit Rating	10/31/08	10/31/07
AAA/Aaa	36%	86%
AA/Aa	50	7
A/A	5	5
BBB/Baa	6	
B/B	3	
Not Rated		2

⁵ Using the higher of S&P's or Moody's ratings.

Fund Summary as of October 31, 2008

BlackRock MuniYield Quality Fund II, Inc.

Investment Objective

BlackRock MuniYield Quality Fund II, Inc. (MQT) (the Fund) seeks to provide shareholders with as high a level of current income exempt from federal income taxes as is consistent with its investment policies and prudent investment management by investing primarily in a portfolio of long-term, high-grade municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from federal income taxes. The Fund invests primarily in insured municipal bonds.

Performance

For the 12 months ended October 31, 2008, the Fund returned (20.31)% based on market price and (18.42)% based on NAV. For the same period, the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of (14.93)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. Fund performance was negatively impacted by above-average exposure to the longer end of the yield curve, where yields increased rapidly while those in the very short end fell. The Fund also had above-average exposure to bonds subject to the alternative minimum tax (AMT), which underperformed non-AMT bonds. Finally, above-average exposure to insured bonds with weaker underlying credits hurt performance as monoline insurers' credit ratings were downgraded.

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Fund Information

Symbol on New York Stock Exchange	MQT
Initial Offering Date	August 28, 1992
Yield on Closing Market Price as of October 31, 2008 (\$8.75) ¹	6.86%
Tax Equivalent Yield ²	10.55%
Current Monthly Distribution per Common Share ³	\$ 0.05
Current Annualized Distribution per Common Share ³	\$ 0.60
Leverage as of October 31, 2008 ⁴	44%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution is not constant and is subject to change.

⁴ As a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to Preferred Shares and TOBs) minus the sum of accrued liabilities.

The table below summarizes the changes in the Fund's market price and net asset value per share:

	10/31/08	10/31/07	Change	High	Low
Market Price	\$ 8.75	\$ 11.60	(24.57)%	\$ 12.20	\$ 5.99
Net Asset Value	\$ 10.17	\$ 13.17	(22.78)%	\$ 13.44	\$ 9.08

The following unaudited charts show the portfolio composition and credit quality allocations of the Fund's long-term investments:

Portfolio Composition

Sector	10/31/08	10/31/07
Transportation	29%	27%
City, County & State	16	19
Education	12	7

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Sales Tax	8	8
Water & Sewer	8	5
Housing	7	7
Industrial & Pollution Control	6	5
Power	5	9
Hospital	4	7
Lease Revenue	2	4
Tobacco	2	2
Resource Recovery	1	

Credit Quality Allocations⁵

Credit Rating	10/31/08	10/31/07
AAA/Aaa	36%	85%
AA/Aa	54	9
A/A	7	6
BBB/Baa	3	

⁵ Using the higher of S&P's or Moody's ratings.

The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the yield and NAV of their Common Shares. However, these objectives cannot be achieved in all interest rate environments.

To leverage, each Fund issues Preferred Shares, which pay dividends at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. In general, the concept of leveraging is based on the premise that the cost of assets to be obtained from leverage will be based on short-term interest rates, which normally will be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's Common Shareholders will benefit from the incremental yield.

To illustrate these concepts, assume a Fund's Common Shares capitalization is \$100 million and it issues Preferred Shares for an additional \$50 million, creating a total value of \$150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays dividends on the \$50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the Fund's total portfolio of \$150 million earns the income based on long-term interest rates. Conversely, if prevailing short-term interest rates rise above long-term interest rates of 6%, the yield curve has a negative slope. In this case, the Fund pays dividends on the higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates.

In this case, the dividends paid to Preferred Shareholders are significantly lower than the income earned on the Fund's long-term investments, and therefore the Common Shareholders are the beneficiaries of the incremental yield. However, if short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental yield pickup on the Common Shares will be reduced or eliminated completely.

Furthermore, the value of the Fund's portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Fund's Preferred Shares does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Fund's NAV positively or negatively in addition to the impact on Fund performance from leverage from Preferred Shares discussed above.

The Funds may also, from time to time, leverage their assets through the use of tender option bond (TOB) programs, as described in Note 1 of the Notes to Financial Statements. TOB investments generally will provide the Funds with economic benefits in periods of declining short-term interest rates, but expose the Funds to risks during periods of rising short-term interest rates similar to those associated with Preferred Shares issued by the Funds, as described above. Additionally, fluctuations in the market value of municipal securities deposited into the TOB trust may adversely affect the Funds' NAVs per share.

The use of leverage may enhance opportunities for increased returns to the Funds and Common Shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Funds' NAV, market price and dividend rate than a comparable portfolio without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Funds' net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, the Funds' net income will be less than if leverage had not been used, and therefore the amount available for distribution to Common Shareholders will be reduced. The Funds may be required to sell portfolio securities at inopportune times or below fair market values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Funds to incur losses. The use of leverage may limit the Funds' ability to invest in certain types of securities or use certain types of hedging strategies, such as in the case of certain restrictions imposed by ratings agencies that rate preferred shares issued by the Funds. The Funds will incur expenses in connection with the use of leverage, all of which are borne by the holders of the Common Shares and may reduce returns on the Common Shares.

Under the Investment Company Act of 1940, the Funds are permitted to issue Preferred Shares in an amount of up to 50% of their total managed assets at the time of issuance. Under normal circumstances, each Fund anticipates that the total economic leverage from Preferred Shares and TOBs will not exceed 50% of its total managed assets at the time such leverage is incurred. As of October 31, 2008, the Funds had economic leverage from Preferred Shares and TOBs as a percentage of their total managed assets as follows:

	Percent of Leverage
BlackRock MuniYield Fund, Inc.	40%
BlackRock MuniYield Quality Fund, Inc.	43%
BlackRock MuniYield Quality Fund II, Inc	44%

Derivative Instruments

The Funds may invest in various derivative instruments, including swap agreements and other instruments specified in the Notes to Financial Statements, which constitute additional forms of economic leverage. Such instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market and/or interest rate risks. Such derivative instruments involve risks, including the imperfect correlation between the value of a derivative instrument and the underlying asset, possible default of the other party to the transaction and illiquidity of the derivative instrument. The Funds' ability to successfully use a derivative instrument depends on the Advisor's ability to accurately predict pertinent market movements, which cannot be assured. The use of derivative instruments may result in losses greater than if they had not been used, may require the Funds to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Funds can realize on an investment or may cause the Funds to hold a security that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

Schedule of Investments October 31, 2008

BlackRock MuniYield Fund, Inc. (MYD)
 (Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Alabama 2.0%		
Jefferson County, Alabama, Limited Obligation School Warrants, Series A, 5.50%, 1/01/22	\$ 5,250	\$ 4,406,377
Tuscaloosa, Alabama, Special Care Facilities Financing Authority, Residential Care Facility Revenue Bonds (Capstone Village, Inc. Project), Series A (a)(b):		
5.625%, 8/01/25	2,200	1,419,572
5.875%, 8/01/36	6,425	3,879,158
		9,705,107
Arizona 13.5%		
Arizona State Transportation Board, Highway Revenue Bonds, Sub-Series A:		
5%, 7/01/21	5,825	5,844,572
5%, 7/01/22	7,030	7,032,953
5%, 7/01/23	5,240	5,252,471
Maricopa County, Arizona, IDA, Education Revenue Bonds (Arizona Charter Schools Project 1), Series A, 6.75%, 7/01/29	3,300	2,548,656
Maricopa County, Arizona, IDA, M/F Housing Revenue Refunding Bonds (CRS Pine Ridge Housing Corporation), Series A-1 (c)(d):		
6%, 10/20/31	5,000	4,570,650
6.05%, 10/20/36	5,000	4,442,600
Phoenix, Arizona, IDA, Airport Facility, Revenue Refunding Bonds (America West Airlines Inc. Project), AMT:		
6.25%, 6/01/19	3,000	2,056,530
6.30%, 4/01/23	5,090	3,259,840
Phoenix, Arizona, IDA, M/F Housing Revenue Bonds (Summit Apartments LLC Project) (d):		
6.25%, 7/20/22	1,610	1,565,097
6.45%, 7/20/32	1,425	1,347,295
6.55%, 7/20/37	1,305	1,227,966
Pima County, Arizona, IDA, Education Revenue Refunding Bonds (Arizona Charter Schools Project II), Series A:		
6.75%, 7/01/11 (e)	570	624,971
6.75%, 7/01/31	775	638,499
Pima County, Arizona, IDA, Revenue Bonds (Tucson Electric Power Company), Series A, 6.375%, 9/01/29	3,000	2,310,300
Salt Verde Financial Corporation, Arizona, Senior		

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Gas Revenue Bonds:		
5%, 12/01/32	10,020	6,250,075
5%, 12/01/37	11,525	6,938,165
Vistancia Community Facilities District, Arizona, GO:		
5.50%, 7/15/20	3,000	2,566,800
5.75%, 7/15/24	2,125	1,788,358
Yavapai County, Arizona, IDA, Hospital Facility		
Revenue Bonds (Yavapai Regional Medical Center), Series A, 6%, 8/01/33	5,900	5,008,923
		65,274,721
California 11.7%		
California State, GO, 5%, 4/01/31 (f)	10	9,203
California State, GO, Refunding, 5%, 6/01/32	11,335	10,203,767
California State Public Works Board, Lease		
Revenue Bonds:		
(Department of Corrections), Series C, 5%, 6/01/25	2,000	1,844,940
(Department of Mental Health Coalinga State Hospital), Series A, 5.125%, 6/01/29	4,500	4,077,315
California State, Various Purpose, GO, 5.25%, 11/01/25	6,800	6,599,196
Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds (e):		
Series A-3, 7.875%, 6/01/13	5,500	6,450,785
Series A-4, 7.80%, 6/01/13	7,500	8,774,100
Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Refunding Bonds, Senior Series A-1, 5.125%, 6/01/47		
	3,090	1,814,232
Sacramento County, California, Airport System Revenue Bonds, AMT, Senior Series B, 5.25%, 7/01/39 (g)		
	6,135	4,647,569
Santa Clara, California, Subordinated Electric Revenue Bonds, Series A, 5%, 7/01/22 (h)		
	5,145	5,000,734
University of California Revenue Bonds (Multiple Purpose Projects), Series Q, 5%, 9/01/21 (g)		
	7,465	7,422,599
		56,844,440
Colorado 6.8%		
Colorado Educational and Cultural Facilities Authority, Revenue Refunding Bonds (University of Denver Project), Series B, 5.25%, 3/01/16 (e)(i)		
	3,245	3,539,192
Colorado HFA, Revenue Refunding Bonds (S/F Program), AMT, Series D-2, 6.90%, 4/01/29		
	215	222,652
Colorado Health Facilities Authority, Revenue Refunding Bonds (Poudre Valley Health Care) (g):		
5.20%, 3/01/31	1,425	1,330,394
Series B, 5.25%, 3/01/36	2,840	2,594,312
Series C, 5.25%, 3/01/40	5,000	4,472,600

Portfolio Abbreviations

AMT	Alternative Minimum Tax (subject to)	IDA	Industrial Development Authority
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To simplify the listings of portfolio holdings in Schedules of Investments, the names and descriptions of many of the securities have been abbreviated according to the list on the right.

CABS	Capital Appreciation Bonds	IDR	Industrial Development Revenue Bonds
COP	Certificates of Participation	M/F	Multi-Family
EDA	Economic Development Authority	PCR	Pollution Control Revenue Bonds
EDR	Economic Development Revenue Bonds	PILOT	Payment in Lieu of Taxes
GO	General Obligation Bonds	S/F	Single-Family
HDA	Housing Development Authority	SIFMA	Securities Industry and Financials Market Association
HFA	Housing Finance Agency	VRDN	Variable Rate Demand Notes

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield Fund, Inc. (MYD)
(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Colorado (concluded)		
Denver, Colorado, City and County Airport Revenue Bonds, AMT, Series D, 7.75%, 11/15/13 (f)	\$ 7,080	\$ 7,525,898
Elk Valley, Colorado, Public Improvement Revenue Bonds (Public Improvement Fee), Series A:		
7.10%, 9/01/14	1,105	1,077,872
7.35%, 9/01/31	5,065	4,364,409
Plaza Metropolitan District Number 1, Colorado, Tax Allocation Revenue Bonds (Public Improvement Fees):		
8%, 12/01/25	6,850	6,312,960
8.125%, 12/01/25	1,885	1,646,397
		33,086,686
Connecticut 0.1%		
Connecticut State Development Authority, IDR (AFCO Cargo BDL-LLC Project), AMT, 7.35%, 4/01/10	250	245,645
Florida 6.0%		
Greater Orlando Aviation Authority, Florida, Airport Facilities Revenue Bonds (JetBlue Airways Corp.), AMT, 6.50%, 11/15/36	2,500	1,479,900
Hillsborough County, Florida, IDA, Exempt Facilities Revenue Bonds (National Gypsum Company), AMT:		
Series A, 7.125%, 4/01/30	11,500	7,577,465
Series B, 7.125%, 4/01/30	5,000	3,340,700
Lee County, Florida, Revenue Bonds, 5%, 10/01/22 (f)	4,705	4,571,566
Miami-Dade County, Florida, Aviation Revenue Refunding Bonds (Miami International Airport), AMT, Series A, 5.25%, 10/01/38 (j)	5,150	3,917,862
Midtown Miami, Florida, Community Development District, Special Assessment Revenue Bonds, Series B, 6.50%, 5/01/37	5,395	4,151,183
Orange County, Florida, Health Facilities Authority, Health Care Revenue Refunding Bonds (Orlando Lutheran Towers), 5.375%, 7/01/20	1,100	824,615
Santa Rosa Bay Bridge Authority, Florida, Revenue Bonds, 6.25%, 7/01/28	4,620	3,209,745
		29,073,036
Georgia 1.3%		
Main Street Natural Gas, Inc., Georgia, Gas Project Revenue Bonds, Series A, 6.375%, 7/15/38 (a)(b)	3,445	533,975
Private Colleges and Universities Authority, Georgia,		

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Revenue Refunding Bonds (Emory University Project), Series C, 5%, 9/01/38	6,400	5,941,824 6,475,799
Idaho 1.5%		
Idaho Housing Agency, S/F Mortgage Revenue Refunding Bonds, AMT, Senior Series C-2, 7.15%, 7/01/23	65	66,555
Power County, Idaho, Industrial Development Corporation, Solid Waste Disposal Revenue Bonds (FMC Corporation Project), AMT, 6.45%, 8/01/32	10,000	7,324,600 7,391,155
Illinois 1.8%		
Bolingbrook, Illinois, Special Services Area Number 1, Special Tax Bonds (Forest City Project), 5.90%, 3/01/27	1,000	795,630
Illinois State Finance Authority Revenue Bonds:		
(Friendship Village of Schaumburg), Series A, 5.625%, 2/15/37	1,750	1,110,445
(Landing at Plymouth Place Project), Series A, 6%, 5/15/37	2,155	1,473,912
(Monarch Landing, Inc. Project), Series A, 7%, 12/01/37	1,445	1,116,364
Metropolitan Pier and Exposition Authority, Illinois, Dedicated State Tax Revenue Bonds (McCormick Place Expansion), Series A, 5.50%, 6/15/23 (h)	4,000	4,043,560 8,539,911
Kansas 0.3%		
Lenexa, Kansas, Health Care Facility Revenue Bonds (Lakeview Village Inc.), Series C, 6.875%, 5/15/12 (d)	1,250	1,414,600
Kentucky 0.8%		
Kentucky Economic Development Finance Authority, Health System Revenue Refunding Bonds (Norton Healthcare, Inc.) Series A:		
6.625%, 10/01/10 (e)	2,350	2,554,050
6.625%, 10/01/28	650	614,328
Kentucky Economic Development Financing Authority, Louisville Arena Project Revenue Bonds (Louisville Arena Authority, Inc.), Sub-Series A-1, 6%, 12/01/38 (j)	800	755,432 3,923,810
Louisiana 8.1%		
Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Westlake Chemical Corporation), 6.75%, 11/01/32	10,000	7,569,000
Louisiana Public Facilities Authority, Hospital Revenue Bonds (Franciscan Missionaries of Our Lady Health System, Inc.), Series A, 5.25%, 8/15/36	6,750	5,164,088
Louisiana Public Facilities Authority, Revenue Refunding Bonds (Pennington Medical Foundation		

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Project), 5%, 7/01/31	1,000	749,540
Louisiana State Citizens Property Insurance Corporation, Assessment Revenue Bonds, Series B, 5%, 6/01/20 (f)	10,000	9,513,600
Port New Orleans, Louisiana, IDR, Refunding (Continental Grain Company Project), 6.50%, 1/01/17	19,000	16,393,580
		39,389,808
Maryland 4.2%		
Baltimore, Maryland, Convention Center Hotel Revenue Bonds:		
Senior Series A, 5.25%, 9/01/39 (k)(l)	5,625	5,220,562
Sub-Series B, 5.875%, 9/01/39	1,920	1,319,002
Maryland State Community Development Administration, Department of Housing and Community Development, Residential Revenue Refunding Bonds, AMT, Series A, 4.65%, 9/01/32	2,580	1,806,103
Maryland State Energy Financing Administration, Limited Obligation Revenue Bonds (Cogeneration AES Warrior Run), AMT, 7.40%, 9/01/19	3,000	2,560,170

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniYield Fund, Inc. (MYD)
(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Maryland (concluded)		
Maryland State Health and Higher Educational Facilities Authority, Revenue Refunding Bonds: (Peninsula Regional Medical Center), 5%, 7/01/36	\$ 5,000	\$ 3,920,150
(University of Maryland Medical System), 6%, 7/01/12 (e)	4,000	4,365,560
Maryland State Industrial Development Financing Authority, EDR (Our Lady of Good Counsel School), Series A, 6%, 5/01/35	500	350,255
Prince Georges County, Maryland, Special Obligation Bonds (National Harbor Project), 5.20%, 7/01/34	1,500	1,000,965
		20,542,767
Massachusetts 3.2%		
Massachusetts State Development Finance Agency, Human Service Provider Revenue Bonds (Seven Hills Foundation & Affiliates), 5%, 9/01/35 (m)	3,500	2,667,770
Massachusetts State Development Finance Agency, Revenue Refunding Bonds (Western New England College), Series A, 5%, 9/01/33 (j)	2,750	2,442,357
Massachusetts State Special Obligation Dedicated Tax Revenue Bonds, 5.25%, 1/01/14 (e)(i)	10,000	10,383,700
		15,493,827
Michigan 1.7%		
Macomb County, Michigan, Hospital Finance Authority, Hospital Revenue Bonds (Mount Clemens General Hospital), Series B, 5.875%, 11/15/13 (e)	6,060	6,723,934
Michigan State Hospital Finance Authority, Revenue Refunding Bonds (Henry Ford Health System), Series A, 5.25%, 11/15/32	1,000	786,190
Michigan State Strategic Fund, PCR, Refunding (General Motors Corp.), 6.20%, 9/01/20	2,500	800,100
		8,310,224
Minnesota 0.7%		
Eden Prairie, Minnesota, M/F Housing Revenue Bonds (Rolling Hills Project), Series A (d): 6%, 8/20/21	420	430,529
6.20%, 2/20/43	2,000	1,960,800
Minneapolis, Minnesota, M/F Housing Revenue Bonds (Gaar Scott Loft Project), AMT, 5.95%, 5/01/30	915	901,440
		3,292,769
Missouri 4.2%		

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Missouri State Highways and Transportation		
Commission, First Lien State Road Revenue		
Bonds, Series A:		
5%, 5/01/20	5,000	5,106,550
5%, 5/01/21	15,000	15,227,700
		20,334,250
Nebraska 0.3%		
Lincoln, Nebraska, Sanitation and Sewer		
Revenue Bonds:		
4.25%, 6/15/24	865	746,858
4.25%, 6/15/25	905	777,413
		1,524,271
New Hampshire 0.7%		
New Hampshire Health and Education Facilities		
Authority, Revenue Refunding Bonds (Elliot Hospital),		
Series B, 5.60%, 10/01/22	3,425	3,157,062
New Jersey 18.5%		
New Jersey EDA, Cigarette Tax Revenue Bonds,		
5.50%, 6/15/24	11,435	9,064,868
New Jersey EDA, First Mortgage Revenue Bonds:		
(Lions Gate Project), Series A, 5.75%, 1/01/25	710	527,189
(Lions Gate Project), Series A, 5.875%, 1/01/37	230	157,568
(The Presbyterian Home), Series A,		
6.375%, 11/01/31	3,000	2,256,750
New Jersey EDA, Motor Vehicle Surcharge Revenue		
Bonds, Series A, 5%, 7/01/29 (h)	20,000	18,563,000
New Jersey EDA, Retirement Community Revenue		
Bonds (Cedar Crest Village Inc. Facility), Series A,		
7.25%, 11/15/11 (e)	4,400	4,866,928
New Jersey EDA, School Facilities Construction		
Revenue Bonds, Series O, 5.25%, 3/01/23	8,825	8,862,065
New Jersey EDA, Special Facility Revenue Bonds		
(Continental Airlines Inc. Project), AMT:		
6.25%, 9/15/19	3,905	2,560,235
6.25%, 9/15/29	14,000	7,878,360
New Jersey Health Care Facilities Financing Authority		
Revenue Bonds (Pascack Valley Hospital		
Association) (a)(b):		
6%, 7/01/13	1,335	44,455
6.625%, 7/01/36	1,835	61,105
New Jersey State Transportation Trust Fund Authority,		
Transportation System Revenue Bonds:		
Series A, 5.50%, 12/15/21	3,975	4,064,716
Series A, 5.50%, 12/15/22	6,600	6,703,356
Series C, 5.05%, 12/15/35 (f)(h)(n)	13,110	2,494,702
Series D, 5%, 6/15/19 (f)	5,425	5,429,828
Series D, 5%, 6/15/20	9,410	9,251,630
Series D, 5%, 6/15/20 (f)	7,000	6,912,220
		89,698,975
New York 12.0%		
Dutchess County, New York, IDA, Civic Facility		

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Revenue Refunding Bonds (Saint Francis Hospital), Series A, 7.50%, 3/01/29	2,200	2,103,398
Metropolitan Transportation Authority, New York, Transportation Revenue Refunding Bonds, Series F, 5%, 11/15/35	11,000	9,616,530
New York City, New York, City IDA, PILOT Revenue Bonds (Queens Baseball Stadium Project) (f):		
5%, 1/01/22	2,000	1,871,420
5%, 1/01/23	2,175	2,018,204
New York City, New York, City IDA, Special Facility Revenue Bonds (British Airways Plc Project), AMT, 7.625%, 12/01/32	1,250	903,400
New York City, New York, City Transitional Finance Authority, Building Aid Revenue Refunding Bonds, Series S-1, 4.50%, 1/15/38	1,970	1,528,109
New York City, New York, GO, Refunding, Series A (i):		
6.375%, 5/15/14	1,020	1,074,091
6.375%, 5/15/15	95	100,038
New York City, New York, GO, Series O, 5%, 6/01/33	2,500	2,198,675

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield Fund, Inc. (MYD)
 (Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
New York (concluded)		
New York State Dormitory Authority, Non-State Supported Debt, Revenue Refunding Bonds: (Mount Sinai Health), Series A, 6.75%, 7/01/10 (e)	\$ 3,145	\$ 3,403,771
(Mount Sinai-NYU Medical Center Health System), Series A, 6.75%, 7/01/20	1,855	1,870,248
New York State Dormitory Authority, State Personal Income Tax Revenue Bonds (Education), Series F, 5%, 3/15/35	5,000	4,588,800
Suffolk County, New York, IDA, IDR, Refunding (Nissequogue Cogeneration Partners Facility), AMT, 5.50%, 1/01/23	2,500	1,865,575
Tobacco Settlement Financing Corporation of New York Revenue Bonds, Series C-1, 5.50%, 6/01/21	9,400	9,232,304
Triborough Bridge and Tunnel Authority, New York, Subordinate Revenue Bonds, 5.25%, 11/15/30	10,000	9,807,800
Westchester County, New York, IDA, Continuing Care Retirement, Mortgage Revenue Bonds (Kendal on Hudson Project), Series A: 6.50%, 1/01/13 (e) 6.375%, 1/01/24	2,895 3,450	3,275,606 2,815,856 58,273,825
North Carolina 2.1%		
North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series D, 6.75%, 1/01/26	4,750	4,756,982
North Carolina HFA, Home Ownership Revenue Bonds, AMT, Series 8-A, 6.20%, 7/01/16	145	143,984
North Carolina, HFA, S/F Revenue Bonds, Series II, 6.20%, 3/01/16 (c)	570	593,319
North Carolina Medical Care Commission, Health Care Facilities, First Mortgage Revenue Bonds: (Arbor Acres Community Project), 6.375%, 3/01/12 (e) (Presbyterian Homes Project), 5.40%, 10/01/27	1,000 5,000	1,100,560 3,555,150 10,149,995
Ohio 6.0%		
American Municipal Power, Inc., Ohio, Revenue Refunding Bonds (Prairie State Energy Campus Project), Series A, 5%, 2/15/38	6,885	5,999,589
Buckeye Tobacco Settlement Financing Authority,		

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Ohio, Tobacco Settlement Asset-Backed Bonds, Series A-2, 6.50%, 6/01/47	7,460	5,114,874
Cincinnati, Ohio, City School District, GO (Classroom Construction and Improvement), Refunding, 5.25%, 12/01/20 (h)(i)	3,000	3,059,640
Hamilton County, Ohio, Sewer System Improvement Revenue Bonds (The Metropolitan Sewer District of Greater Cincinnati), Series B, 5%, 12/01/28 (h)	5,065	4,794,478
Lucas County, Ohio, Health Care Facility Revenue Refunding and Improvement Bonds (Sunset Retirement Communities), Series A, 6.625%, 8/15/30	2,175	2,051,830
Mason, Ohio, City School District, GO (School Improvement), 5%, 6/01/14 (e)(g)	5,000	5,372,800
Port of Greater Cincinnati Development Authority, Ohio, Special Assessment Revenue Bonds (Cooperative Public Parking Infrastructure Project), 6.30%, 2/15/24	970	783,149
Toledo-Lucas County, Ohio, Port Authority Revenue Bonds (Saint Mary Woods Project), Series A: 6%, 5/15/24	750	562,605
6%, 5/15/34	2,250	1,528,245
		29,267,210
Oregon 1.7%		
Oregon State Department of Administrative Services, COP, Series A, 6%, 5/01/10 (d)(e)	4,405	4,669,961
Oregon State, GO, Refunding (Veterans Welfare), Series 80A, 5.70%, 10/01/32	2,280	2,306,015
Portland, Oregon, Housing Authority, Housing Revenue Bonds (Pine Square and University Place), Series A, 5.875%, 1/01/22	1,610	1,382,427
		8,358,403
Pennsylvania 5.2%		
Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds (National Gypsum Company), AMT, Series A, 6.25%, 11/01/27	5,270	3,196,255
Pennsylvania HFA, S/F Mortgage Revenue Refunding Bonds, AMT, Series 97A, 4.60%, 10/01/27	2,450	1,811,530
Pennsylvania State Higher Educational Facilities Authority, Health Services Revenue Refunding Bonds (Allegheny Delaware Valley Obligation), Series C, 5.875%, 11/15/16 (g)	16,270	13,088,239
Philadelphia, Pennsylvania, Authority for IDR, Commercial Development, 7.75%, 12/01/17	1,265	1,198,018
Sayre, Pennsylvania, Health Care Facilities Authority, Revenue Bonds (Guthrie Healthcare System), Series B, 7.125%, 12/01/11 (e)	5,000	5,935,350
		25,229,392
Rhode Island 1.3%		
Central Falls, Rhode Island, Detention Facility		

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Corporation, Revenue Refunding Bonds, 7.25%, 7/15/35	4,240	3,624,479
Woonsocket, Rhode Island, GO (g)(h):		
6%, 10/01/17	1,225	1,260,929
6%, 10/01/18	1,195	1,226,070
		6,111,478
South Dakota 0.8%		
South Dakota State Health and Educational Facilities Authority Revenue Bonds (Sanford Health), 5%, 11/01/40	5,210	4,107,929
Tennessee 0.7%		
Hardeman County, Tennessee, Correctional Facilities Corporation Revenue Bonds, 7.75%, 8/01/17	3,775	3,501,161
Texas 14.0%		
Alliance Airport Authority, Inc., Texas, Special Facilities Revenue Refunding Bonds (American Airlines Inc. Project), AMT, 5.75%, 12/01/29	3,500	1,225,175
Austin, Texas, Convention Center Revenue Bonds (Convention Enterprises Inc.), First Tier, Series A, 6.70%, 1/01/11 (e)	5,000	5,381,750

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniYield Fund, Inc. (MYD)
(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Texas (concluded)		
Bexar County, Texas, Housing Finance Corporation, M/F Housing Revenue Bonds (Water at Northern Hills Apartments), Series A (g):		
5.80%, 8/01/21	\$ 1,300	\$ 1,079,273
6%, 8/01/31	2,460	1,922,392
6.05%, 8/01/36	1,000	765,840
Dallas-Fort Worth, Texas, International Airport Facility Improvement Corporation, Revenue Refunding Bonds (American Airlines, Inc.), AMT, 5.50%, 11/01/30	12,500	4,375,500
Gregg County, Texas, Health Facilities Development Corporation, Hospital Revenue Bonds (Good Shepherd Medical Center Project) (e)(m):		
6.375%, 10/01/10	2,000	2,165,920
6.875%, 10/01/10	3,000	3,276,510
Guadalupe-Blanco River Authority, Texas, Sewage and Solid Waste Disposal Facility Revenue Bonds (E. I. du Pont de Nemours and Company Project), AMT, 6.40%, 4/01/26	5,000	4,978,900
Gulf Coast, Texas, IDA, Solid Waste Disposal Revenue Bonds (Citgo Petroleum Corporation Project), AMT, 7.50%, 5/01/25	3,900	3,729,297
Houston, Texas, Airport System, Special Facilities Revenue Bonds (Continental Airlines), AMT, Series E:		
7.375%, 7/01/22	3,500	2,135,035
7%, 7/01/29	3,000	1,875,000
Houston, Texas, Industrial Development Corporation Revenue Bonds (Air Cargo), AMT, 6.375%, 1/01/23	1,595	1,355,271
Lower Colorado River Authority, Texas, PCR (Samsung Austin Semiconductor), AMT:		
6.375%, 4/01/27	4,830	3,844,970
6.95%, 4/01/30	3,330	2,853,510
North Texas Tollway Authority, System Revenue Refunding Bonds, Second Tier, Series F, 6.125%, 1/01/31	12,140	11,181,304
San Antonio Energy Acquisition Public Facilities Corporation, Texas, Gas Supply Revenue Bonds:		
5.50%, 8/01/23	6,955	5,156,437
5.50%, 8/01/25	6,365	4,678,848
Texas State Turnpike Authority, Central Texas Turnpike System Revenue Bonds, First Tier, Series A, 5.50%, 8/15/39 (e)	6,500	5,685,355

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67,666,287

Virginia 6.3%

James City County, Virginia, EDA, Residential Care Facility, First Mortgage Revenue Refunding Bonds (Williamsburg Landing, Inc.), Series A:

5.35%, 9/01/26	1,500	1,083,570
5.50%, 9/01/34	2,000	1,359,180

Virginia State, HDA, Commonwealth Mortgage Revenue Bonds, Series H, Sub-Series H-1, 5.375%, 7/01/36 (g):

30,930	27,608,737
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Winchester, Virginia, IDA, Residential Care Facilities, Revenue Bonds (Westminster-Canterbury), Series A, 5.20%, 1/01/27

1,000	714,350
	30,765,837

Washington 0.4%

Vancouver, Washington, Housing Authority, Housing Revenue Bonds (Teal Pointe Apartments Project), AMT:

6%, 9/01/22	945	796,115
6.20%, 9/01/32	1,250	966,413
		1,762,528

Wisconsin 1.5%

Milwaukee, Wisconsin, Revenue Bonds (Air Cargo), AMT, 6.50%, 1/01/25

685	582,435
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Wisconsin State, GO, AMT, Series B, 6.20%, 11/01/26 (g)

415	420,632
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Wisconsin State Health and Educational Facilities Authority, Revenue Refunding Bonds (Franciscan Sisters Healthcare), 5%, 9/01/26

7,925	6,031,559
	7,034,626

Wyoming 0.8%

Wyoming Community Development Authority, Housing Revenue Bonds, AMT, Series 3, 4.75%, 12/01/37

5,315	3,617,974
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Puerto Rico 2.2%

Puerto Rico Commonwealth Highway and Transportation Authority, Transportation Revenue Refunding Bonds, Series N, 5.25%, 7/01/34 (i)

4,610	4,104,606
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Puerto Rico Electric Power Authority, Power Revenue Refunding Bonds, Series UU, 5%, 7/01/23 (f)

7,100	6,636,654
	10,741,260

U.S. Virgin Islands 1.0%

Virgin Islands Public Finance Authority, Refinery Facilities Revenue Bonds (Hovensa Refinery), AMT, 6.125%, 7/01/22

6,250	4,922,250
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Total Municipal Bonds 143.4%

695,229,018

Municipal Bonds Transferred to Tender Option Bond Trusts (o)

Alabama 0.8%

Birmingham, Alabama, Special Care Facilities

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Financing Authority, Revenue Refunding Bonds (Ascension Health Credit), Series C-2, 5%, 11/15/36	4,538	3,724,823
Colorado 2.3%		
Colorado Health Facilities Authority Revenue Bonds (Catholic Health) (g):		
Series C-3, 5.10%, 10/01/41	7,490	6,613,970
Series C-7, 5%, 9/01/36	4,800	4,248,288
		10,862,258
Connecticut 3.5%		
Connecticut State Health and Educational Facilities Authority Revenue Bonds (Yale University):		
Series T-1, 4.70%, 7/01/29	9,130	8,513,725
Series X-3, 4.85%, 7/01/37	9,270	8,477,230
		16,990,955
North Carolina 3.6%		
North Carolina Capital Facilities Finance Agency, Revenue Refunding Bonds (Duke University Project), Series A, 5%, 10/01/41	18,898	17,439,550

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniYield Fund, Inc. (MYD)
(Percentages shown are based on Net Assets)

Municipal Bonds Transferred to Tender Option Bond Trusts (o)	Par (000)	Value
Tennessee 2.0%		
Shelby County, Tennessee, Health, Educational and Housing Facility Board, Hospital Revenue Refunding Bonds (Saint Jude Children's Research Hospital), 5%, 7/01/31	\$ 11,240	\$ 9,881,533
South Carolina 3.4%		
Charleston Educational Excellence Financing Corporation, South Carolina, Revenue Bonds (Charleston County School District) (j):		
5.25%, 12/01/28	7,795	7,559,435
5.25%, 12/01/29	6,920	6,630,398
5.25%, 12/01/30	2,510	2,375,012
		16,564,845
Virginia 3.3%		
University of Virginia, Revenue Refunding Bonds, 5%, 6/01/40	10,620	10,025,068
Virginia State, HDA, Commonwealth Mortgage Revenue Bonds, Series H, Sub-Series H-1, 5.35%, 7/01/31 (h)	6,720	6,097,190
		16,122,258
Washington 1.0%		
Central Puget Sound Regional Transportation Authority, Washington, Sales and Use Tax Revenue Bonds, Series A, 5%, 11/01/32 (g)	5,384	4,933,676
Total Municipal Bonds Transferred to Tender Option Bond Trusts 19.9%		96,519,898
Total Long-Term Investments (Cost \$918,838,722) 163.3%		791,748,916

Short-Term Securities	Shares	
Merrill Lynch Institutional Tax-Exempt Fund, 1.63% (p)(q)	7,457,277	7,457,277
Total Short-Term Securities (Cost \$7,457,277) 1.5%		7,457,277
Total Investments (Cost \$926,295,999*) 164.8%		799,206,193
Other Assets Less Liabilities 2.6%		12,767,825
Liability for Trust Certificates, Including Interest Expense and Fees Payable (11.3)%		(55,083,385)
Preferred Shares, at Redemption Value (56.1)%		(271,946,089)
Net Assets Applicable to Common Shares 100.0%		\$ 484,944,544

*The cost and unrealized appreciation (depreciation) of investments as of October 31, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 869,962,519
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Gross unrealized appreciation	\$ 9,769,101
Gross unrealized depreciation	(135,197,503)
Net unrealized depreciation	\$ (125,428,402)

- (a) Non-income producing security.
- (b) Issuer filed for bankruptcy or is in default of interest payments.
- (c) FHA Insured.
- (d) GNMA Collateralized.
- (e) 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.
- (f) AMBAC Insured.
- (g) FSA Insured.
- (h) MBIA Insured.
- (i) FGIC Insured.
- (j) Assured Guaranty Insured.
- (k) XL Capital Insured.
- (l) BHAC Insured.
- (m) Radian Insured.
- (n) Represents a zero-coupon bond. Rate shown reflects the effective yield at the time of purchase.
- (o) Securities represent bonds transferred to a tender option bond trust in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- (p) Represents the current yield as of report date.
- (q) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Income
Merrill Lynch Institutional Tax-Exempt Fund	2,555,904	\$ 322,754

See Notes to Financial Statements.

Schedule of Investments October 31, 2008

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

	Par (000)	Value
Municipal Bonds		
Alabama 0.7%		
Jefferson County, Alabama, Limited Obligation School Warrants, Series A, 4.75%, 1/01/25	\$ 3,000	\$ 2,330,850
Arizona 0.5%		
Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, 5%, 12/01/32	2,970	1,852,567
California 18.7%		
Alameda Corridor Transportation Authority, California, Capital Appreciation Revenue Refunding Bonds, Subordinate Lien, Series A, 5.45%, 10/01/25 (a)(b)	4,150	3,318,382
Arcadia, California, Unified School District, GO (Election of 2006), CABS, Series A, 4.96%, 8/01/39 (c)(d)	2,200	295,790
Cabrillo, California, Community College District, GO (Election of 2004), Series B (d)(e): 5.20%, 8/01/37	3,250	496,372
4.87%, 8/01/38	7,405	1,057,286
California State, GO, 5.50%, 4/01/28	5	4,900
California State, GO, Refunding: 5.125%, 6/01/27	30	28,333
5.25%, 2/01/33 (f)	5,700	5,308,068
California State University, Systemwide Revenue Bonds, Series A, 5%, 11/01/35 (e)(g)	3,450	3,080,091
California State, Various Purpose, GO, 5.50%, 11/01/33	2,450	2,359,864
Chino Valley, California, Unified School District, GO (Election of 2002), Series C, 5.25%, 8/01/30 (e)	1,200	1,151,820
Coast Community College District, California, GO, Refunding (Election of 2002), Series C, 5.45%, 8/01/13 (b)(c)	2,800	1,938,664
East Side Union High School District, California, Santa Clara County, GO (Election of 2002), Series D, 5%, 8/01/26 (h)	2,150	1,994,469
Fresno, California, Unified School District, GO (Election of 2001), Series E, 5%, 8/01/30 (c)	1,230	1,143,592
Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds, Series B, 5.50%, 6/01/13 (h)(i)	10,000	10,760,900
Los Angeles, California, Municipal Improvement Corporation, Lease Revenue Bonds, Series B1, 4.75%, 8/01/37 (g)	3,210	2,607,034
Metropolitan Water District of Southern California, Waterworks Revenue Bonds, Series B-1 (e)(g):		

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5%, 10/01/29	4,000	3,820,040
5%, 10/01/36	2,275	2,098,961
Mount Diablo, California, Unified School District, GO (Election of 2002), 5%, 7/01/27 (b)(g)	2,000	1,844,580
Orange County, California, Sanitation District, COP: 5%, 2/01/33 (e)(g)	2,750	2,468,538
Series B, 5%, 2/01/30 (c)	3,500	3,228,400
Series B, 5%, 2/01/31 (c)	1,200	1,097,556
Poway, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Paguay Redevelopment Project), 5.125%, 6/15/33 (a)	2,000	1,699,000
Sacramento, California, Unified School District, GO (Election of 2002), 5%, 7/01/30 (e)	2,500	2,312,900
San Jose, California, Airport Revenue Refunding Bonds, AMT, Series A, 5.50%, 3/01/32 (a)	5,200	4,242,472
San Jose, California, Unified School District, Santa Clara County, GO (Election of 2002), Series B, 5%, 8/01/29 (e)(g)	2,825	2,624,849
San Mateo County, California, Community College District, GO (Election of 2001), Series A, 5%, 9/01/26 (e)(g)	2,725	2,604,010
Ventura County, California, Community College District, GO (Election of 2002), Series B, 5%, 8/01/30 (e)	3,150	2,865,870
		66,452,741
Colorado 1.2%		
Colorado Health Facilities Authority Revenue Bonds (Covenant Retirement Communities Inc.), Series A (f): 5.50%, 12/01/27	1,600	1,327,280
5.50%, 12/01/33	900	703,656
E-470 Public Highway Authority, Colorado, Capital Appreciation Revenue Refunding Bonds, Series B, 5.485%, 9/01/29 (d)(e)	9,000	2,112,210
		4,143,146
District of Columbia 0.7%		
District of Columbia, Revenue Refunding Bonds (Catholic University of America) (a): 5.625%, 10/01/09 (i)	1,930	2,017,583
5.625%, 10/01/29	570	565,468
		2,583,051
Florida 5.0%		
Beacon Tradeport Community Development District, Florida, Special Assessment Revenue Refunding Bonds (Commercial Project), Series A, 5.625%, 5/01/32 (f)	2,235	1,910,478
Duval County, Florida, School Board, COP (Master Lease Program), 5%, 7/01/33 (c)	3,100	2,706,889
Florida State Department of Environmental Protection, Preservation Revenue Bonds, Series B, 5%, 7/01/27 (e)	2,545	2,344,479
Miami-Dade County, Florida, Aviation Revenue Refunding Bonds (Miami International Airport), AMT:		

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5%, 10/01/40 (h)(j)	8,200	5,893,422
Series A, 5%, 10/01/38 (k)	3,000	2,134,770
Miami, Florida, Special Obligation Revenue Bonds (Street and Sidewalk Improvement Program), 5%, 1/01/37 (e)	1,100	926,409
Orange County, Florida, Sales Tax Revenue Refunding Bonds, Series B, 5.125%, 1/01/32 (e)(g)	2,200	1,978,284
		17,894,731
Georgia 3.6%		
Atlanta, Georgia, Airport Passenger Facility Charge and Subordinate Lien General Revenue Refunding Bonds, Series C, 5%, 1/01/33 (c)	3,500	3,171,910
Atlanta, Georgia, Water and Wastewater Revenue Bonds:		
5%, 11/01/34 (c)	4,270	3,788,130
Series A, 5%, 11/01/33 (e)	1,200	1,031,784
Series A, 5%, 11/01/39 (e)	2,525	2,194,679
Augusta, Georgia, Water and Sewer Revenue Bonds, 5.25%, 10/01/39 (c)	2,820	2,756,606
		12,943,109

See Notes to Financial Statements.

Schedule of Investments (continued)

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

	Par (000)	Value
Municipal Bonds		
Hawaii 0.6%		
Hawaii State, GO, Series CX, 5.50%, 2/01/21 (c)	\$ 2,000	\$ 2,027,700
Illinois 23.9%		
Chicago, Illinois, O Hare International Airport, General Airport Revenue Bonds, Third Lien, AMT, Series B-2:		
5.75%, 1/01/23 (c)	3,400	3,058,232
5.75%, 1/01/24 (c)	4,000	3,578,080
6%, 1/01/29 (h)	3,300	2,916,771
Chicago, Illinois, O Hare International Airport, General Airport Revenue Refunding Bonds, Third Lien, AMT:		
Series A, 5.75%, 1/01/21 (e)	13,665	12,467,673
Series A, 5.50%, 1/01/22 (e)	5,000	4,408,150
Series A, 5.375%, 1/01/32 (e)	12,500	9,999,125
Series A-2, 5.75%, 1/01/21 (c)	2,665	2,450,094
Chicago, Illinois, Water Revenue Refunding Bonds, Second Lien, 5.25%, 11/01/33 (c)	10,500	9,664,935
Cook County, Illinois, Capital Improvement, GO, Series C, 5.50%, 11/15/12 (a)(i)	5,080	5,529,377
Illinois Sports Facilities Authority, State Tax Supported Revenue Bonds, 5.212%, 6/15/30 (a)(b)	28,525	23,968,131
Metropolitan Pier and Exposition Authority, Illinois, Dedicated State Tax Revenue Refunding Bonds (McCormick Place Expansion Project), 5.50%, 12/15/24 (e)(g)	7,000	7,063,350
		85,103,918
Indiana 1.7%		
Indianapolis, Indiana, Local Public Improvement Bond Bank, Revenue Refunding Bonds (Indianapolis Airport Authority Project), AMT, Series B (e):		
5.25%, 1/01/28	2,470	2,010,703
5.25%, 1/01/30	5,055	4,033,486
		6,044,189
Louisiana 3.8%		
Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds (Capital Projects and Equipment Acquisition Program), Series A, 6.30%, 7/01/30 (a)	5,100	4,424,454
Louisiana State Gas and Fuels Tax Revenue Bonds, Series A, 4.75%, 5/01/39 (c)	7,050	5,689,914
Louisiana State Transportation Authority, Senior Lien Toll Revenue Capital Appreciation Bonds, Series B, 5.31%, 12/01/27 (a)(d)	4,675	1,329,243
Rapides Financing Authority, Louisiana, Revenue		

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Bonds (Cleco Power LLC Project), AMT, 4.70%, 11/01/36 (a)	800	540,992
Terrebonne Parish, Louisiana, Hospital Service District Number 1, Hospital Revenue Bonds (Terrebonne General Medical Center Project), 5.50%, 4/01/33 (a)	1,800	1,487,880 13,472,483
Maryland 1.3%		
Baltimore, Maryland, Convention Center Hotel Revenue Bonds, Senior Series A, 5.25%, 9/01/39 (h)(l)	4,810	4,464,161
Massachusetts 3.3%		
Massachusetts Bay Transportation Authority, Revenue Refunding Bonds (General Transportation System), Series A, 7%, 3/01/14 (e)	3,550	3,961,055
Massachusetts State, HFA, Rental Housing Mortgage Revenue Bonds, AMT, Series C, 5.60%, 1/01/45 (c)	4,000	3,162,680
Massachusetts State, HFA, S/F Housing Revenue Bonds, AMT, Series 128, 4.80%, 12/01/27 (c)	2,200	1,686,806
Massachusetts State Port Authority, Special Facilities Revenue Bonds (Delta Air Lines Inc. Project), AMT, Series A, 5.50%, 1/01/19 (a)	3,825	3,022,018 11,832,559
Michigan 5.0%		
Detroit, Michigan, Sewage Disposal System, Second Lien Revenue Bonds, Series B, 5%, 7/01/36 (e)(g)	4,650	3,921,159
Detroit, Michigan, Sewage Disposal System, Second Lien Revenue Refunding Bonds, Series E, 5.75%, 7/01/31 (g)(l)	3,300	3,306,963
Michigan Higher Education Student Loan Authority, Student Loan Revenue Refunding Bonds, AMT, Series XVII-G, 5.20%, 9/01/20 (a)	2,140	1,844,744
Michigan State Strategic Fund, Limited Obligation Revenue Refunding Bonds (Detroit Edison Company Pollution Control Project), AMT (h):		
Series A, 5.50%, 6/01/30	1,700	1,393,694
Series C, 5.65%, 9/01/29	3,300	2,805,429
Series C, 5.45%, 12/15/32	5,800	4,631,184 17,903,173
Minnesota 1.0%		
Dakota County, Minnesota, Community Development Agency, S/F Mortgage Revenue Bonds (Mortgage- Backed Securities Program), Series B, 5.15%, 12/01/38 (m)(n)(o)	4,041	3,469,989
Nebraska 0.6%		
Washington County, Nebraska, Wastewater Facilities Revenue Bonds (Cargill Inc. Project), AMT, 5.90%, 11/01/27	2,300	2,118,231
Nevada 10.0%		
Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series A, 5.50%, 9/01/33 (f)	4,100	3,159,296
Clark County, Nevada, Airport System Subordinate		

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Lien Revenue Bonds, Series A-2 (e)(g):		
5%, 7/01/30	2,000	1,730,800
5%, 7/01/36	19,100	15,822,440
Clark County, Nevada, IDR (Southwest Gas Corp. Project), AMT (g):		
Series A, 4.75%, 9/01/36	2,300	1,325,168
Series D, 5.25%, 3/01/38 (e)	12,000	7,539,600
Washoe County, Nevada, School District, GO, 5.875%, 12/01/09 (c)(i)	5,710	5,964,894
		35,542,198
New Hampshire 1.3%		
New Hampshire State Business Finance Authority, PCR, Refunding (Public Service Company), AMT, Series D, 6%, 5/01/21 (e)	5,000	4,657,600

See Notes to Financial Statements.

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Schedule of Investments (continued)

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

	Par (000)	Value
Municipal Bonds		
New Jersey 8.5%		
New Jersey EDA, Cigarette Tax Revenue Bonds (f):		
5.75%, 6/15/29	\$ 710	\$ 551,031
5.50%, 6/15/31	1,285	947,148
New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series A, 5.25%, 7/01/31 (e)	20,165	19,114,807
New Jersey EDA, School Facilities Construction Revenue Bonds, Series O:		
5.125%, 3/01/28	2,660	2,563,415
5.125%, 3/01/30	7,500	7,103,700
		30,280,101
New York 8.0%		
Metropolitan Transportation Authority, New York, Transportation Revenue Bonds, Series A, 5%, 11/15/32 (g)	8,990	7,750,998
New York City, New York, City Municipal Water Finance Authority, Water and Sewer System Revenue Bonds, Series A, 5.75%, 6/15/40	2,500	2,491,850
New York City, New York, GO, Series B (e):		
5.875%, 8/01/10 (i)	11,965	12,798,961
5.875%, 8/01/16	1,880	1,973,060
Tobacco Settlement Financing Corporation of New York Revenue Bonds, Series A-1, 5.25%, 6/01/22 (a)	3,570	3,403,103
		28,417,972
Ohio 0.6%		
Jackson, Ohio, Hospital Facilities Revenue Bonds (Consolidated Health System Jackson Hospital), 6.125%, 10/01/09 (f)(i)	2,000	2,098,300
Oklahoma 0.5%		
Tulsa, Oklahoma, Airports Improvement Trust, General Revenue Bonds (Tulsa International Airport), AMT, Series B (e)(g):		
6%, 6/01/19	1,000	948,260
6.125%, 6/01/26	1,000	907,240
		1,855,500
Pennsylvania 0.5%		
Pennsylvania HFA, S/F Mortgage Revenue Refunding Bonds, AMT, Series 99A, 5.25%, 10/01/32	2,000	1,586,620
South Carolina 1.9%		
Berkeley County, South Carolina, School District, Installment Lease Revenue Bonds (Securing Assets for Education Project), 5.125%, 12/01/30	3,750	3,351,150
Kershaw County, South Carolina, Public Schools		

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Foundation, Installment Power Revenue Refunding Bonds, 5%, 12/01/29 (k)	3,000	2,630,610
South Carolina State Public Service Authority, Revenue Refunding Bonds, Series A, 5.50%, 1/01/38	700	667,730
		6,649,490
Tennessee 2.2%		
Memphis-Shelby County, Tennessee, Airport Authority, Airport Revenue Bonds, AMT, Series D, 6.25%, 3/01/18 (a)	5,000	4,970,550
Tennessee Energy Acquisition Corporation, Gas Revenue Bonds, Series A, 5.25%, 9/01/26	4,035	2,835,596
		7,806,146
Texas 19.0%		
Bell County, Texas, Health Facilities Development Revenue Bonds (Lutheran General Health Care System), 6.50%, 7/01/19 (p)	1,000	1,129,460
Clear Creek, Texas, Independent School District, GO, Refunding, 5%, 2/15/33	5,900	5,521,751
Dallas-Fort Worth, Texas, International Airport, Joint Revenue Bonds, AMT, Series B, 6%, 11/01/23 (e)	800	727,120
Dallas-Fort Worth, Texas, International Airport Revenue Refunding and Improvement Bonds, AMT, Series A (e)(g):		
5.875%, 11/01/17	1,835	1,756,334
5.875%, 11/01/18	2,145	2,024,687
5.875%, 11/01/19	2,385	2,222,510
Gregg County, Texas, Health Facilities Development Corporation, Hospital Revenue Bonds (Good Shepherd Medical Center Project) (f)(i):		
6.375%, 10/01/10	2,600	2,815,696
6.875%, 10/01/10	3,000	3,276,510
Harris County-Houston Sports Authority, Texas, Revenue Refunding Bonds, Senior Lien, Series G, 5.75%, 11/15/20 (e)	4,000	3,954,800
Lewisville, Texas, Independent School District, Capital Appreciation and School Building, GO, Refunding, 4.748%, 8/15/24 (d)(e)(g)	6,150	2,315,659
Mansfield, Texas, Independent School District, GO, 5%, 2/15/33	2,300	2,152,547
North Harris County, Texas, Regional Water Authority, Senior Lien Revenue Bonds, 5.125%, 12/15/35 (e)	7,150	6,179,888
North Texas Tollway Authority, System Revenue Refunding Bonds, First Tier:		
5.75%, 1/01/40 (e)	12,300	11,411,817
Series A, 6%, 1/01/25	850	834,411
Texas State Affordable Housing Corporation, S/F Mortgage Revenue Bonds (Professional Educators Home Loan Program), AMT, Series A-1, 5.50%, 12/01/39 (m)(n)(o)	2,061	1,782,744
Texas State Turnpike Authority, Central Texas Turnpike System Revenue Bonds, First Tier, Series A (a):		

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5.75%, 8/15/38	7,200	6,588,792
5%, 8/15/42	10,000	8,006,100
Travis County, Texas, Health Facilities Development Corporation, Revenue Refunding Bonds (Ascension Health Credit), Series A, 6.25%, 11/15/09 (e)(i)	4,600	4,789,060
		67,489,886
Utah 4.6%		
Salt Lake City, Utah, Hospital Revenue Refunding Bonds (IHC Hospitals Inc.), 6.30%, 2/15/15 (e)(p)	15,000	16,371,150
Vermont 0.5%		
Vermont HFA, Revenue Refunding Bonds, AMT, Series C, 5.50%, 11/01/38 (c)	2,000	1,590,460
Virginia 0.7%		
Halifax County, Virginia, IDA, Exempt Facility Revenue Refunding Bonds (Old Dominion Electric Cooperative Project), AMT, 5.625%, 6/01/28 (a)	2,900	2,480,979

See Notes to Financial Statements.

Schedule of Investments (continued)

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

	Par (000)	Value
Municipal Bonds		
Washington 2.5%		
King County, Washington, Sewer, GO, 5%, 1/01/35 (e)(g)	\$ 100	\$ 90,282
Port of Tacoma, Washington, Revenue Refunding Bonds, Series A, 5.25%, 12/01/14 (a)(i)	2,400	2,621,808
Tacoma, Washington, Regional Water Supply System, Water Revenue Bonds, 5%, 12/01/32 (e)	5,100	4,635,237
Washington State, GO, Series A and AT-6, 6.25%, 2/01/11 (c)	1,565	1,620,855
		8,968,182
Total Municipal Bonds 132.4%		470,431,182
Municipal Bonds Transferred to Tender Option Bond Trusts (q)		
Alabama 1.81%		
University of Alabama, General Revenue Bonds, Series A, 5%, 7/01/34 (e)	7,275	6,546,991
California 8.8%		
Anaheim, California, Public Financing Authority, Electric System Distribution Facilities Revenue Bonds, Series A, 5%, 10/01/31 (c)	1,244	1,132,089
Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds, Series B, 5.625%, 6/01/38 (k)(l)	14,160	15,311,350
San Diego County, California, Water Authority, Water Revenue Refunding Bonds, COP, Series A: 5%, 5/01/32 (e)	9,003	8,368,736
5%, 5/01/33 (c)	5,170	4,708,009
Tamalpais, California, Union High School District, GO (Election of 2001), 5%, 8/01/28 (c)	1,950	1,794,780
		31,314,964
Florida 2.9%		
Miami-Dade County, Florida, School Board, COP, Series B, 5.25%, 5/1/27	11,350	10,460,501
Georgia 3.9%		
Atlanta, Georgia, Airport Passenger Facility Charge and Subordinate Lien General Revenue Refunding Bonds, Series C, 5%, 1/01/33 (c)	10,000	9,062,600
Augusta, Georgia, Water and Sewer Revenue Bonds, 5.25%, 10/01/34 (c)	5,000	4,902,600
		13,965,200
Illinois 2.0%		

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Metropolitan Pier and Exposition Authority, Illinois, Dedicated State Tax Revenue Refunding Bonds (McCormick Place Expansion Project), Series B, 5.75%, 6/15/23 (e)	3,499	3,582,121
Chicago, Illinois, Water Revenue Refunding Bonds, Second Lien, 5.25%, 11/01/33 (c)	3,929	3,616,187 7,198,308
Massachusetts 4.4%		
Massachusetts State School Building Authority, Dedicated Sales Tax Revenue Bonds, Series A, 5%, 8/15/30 (c)	16,500	15,638,607
New Hampshire 2.8%		
New Hampshire Health and Education Facilities Authority Revenue Bonds (Dartmouth-Hitchcock Obligation Group), 5.50%, 8/1/27 (c)	9,999	9,826,161
New Jersey 3.4%		
New Jersey EDA, Cigarette Tax Revenue Bonds (m): 5.50%, 6/15/24	7,150	6,612,749
5.50%, 6/15/31	6,000	5,411,580 12,024,329
New York 3.2%		
Erie County, New York, IDA, School Facility Revenue Bonds (City of Buffalo Project), Series A, 5.75%, 5/01/28 (c)	2,007	2,019,570
New York State Thruway Authority, General Revenue Refunding Bonds, Series G, 5%, 1/01/32 (c)	10,000	9,336,400 11,355,970
Texas 1.3%		
Cypress-Fairbanks, Texas, Independent School District, GO, 5%, 02/15/32	4,750	4,493,548
Virginia 0.8%		
Virginia State, HDA, Commonwealth Mortgage Revenue Bonds, Series H, Sub-Series H-1, 5.35%, 7/01/31 (e)	3,195	2,898,887
Washington 0.6%		
Central Puget Sound Regional Transportation Authority, Washington, Sales and Use Tax Revenue Bonds, Series A, 5%, 11/01/32 (c)	2,504	2,295,053
Total Municipal Bonds Transferred to Tender Option Bond Trusts 35.9%		128,018,519
Total Long-Term Investments (Cost \$668,791,565) 168.3%		598,449,701

Short-Term Securities	Shares	
Merrill Lynch Institutional Tax-Exempt Fund, 1.63% (r)(s)	14,064,656	14,064,656
Total Short-Term Securities (Cost \$14,064,656) 4.0%		14,064,656
Total Investments (Cost \$682,856,221*) 172.3%		612,514,357
Other Assets Less Liabilities 2.6%		9,121,699
Liability for Trust Certificates, Including Interest Expense and Fees Payable (20.8)%		(73,912,591)

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Preferred Shares, at Redemption Value	(54.1)%		(192,264,282)
Net Assets Applicable to Common Shares	100.0%	\$	355,459,183

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock MuniYield Quality Fund, Inc. (MQY)

*The cost and unrealized appreciation (depreciation) of investments as of October 31, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$	610,000,630
Gross unrealized appreciation	\$	5,401,950
Gross unrealized depreciation		(76,149,056)
Net unrealized depreciation	\$	(70,747,106)

(a) AMBAC Insured.

(b) Represents a step bond. Rate shown reflects the effective yield at the time of purchase.

(c) FSA Insured.

(d) Represents a zero-coupon bond. Rate shown reflects the effective yield at the time of purchase.

(e) MBIA Insured.

(f) Radian Insured.

(g) FGIC Insured.

(h) XL Capital Insured.

(i) 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.

(j) Assured Guaranty Insured.

(k) CIFG Insured.

(l) BHAC Insured.

(m) FNMA Collateralized.

(n) GNMA Collateralized.

(o) FHLMC Collateralized.

(p) Security is collateralized by Municipal or U.S. Treasury Obligations.

(q) Securities represent bonds transferred to a tender option bond trust in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.

(r) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity		Income
Merrill Lynch Institutional Tax-Exempt Fund	13,056,985	\$	315,662

(s) Represents the current yield as of report date.
See Notes to Financial Statements.

Schedule of Investments October 31, 2008

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

	Par (000)	Value
Municipal Bonds		
Alabama 0.7%		
Jefferson County, Alabama, Limited Obligation School Warrants, Series A, 4.75%, 1/01/25	\$ 2,000	\$ 1,553,900
Arizona 2.0%		
Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, 5%, 12/01/37	7,500	4,515,075
California 25.1%		
Alameda Corridor Transportation Authority, California, Capital Appreciation Revenue Refunding Bonds, Subordinate Lien, Series A, 5.33%, 10/01/25 (a)(b)	7,150	5,717,212
Antelope Valley, California, Community College District, GO (Election of 2004), Series B, 5.25%, 8/01/39 (c)	550	512,963
Arcadia, California, Unified School District, GO (Election of 2006), CABS, Series A, 4.96%, 8/01/39 (d)(e)	1,400	188,230
Cabrillo, California, Community College District, GO (Election of 2004), Series B (c)(e): 5.20%, 8/01/37	2,100	320,733
4.87%, 8/01/38	4,800	685,344
California Health Facilities Financing Authority Revenue Bonds (Kaiser Permanente), Series A, 5.50%, 6/01/22 (d)(f)	5,000	5,107,000
California State, GO, Refunding: 5.125%, 6/01/27	20	18,888
5.25%, 2/01/33 (g)	3,900	3,631,836
California State University, Systemwide Revenue Bonds, Series A, 5%, 11/01/35 (c)(h)	1,200	1,071,336
California State, Various Purpose, GO, 5.50%, 11/01/33	6,500	6,260,865
Coast Community College District, California, GO, Refunding (Election of 2002), Series C, 5.45%, 8/01/13 (b)(d)	1,800	1,246,284
East Side Union High School District, California, Santa Clara County, Capital Appreciation, GO (Election of 2002), Series E, 5.15%, 8/01/29 (e)(i)	15,000	3,876,900
East Side Union High School District, California, Santa Clara County, GO (Election of 2002), Series D, 5%, 8/01/26 (i)	1,020	946,213
Fairfield-Suisun, California, Unified School District, GO (Election of 2002), 5.50%, 8/01/28 (c)	2,770	2,746,677
Fresno, California, Unified School District, GO (Election of 2001), Series E, 5%, 8/01/30 (d)	800	743,800

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John Swett Unified School District, California, GO, Series A, 5.50%, 8/01/26 (d)	2,815	2,817,562
Metropolitan Water District of Southern California, Waterworks Revenue Bonds, Series B-1 (c)(h): 5%, 10/01/29	2,600	2,483,026
5%, 10/01/36	1,475	1,360,864
Monterey Peninsula Community College District, California, GO, CABS, Series C, 5.08%, 8/01/28 (d)(e)	11,975	3,470,115
Orange County, California, Sanitation District, COP, 5%, 2/01/33 (c)(h)	2,300	2,064,595
Palm Springs, California, Financing Authority, Lease Revenue Refunding Bonds (Convention Center Project), Series A, 5.50%, 11/01/29 (c)	2,900	2,867,984
Poway, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Paguay Redevelopment Project), 5.125%, 6/15/33 (a)	1,250	1,061,875
Sacramento, California, Municipal Utility District, Electric Revenue Bonds, Series N, 5%, 8/15/28 (c)	5,000	4,537,850
Sacramento, California, Unified School District, GO (Election of 2002), 5%, 7/01/30 (c)	1,600	1,480,256
Ventura County, California, Community College District, GO (Election of 2002), Series B, 5%, 8/01/30 (c)	2,025	1,842,345
		57,060,753
Colorado 1.3%		
Colorado Health Facilities Authority Revenue Bonds, Series A: (Catholic Health Initiatives), 5.50%, 3/01/32 (f)	50	50,238
(Covenant Retirement Communities Inc.), 5.50%, 12/01/27 (g)	1,200	995,460
(Covenant Retirement Communities Inc.), 5.50%, 12/01/33 (g)	675	527,742
E-470 Public Highway Authority, Colorado, Capital Appreciation Revenue Refunding Bonds, Series B, 5.607%, 9/01/32 (c)(e)	7,500	1,396,050
		2,969,490
Florida 8.0%		
Broward County, Florida, School Board, COP, Series A, 5.25%, 7/01/33 (d)	1,400	1,273,958
Duval County, Florida, School Board, COP (Master Lease Program), 5%, 7/01/33 (d)	2,000	1,746,380
Hillsborough County, Florida, Aviation Authority Revenue Bonds, AMT, Series A, 5.375%, 10/01/33 (j)	3,250	2,597,400
Miami-Dade County, Florida, Aviation Revenue Refunding Bonds (Miami International Airport), AMT, 5%, 10/01/40 (i)(j)	12,550	9,019,810
Miami-Dade County, Florida, School Board, COP, Refunding, Series B, 5.25%, 5/01/31 (j)	1,625	1,536,876
Miami, Florida, Special Obligation Revenue Bonds		

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(Street and Sidewalk Improvement Program), 5%, 1/01/37 (c)	730	614,799
Orange County, Florida, Sales Tax Revenue Refunding Bonds, Series B, 5.125%, 1/01/32 (c)(h)	1,575	1,416,271
		18,205,494

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniYield Quality Fund II, Inc (MQT)
(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Georgia 6.2%		
Atlanta, Georgia, Airport Revenue Refunding Bonds, Series A, 5.875%, 1/01/17 (c)(h)	\$ 5,000	\$ 5,090,400
Atlanta, Georgia, Water and Wastewater Revenue Bonds:		
5%, 11/01/34 (d)	2,850	2,528,378
Series A, 5%, 11/01/33 (c)	800	687,856
Series A, 5%, 11/01/39 (c)	4,610	4,006,920
Augusta, Georgia, Water and Sewer Revenue Bonds, 5.25%, 10/01/39 (d)	1,880	1,837,738
		14,151,292
Illinois 15.8%		
Chicago, Illinois, O Hare International Airport, General Airport Revenue Bonds, Third Lien, AMT, Series B-2:		
5.75%, 1/01/23 (d)	5,200	4,677,296
6%, 1/01/29 (i)	2,200	1,944,514
Chicago, Illinois, O Hare International Airport, General Airport Revenue Refunding Bonds, Third Lien, AMT, Series A, 5.50%, 1/01/22 (c)	9,500	8,375,485
Cook County, Illinois, Capital Improvement, GO, Series C, 5.50%, 11/15/12 (a)(k)	2,460	2,677,612
Illinois Sports Facilities Authority, State Tax Supported Revenue Bonds, 5.264%, 6/15/30 (a)(b)	21,675	18,212,419
		35,887,326
Louisiana 5.4%		
Jefferson Parish, Louisiana, Home Mortgage Authority, S/F Mortgage Revenue Bonds, AMT, Series B-1, 6.65%, 12/01/33 (c)(l)(m)	1,420	1,460,143
Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds (Capital Projects and Equipment Acquisition Program), Series A, 6.30%, 7/01/30 (a)	2,300	1,995,342
Louisiana State Gas and Fuels Tax Revenue Bonds, Series A (d):		
5%, 5/01/36	4,600	4,051,450
4.75%, 5/01/39	1,975	1,593,983
Louisiana State Transportation Authority, Senior Lien Toll Revenue Capital Appreciation Bonds, Series B, 5.31%, 12/01/27 (a)(e)	3,185	905,591
Rapides Financing Authority, Louisiana, Revenue Bonds (Cleco Power LLC Project), AMT, 4.70%, 11/01/36 (a)	1,750	1,183,420

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Terrebonne Parish, Louisiana, Hospital Service District Number 1, Hospital Revenue Bonds (Terrebonne General Medical Center Project), 5.50%, 4/01/33 (a)	1,300	1,074,580 12,264,509
Massachusetts 9.0%		
Massachusetts State, HFA, Rental Housing Mortgage Revenue Bonds, AMT, Series F, 5.25%, 1/01/46 (d)	20,000	14,812,000
Massachusetts State, HFA, S/F Housing Revenue Bonds, AMT, Series 128, 4.80%, 12/01/27 (d)	1,500	1,150,095
Massachusetts State Port Authority, Special Facilities Revenue Bonds (Delta Air Lines Inc. Project), AMT, Series A (a):		
5.50%, 1/01/16	2,900	2,320,348
5.50%, 1/01/19	2,570	2,030,480
		20,312,923
Michigan 4.2%		
Detroit, Michigan, Sewage Disposal System, Second Lien Revenue Bonds, Series B, 5%, 7/01/36 (c)(h)(u)	3,000	2,529,780
Detroit, Michigan, Sewage Disposal System, Second Lien Revenue Refunding Bonds, Series E, 5.75%, 7/01/31 (h)(n)	2,200	2,204,642
Michigan Higher Education Student Loan Authority, Student Loan Revenue Refunding Bonds, AMT, Series XVII-G, 5.20%, 9/01/20 (a)	1,000	862,030
Michigan State Strategic Fund, Limited Obligation Revenue Refunding Bonds (Detroit Edison Company Pollution Control Project), AMT (i):		
Series A, 5.50%, 6/01/30	1,000	819,820
Series C, 5.45%, 12/15/32	3,900	3,114,072
		9,530,344
Minnesota 1.0%		
Dakota County, Minnesota, Community Development Agency, S/F Mortgage Revenue Bonds (Mortgage- Backed Securities Program), Series B, 5.15%, 12/01/38 (l)(m)(o)	2,597	2,230,706
Missouri 2.5%		
Saint Louis County, Missouri, Pattonville R-3 School District, GO (Missouri Direct Deposit Program) (h)(k):		
5.75%, 3/01/10	2,000	2,110,700
5.75%, 3/01/10	2,000	2,110,700
6%, 3/01/10	1,500	1,587,915
		5,809,315
Nebraska 0.5%		
Municipal Energy Agency of Nebraska, Power Supply System Revenue Bonds, Series A, 5%, 4/01/33 (d)	1,300	1,168,141
Nevada 3.1%		
Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series A,		

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5.50%, 9/01/33 (g)	2,800	2,157,568
Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series A-2 (c)(h):		
5%, 7/01/30	1,500	1,298,100
5%, 7/01/36	2,700	2,236,680
Clark County, Nevada, IDR (Southwest Gas Corp. Project), AMT, Series A, 4.75%, 9/01/36 (h)	2,200	1,267,552
		6,959,900

See Notes to Financial Statements.

Schedule of Investments (continued)

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

	Par (000)	Value
Municipal Bonds		
New Jersey 7.0%		
New Jersey EDA, Cigarette Tax Revenue Bonds (g):		
5.75%, 6/15/29	\$ 1,070	\$ 830,427
5.50%, 6/15/31	400	294,832
New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series A, 5.25%, 7/01/33 (c)	8,200	7,682,908
New Jersey EDA, School Facilities Construction Revenue Bonds:		
Series O, 5.125%, 3/01/28	3,380	3,257,272
Series P, 5.125%, 9/01/28	4,000	3,852,640
		15,918,079
New Mexico 2.9%		
New Mexico State Highway Commission, Tax Revenue Bonds, Senior Sub-Lien, Series A, 6%, 6/15/2010 (d)(k)	6,295	6,659,355
New York 5.7%		
Metropolitan Transportation Authority, New York, Transportation Revenue Bonds, Series A, 5%, 11/15/32 (h)	1,800	1,551,924
New York City, New York, City Municipal Water Finance Authority, Water and Sewer System Revenue Bonds, Series A, 5.75%, 6/15/40	350	348,859
New York State Dormitory Authority, Revenue Refunding Bonds (State University Educational Facilities), 5.75%, 5/15/10 (h)(k)	5,000	5,316,700
Tobacco Settlement Financing Corporation of New York Revenue Bonds, Series A-1, 5.25%, 6/01/22 (a)	6,115	5,829,124
		13,046,607
Ohio 3.0%		
Plain, Ohio, Local School District, GO, Refunding (h):		
6%, 6/01/11 (k)	5,120	5,531,136
6%, 12/01/20	1,170	1,228,898
		6,760,034
Oklahoma 2.6%		
Oklahoma State Development Finance Authority, Revenue Refunding Bonds (Integrus Health Obligated Group), VRDN, Series A3, 1.25%, 8/15/33 (j)(p)	6,000	6,000,000
Pennsylvania 1.0%		
Delaware River Port Authority of Pennsylvania and New Jersey Revenue Bonds, 6%, 1/01/17 (d)	5	5,159
Pennsylvania HFA, S/F Mortgage Revenue Refunding		

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Bonds, AMT, Series 99A, 5.25%, 10/01/32	1,340	1,063,035
Philadelphia, Pennsylvania, School District, GO, Series E, 6%, 9/01/38	1,300	1,264,718
		2,332,912
South Carolina 4.9%		
Berkeley County, South Carolina, School District, Installment Lease Revenue Bonds (Securing Assets for Education Project), 5.125%, 12/01/30	2,450	2,189,418
Kershaw County, South Carolina, Public Schools Foundation, Installment Power Revenue Refunding Bonds, 5%, 12/01/29 (q)	1,875	1,644,131
South Carolina State Public Service Authority, Revenue Refunding Bonds, Series A, 5.50%, 1/01/38	1,125	1,073,137
South Carolina Transportation Infrastructure Bank Revenue Bonds, Series A, 5%, 10/01/33 (a)	7,250	6,234,783
		11,141,469
Tennessee 1.6%		
Tennessee Energy Acquisition Corporation, Gas Revenue Bonds:		
Series A, 5.25%, 9/01/26	3,920	2,754,780
Series C, 5%, 2/01/27	1,400	944,664
		3,699,444
Texas 15.4%		
Clear Creek, Texas, Independent School District, GO, Refunding, 5%, 2/15/33	1,900	1,778,191
Corpus Christi, Texas, Utility System Revenue Refunding Bonds, Series A, 6%, 7/15/10 (d)(k)	2,000	2,121,880
Dallas-Fort Worth, Texas, International Airport, Joint Revenue Bonds, AMT, Series B, 6%, 11/01/23 (c)	600	545,340
Dallas-Fort Worth, Texas, International Airport Revenue Bonds, AMT, Series A, 5.50%, 11/01/33 (c)	5,000	4,020,850
Lewisville, Texas, Independent School District, Capital Appreciation and School Building, GO, Refunding, 4.67%, 8/15/24 (c)(e)(h)	3,915	1,474,115
Lower Colorado River Authority, Texas, PCR (Samsung Austin Semiconductor), AMT, 6.375%, 4/01/27	3,500	2,786,210
Mansfield, Texas, Independent School District, GO, 5%, 2/15/33	1,065	996,723
Matagorda County, Texas, Navigation District Number 1, PCR, Refunding (Central Power and Light Company Project), AMT, 5.20%, 5/01/30 (c)	1,800	1,423,458
North Harris County, Texas, Regional Water Authority, Senior Lien Revenue Bonds, 5.125%, 12/15/35 (c)	4,925	4,256,776
North Texas Tollway Authority, System Revenue Refunding Bonds, First Tier:		
5.75%, 1/01/40 (c)	3,600	3,340,044
Series A, 6%, 1/01/25	525	515,371
Series K-1, 5.75%, 1/01/38 (j)	3,400	3,278,756

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Texas State Affordable Housing Corporation, S/F Mortgage Revenue Bonds (Professional Educators Home Loan Program), AMT, Series A-1, 5.50%, 12/01/39 (l)(m)(o)	1,276	1,103,605
Texas State Turnpike Authority, Central Texas Turnpike System Revenue Bonds, First Tier, Series A (a): 5.75%, 8/15/38	4,800	4,392,528
5.50%, 8/15/39	3,500	3,061,345
		35,095,192

See Notes to Financial Statements.

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Schedule of Investments (continued)

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

	Par (000)	Value
Municipal Bonds		
Vermont 1.8%		
Vermont HFA, Revenue Refunding Bonds, AMT, Series C, 5.50%, 11/01/38 (d)	\$ 2,700	\$ 2,147,121
Vermont HFA, S/F Housing Revenue Bonds, AMT, Series 27, 4.85%, 11/01/32 (d)	2,690	1,956,867
		4,103,988
Virginia 0.8%		
Halifax County, Virginia, IDA, Exempt Facility Revenue Refunding Bonds (Old Dominion Electric Cooperative Project), AMT, 5.625%, 6/01/28 (a)	2,100	1,796,571
Washington 4.5%		
Port of Seattle, Washington, Revenue Bonds, AMT, Series B, 6%, 2/01/16 (c)	7,470	7,444,453
Port of Tacoma, Washington, GO, AMT, Series B, 4.875%, 12/01/38 (j)	1,375	1,078,055
Port of Tacoma, Washington, Revenue Refunding Bonds, Series A, 5.25%, 12/01/14 (a)(k)	1,600	1,747,872
		10,270,380
Total Municipal Bonds 136.0%		309,443,199

**Municipal Bonds Transferred to
Tender Option Bond Trusts (r)**

Alabama 1.2%		
University of Alabama, General Revenue Bonds, Series A, 5%, 7/01/34 (c)	2,955	2,659,292
California 3.3%		
Anaheim, California, Public Financing Authority, Electric System Distribution Facilities Revenue Bonds, Series A, 5%, 10/01/31 (d)	3,808	3,464,464
San Diego County, California, Water Authority, Water Revenue Refunding Bonds, COP, Series A, 5%, 5/01/33 (d)	3,030	2,759,239
Tamalpais, California, Union High School District, GO (Election of 2001), 5%, 8/01/28 (d)	1,320	1,214,928
		7,438,631
Georgia 8.8%		
Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series B, 5.25%, 1/01/33 (d)	4,999	4,692,780
Atlanta, Georgia, Airport Passenger Facility Charge and Subordinate Lien General Revenue Refunding Bonds, Series C, 5%, 1/01/33 (d)	17,000	15,406,420
		20,099,200

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Illinois 10.6%

Chicago, Illinois, Water Revenue Refunding Bonds, Second Lien, 5.25%, 11/01/33 (d)	2,549	2,346,382
Illinois Regional Transportation Authority Revenue Bonds, 6.50%, 7/01/26 (c)	10,000	11,013,805
Metropolitan Pier and Exposition Authority, Illinois, Dedicated State Tax Revenue Bonds (McCormick Place Expansion), Series A, 5%, 12/15/28 (c)	3,500	3,333,400
Metropolitan Pier and Exposition Authority, Illinois, Dedicated State Tax Revenue Refunding Bonds (McCormick Place Expansion Project), Series B, 5.75%, 6/15/23 (c)	7,250	7,422,622
		24,116,209

Massachusetts 3.0%

Massachusetts State School Building Authority, Dedicated Sales Tax Revenue Bonds, Series A, 5%, 8/15/30 (d)	7,195	6,819,284
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New Jersey 3.4%

New Jersey EDA, Cigarette Tax Revenue Bonds (j): 5.50%, 6/15/24	4,600	4,205,296
5.50%, 6/15/31	4,000	3,656,780
		7,862,076

South Carolina 3.7%

Charleston Educational Excellence Financing Corporation, South Carolina, Revenue Bonds (Charleston County School District) (j): 5.25%, 12/01/28	2,725	2,642,651
5.25%, 12/01/29	2,425	2,323,514
5.25%, 12/01/30	880	832,674
Scago Educational Facilities Corporation for Pickens County School District, South Carolina, Revenue Bonds, 5%, 12/01/31 (d)	3,000	2,679,120
		8,477,959

Texas 2.2%

Cypress-Fairbanks, Texas, Independent School District, GO, 5%, 02/15/32	5,250	4,966,553
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Virginia 0.8%

Virginia State, HDA, Commonwealth Mortgage Revenue Bonds, Series H, Sub-Series H-1, 5.35%, 7/01/31 (c)	1,995	1,810,103
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Total Municipal Bonds Transferred to Tender Option Bond Trusts 37.0%		84,249,307
Total Long-Term Investments (Cost \$446,626,490) 173.0%		393,692,506

See Notes to Financial Statements.

Schedule of Investments (concluded)

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

Short-Term Securities	Shares		Value
Merrill Lynch Institutional Tax-Exempt Fund, 1.63% (s)(t)	6,971,050	\$	6,971,050
Total Short-Term Securities (Cost \$6,971,050) 3.1%			6,971,050
Total Investments (Cost \$453,597,540*) 176.1%			400,663,556
Other Assets Less Liabilities 1.6%			3,705,853
Liability for Trust Certificates, Including Interest Expense and Fees Payable (21.2)%			(48,245,156)
Preferred Shares, at Redemption Value (56.5)%			(128,573,123)
Net Assets Applicable to Common Shares 100.0%		\$	227,551,130

*The cost and unrealized appreciation (depreciation) of investments as of October 31, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 406,540,812
Gross unrealized appreciation	\$ 3,325,188
Gross unrealized depreciation	(57,018,236)
Net unrealized depreciation	\$ (53,693,048)

- (a) AMBAC Insured.
 (b) Represents a step bond. Rate shown reflects the effective yield at the time of purchase.
 (c) MBIA Insured.
 (d) FSA Insured.
 (e) Represents a zero-coupon bond. Rate shown reflects the effective yield at the time of purchase.
 (f) Security is collateralized by Municipal or U.S. Treasury Obligations.
 (g) Radian Insured.
 (h) FGIC Insured.
 (i) XL Capital Insured.
 (j) Assured Guaranty Insured.
 (k) 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.
 (l) FNMA Collateralized.
 (m) GNMA Collateralized.
 (n) BHAC Insured.
 (o) FHLMC Collateralized.
 (p) Security may have a maturity of more than one year at the time of issuance, but has variable rate and demand features that qualify it as a short-term security. Rate disclosed is as of report date. Maturity shown is the final maturity date.
 (q) CIFG Insured.
 (r) Securities represent bonds transferred to a tender option bond trust in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
 (s) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity		Income
Merrill Lynch Institutional Tax-Exempt Fund	5,663,870	\$	258,553

- (t) Represents the current yield as of report date.
 (u) All or a portion of security, pledged as collateral in connection with open forward interest rate swaps.

Forward interest rate swaps outstanding as of October 31, 2008 were as follows:

Notional Amount	Unrealized Appreciation
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(000)

(Depreciation)

Pay a fixed rate of 3.484% and receive a floating rate based on 1-week SIFMA Municipal Swap Index Rate			
Broker, JPMorgan Chase Bank N.A.			
Expires December 2023	\$	7,000	\$ 188,797
Pay a fixed rate of 3.764% and receive a floating rate based on 1-week SIFMA Municipal Swap Index Rate			
Broker, JPMorgan Chase Bank N.A.			
Expires November 2028	\$	9,500	(9,880)
Pay a fixed rate of 3.8575% and receive a floating rate based on 1-week SIFMA Municipal Swap Index Rate			
Broker, JPMorgan Chase Bank N.A.			
Expires November 2028	\$	7,000	(95,977)
Total			\$ 82,940

See Notes to Financial Statements.

Statements of Assets and Liabilities

	BlackRock MuniYield Fund, Inc. (MYD)	BlackRock MuniYield Quality Fund, Inc. (MQY)
October 31, 2008		
Assets		
Investments at value unaffiliated ¹	\$ 791,748,916	\$ 598,449,701
Investments at value affiliated ²	7,457,277	14,064,656
Cash	71,455	212,604
Unrealized appreciation on forward interest rate swaps		
Interest receivable	16,104,566	10,493,887
Investments sold receivable	5,000	5,271,778
Other assets	34,738	33,882
Prepaid expenses	49,982	46,236
Total assets	815,471,934	628,572,744
Accrued Liabilities		
Unrealized depreciation on forward interest rate swaps		
Interest expense and fees payable	411,309	651,758
Officers and Directors fees payable	26,590	18,769
Investments purchased payable		4,770,545
Investment advisory fees payable	380,001	282,773
Income dividends payable Common Shares	2,900,366	1,734,240
Other affiliates payable	5,068	3,632
Other accrued expenses payable	185,891	126,729
Total accrued liabilities	3,909,225	7,588,446
Other Liabilities		
Trust certificates ³	54,672,076	73,260,833
Total Liabilities	58,581,301	80,849,279
Preferred Shares at Redemption Value		
Preferred Shares, par value \$0.05 per share for all series, except MQT Series D par value \$0.10 per share at \$25,000 per share liquidation preference, plus unpaid dividends ⁴	271,946,089	192,264,282
Net Assets Applicable to Common Shareholders	\$ 484,944,544	\$ 355,459,183
Net Assets Applicable to Common Shareholders Consist of		
Common Shares, par value \$0.10 per share	\$ 4,531,821	\$ 3,042,526
Paid-in capital in excess of par	623,550,428	423,216,933
Undistributed net investment income	1,916,633	1,484,576
Accumulated net realized loss	(17,964,532)	(1,942,988)
Net unrealized appreciation/depreciation	(127,089,806)	(70,341,864)
Net Assets Applicable to Common Shareholders	\$ 484,944,544	\$ 355,459,183
Net asset value per Common Share ⁵	\$ 10.70	\$ 11.68
¹ Investments at cost unaffiliated	\$ 918,838,722	\$ 668,791,565
² Investments at cost affiliated	\$ 7,457,277	\$ 14,064,656

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³ Represents short-term floating rate certificates issued by tender option bond trusts.

⁴ Preferred Shares issued and outstanding \$ 10,860 \$ 7,680

⁵ Common Shares outstanding 45,318,214 30,425,258

See Notes to Financial Statements.

Statements of Operations

	BlackRock MuniYield Fund, Inc. (MYD)	BlackRock MuniYield Quality Fund, Inc. (MQY)	BlackRock MuniYield Quality Fund II, Inc. (MQT)
Year Ended October 31, 2008			
Investment Income			
Interest	\$ 54,499,895	\$ 36,606,404	\$ 24,016,074
Income affiliated	323,839	316,424	258,553
Total income	54,823,734	36,922,828	24,274,627
Expenses			
Investment advisory	4,800,850	3,500,327	2,270,129
Commissions for Preferred Shares	801,863	583,072	376,946
Accounting services	260,941	177,895	138,062
Professional	230,923	181,662	136,702
Transfer agent	57,599	69,148	42,019
Officer and Directors	56,554	39,896	29,273
Custodian	45,960	36,504	26,139
Printing	39,129	23,300	17,138
Registration	15,516	9,973	8,811
Miscellaneous	130,054	112,688	84,629
Total expenses excluding interest expense and fees	6,439,389	4,734,465	3,129,848
Interest expense and fees ¹	1,955,374	2,769,072	1,867,535
Total expenses	8,394,763	7,503,537	4,997,383
Less fees waived by advisor	(27,274)	(26,832)	(20,677)
Less fees paid indirectly		(321)	
Total expenses after waiver and fees paid indirectly	8,367,489	7,476,384	4,976,706
Net investment income	46,456,245	29,446,444	19,297,921
Realized and Unrealized Gain (Loss)			
Net realized gain (loss) from:			
Investments	(2,918,788)	(728,016)	230,594
Swaps and futures	(3,382,607)	(581,500)	(1,388,073)
	(6,301,395)	(1,309,516)	(1,157,479)
Net change in unrealized appreciation/depreciation on:			
Investments	(157,567,039)	(93,034,192)	(66,011,447)
Swaps		(59,400)	(48,875)
	(157,567,039)	(93,093,592)	(66,060,322)
Total realized and unrealized loss	(163,868,434)	(94,403,108)	(67,217,801)
Dividends and Distributions to Preferred Shareholders From			
Net investment income	(12,071,923)	(8,220,460)	(5,769,792)
Net realized gain		(984,160)	
Total dividends and distributions to Preferred Shareholders	(12,071,923)	(9,204,620)	(5,769,792)
Net Decrease in Net Assets Applicable to Common Shareholders Resulting from Operations	\$ (129,484,112)	\$ (74,161,284)	\$ (53,689,672)

¹ Related to tender option bond trusts.

See Notes to Financial Statements.

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Statements of Changes in Net Assets

BlackRock MuniYield Fund, Inc.
(MYD)

	Year Ended October 31,	
	2008	2007
Increase (Decrease) in Net Assets Applicable to Common Shareholders:		
Operations		
Net investment income	\$ 46,456,245	\$ 47,245,298
Net realized gain (loss)	(6,301,395)	7,332,422
Net change in unrealized appreciation/depreciation	(157,567,039)	(33,393,239)
Dividends to Preferred Shareholders from net investment income	(12,071,923)	(12,440,786)
Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations	(129,484,112)	8,743,695
Dividends to Common Shareholders From		
Net investment income	(36,001,360)	(37,039,818)
Capital Share Transactions		
Reinvestment of common dividends	2,855,713	3,503,564
Net Assets Applicable to Common Shareholders		
Total decrease in net assets applicable to Common Shareholders	(162,629,759)	(24,792,559)
Beginning of year	647,574,303	672,366,862
End of year	\$ 484,944,544	\$ 647,574,303
End of year undistributed net investment income	\$ 1,916,633	\$ 3,865,248

BlackRock MuniYield Quality Fund, Inc.
(MQY)

	Year Ended October 31,	
	2008	2007
Increase (Decrease) in Net Assets Applicable to Common Shareholders:		
Operations		
Net investment income	\$ 29,446,444	\$ 29,581,364
Net realized gain (loss)	(1,309,516)	3,782,218
Net change in unrealized appreciation/depreciation	(93,093,592)	(16,584,007)
Dividends and distributions to Preferred Shareholders from:		
Net investment income	(8,220,460)	(9,191,938)
Net realized gain	(984,160)	
Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations	(74,161,284)	7,587,637
Dividends and Distributions to Common Shareholders From		
Net investment income	(20,810,877)	(20,932,577)
Net realized gain	(2,225,942)	
Decrease in net assets resulting from dividends and distributions to Common Shareholders	(23,036,819)	(20,932,577)
Net Assets Applicable to Common Shareholders		
Total decrease in net assets applicable to Common Shareholders	(97,198,103)	(13,344,940)
Beginning of year	452,657,286	466,002,226

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End of year	\$	355,459,183	\$	452,657,286
End of year undistributed net investment income	\$	1,484,576	\$	1,287,484

See Notes to Financial Statements.

Statements of Changes in Net Assets (concluded)

BlackRock MuniYield Quality Fund II,
Inc. (MQT)

	Year Ended October 31,	
	2008	2007
Increase (Decrease) in Net Assets Applicable to Common Shareholders:		
Operations		
Net investment income	\$ 19,297,921	\$ 19,161,647
Net realized gain (loss)	(1,157,479)	523,278
Net change in unrealized appreciation/depreciation	(66,060,322)	(10,662,734)
Dividends to Preferred Shareholders from net investment income	(5,769,792)	(5,918,044)
Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations	(53,689,672)	3,104,147
Dividends to Common Shareholders From		
Net investment income	(13,420,158)	(13,554,360)
Net Assets Applicable to Common Shareholders		
Total decrease in net assets applicable to Common Shareholders	(67,109,830)	(10,450,213)
Beginning of year	294,660,960	305,111,173
End of year	\$ 227,551,130	\$ 294,660,960
End of year undistributed net investment income	\$ 1,161,024	\$ 1,064,864

See Notes to Financial Statements.

Statements of Cash Flows

	BlackRock MuniYield Quality Fund, Inc. (MQY)	BlackRock MuniYield Quality Fund II, Inc. (MQT)
Year Ended October 31, 2008		
Cash Provided by Operating Activities		
Net decrease in net assets resulting from operations excluding dividends to Preferred Shareholders	\$ (64,956,664)	\$ (47,919,880)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:		
Decrease in receivables	622,613	532,251
Increase in prepaid expenses and other assets	(77,189)	(30,772)
Decrease in accrued liabilities	(266,541)	(137,263)
Net realized and unrealized loss from investments	93,821,608	65,829,728
Amortization of premium and discount on investments	(550,835)	(1,209,214)
Proceeds from sales of long-term investments	221,730,070	134,512,803
Purchases of long-term investments	(143,508,247)	(89,234,847)
Net purchases of short-term investments	(13,056,607)	(11,663,624)
Net cash provided by operating activities	93,758,208	50,679,182
Cash Used for Financing Activities		
Payments on redemption of Preferred Shares	(58,000,000)	(31,750,000)
Cash receipts from trust certificates	97,637,131	52,118,519
Cash payments from trust certificates	(101,061,298)	(52,027,727)
Cash dividends and distributions paid to Common Shareholders	(23,036,819)	(13,420,158)
Cash dividends and distributions paid to Preferred Shareholders	(9,104,146)	(5,601,035)
Net cash used for financing activities	(93,565,132)	(50,680,401)
Cash		
Net increase (decrease) in cash	193,076	(1,219)
Cash at beginning of year	19,528	94,458
Cash at end of year	\$ 212,604	\$ 93,239
Cash Flow Information		
Cash paid for interest	\$ 3,037,765	\$ 1,993,190

See Notes to Financial Statements.

Financial Highlights

	BlackRock MuniYield Fund, Inc. (MYD)					BlackRock MuniYield Qu			
	Year Ended October 31,					Year Ended O			
	2008	2007	2006	2005	2004	2008	2007	200	
Per Share Operating Performance									
Net asset value, beginning of year	\$ 14.36	\$ 14.98	\$ 14.48	\$ 14.31	\$ 13.85	\$ 14.88	\$ 15.32	\$ 15.	
Net investment income ¹	1.03	1.05	1.08	1.11	1.09	0.97	0.97	0.	
Net realized and unrealized gain (loss)	(3.62)	(0.57)	0.61	0.21	0.41	(3.12)	(0.42)	0.	
Dividends and distributions to Preferred Shareholders from:									
Net investment income	(0.27)	(0.28)	(0.25)	(0.16)	(0.07)	(0.27)	(0.30)	(0.	
Net realized gain			(0.00) ²			(0.03)			
Net increase (decrease) from investment operations	(2.86)	0.20	1.44	1.16	1.43	(2.45)	0.25	1.	
Dividends and distributions to Common Shareholders from:									
Net investment income	(0.80)	(0.82)	(0.94)	(0.99)	(0.96)	(0.68)	(0.69)	(0.	
Net realized gain			(0.00) ²			(0.07)			
Total dividends and distributions	(0.80)	(0.82)	(0.94)	(0.99)	(0.96)	(0.75)	(0.69)	(0.	
Capital change with respect to issuance of Preferred Shares			0.003	(0.00) ²	(0.01)			(0.	
Net asset value, end of year	\$ 10.70	\$ 14.36	\$ 14.98	\$ 14.48	\$ 14.31	\$ 11.68	\$ 14.88	\$ 15.	
Market price per share, end of year	\$ 9.66	\$ 13.72	\$ 15.76	\$ 14.20	\$ 13.74	\$ 10.90	\$ 13.20	\$ 14.	
Total Investment Return⁴									
Based on net asset value	(20.69)%	1.40%	10.30%	8.38%	11.04%	(16.79)%	2.00%	7.	
Based on market price	(25.06)%	(7.91)%	18.33%	10.69%	11.11%	(12.47)%	(4.26)%	7.	
Ratios to Average Net Assets Applicable to Common Shares									
Total expenses after waiver and fees paid indirectly and excluding interest expense and fees ^{5,6}	1.06%	1.01%	1.01%	1.02%	0.97%	1.10%	1.04%	1.	
Total expenses after waiver and fees paid indirectly ⁵	1.38%	1.22%	1.29%	1.26%	1.13%	1.75%	1.71%	1.	
Total expenses ⁵	1.38%	1.23%	1.29%	1.26%	1.14%	1.76%	1.71%	1.	
Net investment income ⁵	7.65%	7.14%	7.35%	7.55%	7.75%	6.89%	6.46%	6.	
Dividends to Preferred Shareholders	1.99%	1.88%	1.71%	1.10%	0.51%	1.92%	2.01%	1.	
Net investment income to Common Shareholders	5.66%	5.26%	5.64%	6.45%	7.24%	4.97%	4.45%	4.	
Supplemental Data									
Net assets applicable to Common Shareholders, end of year (000)	\$ 484,945	\$ 647,574	\$ 672,367	\$ 644,825	\$ 636,019	\$ 355,459	\$ 452,657	\$ 466,0	
Preferred Shares outstanding at liquidation preference, end of year (000)	\$ 271,500	\$ 343,000	\$ 343,000	\$ 343,000	\$ 343,000	\$ 192,000	\$ 250,000	\$ 250,0	
Portfolio turnover	20%	18%	32%	30%	22%	20%	24%		
Asset coverage per Preferred Share,									

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end of year ⁷	\$ 69,695	\$ 72,218	\$ 74,034	\$ 72,008	\$ 71,358	\$ 71,318	\$ 70,282	\$ 71,6
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- 1 Based on average shares outstanding.
 - 2 Amount is less than \$(0.01) per share.
 - 3 Amount is less than \$0.01 per share.
 - 4 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
 - 5 Do not reflect the effect of dividends to Preferred Shareholders.
 - 6 Interest expense and fees relate to tender option bond trusts. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
 - 7 Prior year amounts have been recalculated to conform with current year presentation.
- See Notes to Financial Statements.

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Financial Highlights (concluded)

BlackRock MuniYield Quality Fund I

	Year Ended October 31,			
	2008	2007	2006	2005
Per Share Operating Performance				
Net asset value, beginning of year	\$ 13.17	\$ 13.64	\$ 13.36	\$ 13.72
Net investment income ¹	0.86	0.86	0.86	0.89
Net realized and unrealized gain (loss)	(3.00)	(0.46)	0.37	(0.25)
Dividends to Preferred Shareholders from net investment income	(0.26)	(0.26)	(0.24)	(0.14)
Net increase (decrease) from investment operations	(2.40)	0.14	0.99	0.50
Dividends to Common Shareholders from net investment income	(0.60)	(0.61)	(0.71)	(0.85)
Capital change with respect to issuance of Preferred Shares			0.002	(0.01)
Net asset value, end of year	\$ 10.17	\$ 13.17	\$ 13.64	\$ 13.36
Market price per share, end of year	\$ 8.75	\$ 11.60	\$ 12.93	\$ 12.86

Total Investment Return³

Based on net asset value	(18.42)%	1.39%	7.98%	3.98%
Based on market price	(20.31)%	(5.79)%	6.34%	8.21%

Ratios to Average Net Assets Applicable to Common Shares

Total expenses after waiver and fees paid indirectly and excluding interest expense and fees ^{4,5}	1.12%	1.06%	1.05%	1.03%
Total expenses after waiver and fees paid indirectly ⁴	1.79%	1.72%	1.66%	1.49%
Total expenses ⁴	1.80%	1.73%	1.66%	1.49%
Net investment income ⁴	6.96%	6.39%	6.44%	6.51%
Dividends to Preferred Shareholders	2.08%	1.97%	1.78%	1.03%
Net investment income to Common Shareholders	4.88%	4.42%	4.66%	5.48%

Supplemental Data

Net assets applicable to Common Shareholders, end of year (000)	\$ 227,551	\$ 294,661	\$ 305,111	\$ 298,722
Preferred Shares outstanding at liquidation preference, end of year (000)	\$ 128,250	\$ 160,000	\$ 160,000	\$ 160,000
Portfolio turnover	17%	20%	37%	29%
Asset coverage per Preferred Share, end of year ⁶	\$ 69,420	\$ 71,065	\$ 72,693	\$ 71,676

1 Based on average shares outstanding.

2 Amount is less than \$0.01 per share.

3 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.

4 Do not reflect the effect of dividends to Preferred Shareholders.

5 Interest expense and fees relate to tender option bond trusts. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.

6 Prior year amounts have been recalculated to conform with current year presentation.

See Notes to Financial Statements.

Notes to Financial Statements

1. Organization and Significant Accounting Policies:

BlackRock MuniYield Fund, Inc. (MuniYield), BlackRock MuniYield Quality Fund, Inc. (MuniYield Quality) and BlackRock MuniYield Quality Fund II, Inc. (MuniYield Quality II) (the Funds or individually as the Fund), are registered under the Investment Company Act of 1940 as amended (the 1940 Act), as non-diversified, closed-end management investment companies. The Funds are organized as Maryland corporations. The Funds' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require the use of management accruals and estimates. Actual results may differ from these estimates. The Funds determine and make available for publication the net asset value of their Common Shares on a daily basis.

The following is a summary of significant accounting policies followed by the Funds:

Valuation of Investments: Municipal investments (including commitments to purchase such investments on a when-issued basis) are valued on the basis of prices provided by dealers or pricing services selected under the supervision of each Fund's Board of Directors (the Board). In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments and information with respect to various relationships between investments. Swap agreements are valued utilizing quotes received daily by each Fund's pricing service or through brokers. Short-term securities are valued at amortized cost. Investments in open-end investment companies are valued at net asset value each business day.

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment, the investment will be valued by a method approved by the Board as reflecting fair value (Fair Value Assets). When determining the price for Fair Value Assets, the investment advisor and/or sub-advisor seeks to determine the price that the Funds might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

Derivative Financial Instruments: The Funds may engage in various portfolio investment strategies both to increase the return of the Funds and to hedge, or protect, their exposure to interest rate movements and movements in the securities markets. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying security or if the counterparty does not perform under the contract.

- **Forward interest rate swaps** Each Fund may enter into forward interest rate swaps for investment purposes. In a forward interest rate swap, the Fund and the counterparty agree to make periodic net payments on a specified notional contract amount, commencing on a specified future effective date, unless terminated earlier. Forward interest rate swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). When the forward interest rate swap is terminated, a Fund will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and each Fund's basis in the contract, if any. Forward interest rate swap transactions involve, to varying degrees, elements of credit and market risk in excess of the amounts recognized on the Statements of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions. The Funds generally intend to close each forward interest rate swap before the effective date specified in the agreement and therefore avoid entering into the interest rate swap underlying each forward interest rate swap.
- **Financial futures contracts** Each Fund may purchase or sell financial futures contracts and options on such financial futures contracts. Financial futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from,

or pay to, the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recognized by the Fund as unrealized gains or losses.

When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Forward Commitments and When-Issued Delayed Delivery Securities:

The Funds may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. The Funds may purchase securities under such conditions only with the intention of actually buying them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Funds may be required to pay more at settlement than the security is worth. In addition, the purchaser is not entitled to any of the interest earned prior to settlement. When purchasing a security on a

Notes to Financial Statements (continued)

delayed-delivery basis, a Fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations.

Municipal Bonds Transferred to Tender Option Bond Trusts: The Funds may leverage their assets through the use of tender option bond trusts (TOBs). A TOB is established by a third party sponsor forming a special purpose entity, into which one or more funds, or an agent on behalf of the funds, transfers municipal securities. Other funds managed by the investment advisor may also contribute municipal securities to a TOB into which each Fund has contributed securities. A TOB typically issues two classes of beneficial interests: short-term floating rate certificates, which are sold to third party investors, and residual certificates (TOB Residuals), which are generally issued to the participating fund that made the transfer. The TOB Residuals held by a Fund include the right of the Fund (1) to cause the holders of a proportional share of the floating rate certificates to tender their certificates at par, and (2) to transfer, within seven days, a corresponding share of the municipal securities from the TOB to the Fund. The cash received by the TOB from the sale of the short-term floating rate certificates, less transaction expenses, is paid to the Fund, which typically invest the cash in additional municipal securities. Each Fund's transfer of the municipal securities to a TOB is accounted for as a secured borrowing, therefore the municipal securities deposited into a TOB are presented in the Funds' Schedules of Investments and the proceeds from the transaction are reported as a liability for trust certificates.

Interest income from the underlying securities is recorded by the Funds on an accrual basis. Interest expense incurred on the secured borrowing and other expenses related to remarketing, administration and trustee services to a TOB are reported as expenses of the Funds. The floating rate certificates have interest rates that generally reset weekly and their holders have the option to tender certificates to the TOB for redemption at par at each reset date. At October 31, 2008, the aggregate value of the underlying municipal securities transferred to TOBs, the related liability for trust certificates and the range of interest rates were as follows:

	Underlying Municipal Securities Transferred to TOBs	Liability for Trust Certificates	Range of Interest Rates	
MuniYield	\$ 96,519,898	\$ 54,672,076	2.423%	4.372%
MuniYield Quality	\$ 128,018,519	\$ 73,260,833	2.511%	3.005%
MuniYield Quality II	\$ 84,249,307	\$ 47,815,792	2.539%	3.160%

Financial transactions executed through TOBs generally will underperform the market for fixed rate municipal bonds when short-term interest rates rise, but tend to outperform the market for fixed rate bonds when short-term interest rates decline or remain relatively stable. Should short-term interest rates rise, each Fund's investment in TOBs likely will adversely affect each Fund's investment income and dividends to Common Shareholders. Fluctuations in the market value of municipal securities deposited into the TOB may adversely affect each Fund's net asset values per share.

Zero-Coupon Bonds: The Funds may invest in zero-coupon bonds, which are normally issued at a significant discount from face value and do not provide periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide regular interest payments.

Segregation and Collateralization: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Funds segregate assets in connection with certain investments (e.g., when-issued delayed delivery securities and swaps), each Fund will, consistent with certain interpretive letters issued by the SEC, designate on its books and records cash or other liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, the Funds may also be required to deliver or deposit securities as collateral for certain investments (e.g., swaps).

Investment Transactions and Investment Income: Investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recognized on the accrual method. Each Fund amortizes all premiums and discounts on debt securities.

Dividends and Distributions: Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. Dividends and distributions to Preferred Shareholders are accrued and determined as described in Note 4.

Income Taxes: It is each Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provisions are required.

Effective April 30, 2008 each Fund implemented Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, including investment companies, before being measured and recognized in the financial statements. The investment advisor has evaluated the application of FIN 48 to each Fund, and has determined that the adoption of FIN 48 does not have a material impact on each Fund's financial statements. The Funds file U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each of the Fund's U.S. federal tax returns remain open for the years ended October 31, 2005 through October 31, 2007. The statutes of limitations on each of the Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Notes to Financial Statements (continued)

Recent Accounting Pronouncements: In September 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157), was issued and is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The impact on each of the Fund's financial statement disclosures, if any, is currently being assessed.

In March 2008, Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133 (FAS 161), was issued. FAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity's results of operations and financial position. In September 2008, FASB Staff Position No. 133-1 and FASB Interpretation No. 45-4 (the FSP), Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161, was issued and is effective for fiscal years and interim periods ending after November 15, 2008. The FSP amends FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, to require disclosures by sellers of credit derivatives, including credit derivatives embedded in hybrid instruments. The FSP also clarifies the effective date of FAS 161, whereby disclosures required by FAS 161 are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The impact on each of the Fund's financial statement disclosures, if any, is currently being assessed.

Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan: Under the deferred compensation plan approved by each Fund's Board, non-interested Directors (Independent Directors) defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts have been invested in common shares of other certain BlackRock Closed-End Funds selected by the Independent Directors. This has approximately the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in other certain BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations there-under represent general unsecured claims against the general assets of each Fund. Each Fund may, however, elect to invest in common stock of other certain BlackRock Closed-End Funds selected by the Independent Directors in order to match its deferred compensation obligations. Investments to cover each Fund's deferred compensation liability are included in other assets on the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in income affiliated on the Statements of Operations.

Other: Expenses directly related to each Fund are charged to that Fund. Other operating expenses shared by several funds are pro-rated among those funds on the basis of relative net assets or other appropriate methods.

2. Investment Advisory Agreement and Other Transactions with Affiliates:

Each Fund has entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Advisor), an indirect, wholly owned subsidiary of BlackRock, Inc., to provide investment advisory and administration services. Merrill Lynch & Co., Inc. (Merrill Lynch) and The PNC Financial Services Group, Inc. are principal owners of BlackRock, Inc.

The Advisor is responsible for the management of each Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Fund. For such services, each Fund pays the Advisor a monthly fee at an annual rate of 0.50% of the respective Fund's average daily net assets. Average daily net assets is the average daily value of the respective Fund's total assets minus the sum of its accrued liabilities.

The Advisor has agreed to waive its advisory fees by the amount of investment advisory fees each Fund pays to the Advisor indirectly through its investment in affiliated money market funds. These amounts are shown as fees waived by advisor on the Statements of Operations.

The Advisor has entered into separate sub-advisory agreements with BlackRock Investment Management, LLC (BIM), an affiliate of the Advisor, with respect to each Fund, under which the Advisor pays BIM for services it provides, a monthly fee that is a percentage of the investment advisory fee paid by each Fund to the Advisor.

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For the year ended October 31, 2008, the Funds reimbursed the Advisor for certain accounting services. The reimbursements, which are included in accounting services on the Statements of Operations, were as follows:

MuniYield	\$	15,900
MuniYield Quality	\$	9,323
MuniYield Quality II	\$	7,377

Pursuant to the terms of their custody agreements, custodian fees may be reduced by amounts calculated on uninvested cash balances (custody credits), which are shown on the Statements of Operations as fees paid indirectly.

Certain officers and/or directors of the Funds are officers and/or directors of BlackRock, Inc. or its affiliates. The Funds reimburse the Advisor for compensation paid to the Funds Chief Compliance Officer.

Notes to Financial Statements (continued)

3. Investments:

Purchases and sales of investments, excluding short-term securities, for the year ended October 31, 2008, were as follows:

	Purchases		Sales	
MuniYield	\$	191,400,847	\$	247,647,548
MuniYield Quality	\$	148,296,587	\$	226,045,754
MuniYield Quality II	\$	90,231,000	\$	135,777,354

4. Capital Share Transactions:

Common Shares

Each Fund is authorized to issue 200,000,000 shares, including Preferred Shares, all of which were initially classified as Common Shares. Each Board is authorized, however, to reclassify any unissued shares of Common Shares without approval of the holders of Common Shares.

Common Shares issued and outstanding for MuniYield during the years ended October 31, 2008 and October 31, 2007 increased by 210,884 and 236,501, respectively, as a result of dividend reinvestment and for MuniYield Quality and MuniYield Quality II remained constant.

Preferred Shares

The Preferred Shares are redeemable at the option of each Fund, in whole or in part, on any dividend payment date at \$25,000 per share plus any accumulated or unpaid dividends whether or not declared. The Preferred Shares are also subject to mandatory redemption at \$25,000 per share plus any accumulated or unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of each Fund, as set forth in each Fund's Articles Supplementary, are not satisfied.

The holders of Preferred Shares have voting rights equal to the holders of Common Shares (one vote per share) and will vote together with holders of Common Shares (one vote per share) as a single class. However, the holders of Preferred Shares, voting as a separate class, are also entitled to elect two Directors for a Fund. In addition, the 1940 Act requires that along with approval by shareholders that might otherwise be required, the approval of a majority of any outstanding Preferred Shares, voting separately as a class, would be required to (a) adopt any plan of reorganization that would adversely affect the Preferred Shares (b) change a Fund's subclassification as a closed-end investment company or change its fundamental investment restrictions or (c) change its business so as to cease to be an investment company.

The Funds had the following series of Preferred Shares outstanding and effective yields at October 31, 2008:

	Series	Shares	Yields
MuniYield	A	1,425	3.945% ¹
	B	1,425	3.087% ¹
	C	1,425	6.473% ¹
	D	1,425	7.844% ¹
	E	2,216	3.087% ¹
	F	1,361	2.988% ¹
	G	1,583	3.495% ²
MuniYield Quality	A	1,536	3.474% ¹
	B	1,536	3.474% ¹
	C	1,536	7.158% ¹

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	D	1,536	2.999% ¹
	E	1,536	3.495% ²
MuniYield Quality II	A	1,603	3.305% ¹
	B	1,603	2.635% ¹
	C	1,603	2.635% ¹
	D	321	4.105% ²

1 The maximum applicable rate on this series of Preferred Shares is the higher of 110% of the AA commercial paper rate or 110% of 90% of the Kenny S&P 30-day High Grade Index rate divided by 1.00 minus the marginal tax rate.

2 The maximum applicable rate on this series of Preferred Shares is the higher of 110% of the Telerate/BBA LIBOR or 110% of 90% of the Kenny S&P 30-day High Grade Index rate divided by 1.00 minus the marginal tax rate.

Dividends on seven-day Preferred Shares are cumulative at a rate which is reset every seven days based on the results of an auction. If the Preferred Shares fail to clear the auction on an auction date, each Fund is required to pay the maximum applicable rate on the Preferred Shares to holders of such shares for each successive dividend period until such time as the shares are successfully auctioned. The maximum applicable rate on all series of Preferred Shares is footnoted as appropriate on the above chart. During the year ended October 31, 2008, the Preferred Shares of each Fund was successfully auctioned at each auction date until February 13, 2008. The low, high and average dividend rates on the Preferred Shares for each Fund for the year ended October 31, 2008 were as follows:

	Series	Low	High	Average
MuniYield	A	2.535%	11.347%	3.971%
	B	2.535%	8.499%	3.768%
	C	2.568%	6.473%	3.544%
	D	2.678%	7.844%	3.539%
	E	2.535%	11.347%	3.743%
	F	2.480%	12.565%	3.722%
	G	3.100%	11.762%	4.290%
MuniYield Quality	A	2.502%	10.205%	3.913%
	B	2.483%	10.205%	3.755%
	C	2.458%	7.158%	3.539%
	D	2.458%	12.261%	3.766%
	E	3.100%	11.762%	4.292%
MuniYield Quality II	A	2.535%	11.728%	4.066%
	B	2.623%	8.682%	3.710%
	C	2.483%	11.728%	3.755%
	D	2.850%	10.377%	4.235%

Notes to Financial Statements (continued)

Since February 13, 2008, the Preferred Shares of each Fund failed to clear any of its auctions. As a result, the Preferred Shares dividend rates were reset to the maximum applicable rate, which ranged from 2.458% to 12.565%. A failed auction is not an event of default for a Fund but has a negative impact on the liquidity of the Preferred Shares. A failed auction occurs when there are more sellers of a fund's auction rate preferred shares than buyers. It is impossible to predict how long this imbalance will last. A successful auction for each Fund's Preferred Shares may not occur for some time, if ever, and even if liquidity does resume, holders of Preferred Shares may not have the ability to sell the Preferred Shares at their liquidation preference.

The Funds may not declare dividends or make other distributions on Common Shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Preferred Shares is less than 200%.

Each Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate of 0.25%, calculated on aggregate principal amount. For the year ended October 31, 2008, Merrill Lynch, Pierce, Fenner & Smith Incorporated, a wholly owned subsidiary of Merrill Lynch, earned commissions as follows:

	Commissions	
MuniYield	\$	335,369
MuniYield Quality	\$	326,490
MuniYield Quality II	\$	206,989

Between June 4, 2008 and June 18, 2008, the Funds announced the following redemptions of Preferred Shares at a price of \$25,000 per share plus any accrued and unpaid dividends through the redemption date:

	Series	Redemption Date	Shares Redeemed	Aggregate Principal
MuniYield	A	7/2/2008	375	\$ 9,375,000
	B	7/9/2008	375	\$ 9,375,000
	C	6/25/2008	375	\$ 9,375,000
	D	6/18/2008	375	\$ 9,375,000
	E	6/18/2008	584	\$ 14,600,000
	F	6/26/2008	359	\$ 8,975,000
	G	6/23/2008	417	\$ 10,425,000
MuniYield Quality	A	7/8/2008	464	\$ 11,600,000
	B	6/24/2008	464	\$ 11,600,000
	C	7/18/2008	464	\$ 11,600,000
	D	6/27/2008	464	\$ 11,600,000
	E	6/23/2008	464	\$ 11,600,000
MuniYield Quality II	A	7/7/2008	397	\$ 9,925,000