Duke Energy CORP
Form 424B5
January 22, 2009

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PROSPECTUS SUPPLEMENT
(To Prospectus dated October 3, 2007)

$750,000,000 6.30% Senior Notes due 2014

Duke Energy Corporation is offering $750,000,000 aggregate principal amount of 6.30% Senior Notes due 2014 (the Notes). We will pay interest on the Notes at a rate of 6.30% per annum, payable semi-annually in arrears on February 1 and August 1 of each year, beginning on August 1, 2009. The Notes will mature as to principal on February 1, 2014.

We may redeem the Notes at our option at any time and from time to time, in whole or in part, as described in this prospectus supplement under the caption Description of the Notes Optional Redemption. The Notes do not have the benefit of any sinking fund. The Notes are unsecured, senior obligations of Duke Energy Corporation. Please read the information provided under the caption Description of the Notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus for a more detailed description of the Notes.

Investing in the Notes involves risks. See the sections captioned Risk Factors in our annual report on Form 10-K for the year ended December 31, 2007 and our quarterly report on Form 10-Q for the quarterly period ended September 30, 2008, each of which has been filed with the Securities and Exchange Commission and incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Price to Public (1)	Underwriting Discount (2)	Proceeds to Duke Energy Corporation before expenses (1)
Per Note	99.812%	0.60%	99.212%
Total Notes	$748,590,000	$4,500,000	$744,090,000

(1) Plus accrued interest, if any, from January 26, 2009, if settlement occurs after that date.

(2) The underwriters have agreed to make a payment to us in an amount equal to $1,875,000, including in respect of expenses incurred by us in connection with the offering. See Underwriting.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

We expect the Notes to be ready for delivery only in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank S.A./N.V. on or about January 26, 2009.

Joint Book-Running Managers

Banc of America Securities LLC **J.P. Morgan** **Morgan Stanley**

Co-Managers

Banca IMI

BBVA Securities

Mitsubishi UFJ Securities

Mizuho Securities USA Inc.

The date of this prospectus supplement is January 21, 2009.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer is not permitted. You should not assume that the information provided by or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of the document containing the information.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference in this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to Duke Energy, we, us and our or similar terms are to Duke Energy Corporation and subsidiaries.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by, and should be read together with, the more detailed information, including Risk Factors, in our annual report on Form 10-K for the year ended December 31, 2007 and our quarterly report on Form 10-Q for the quarterly period ended September 30, 2008 and the financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus.

Duke Energy Corporation

Duke Energy is one of the largest electric power companies in the United States, and supplies and delivers energy to approximately 4 million U.S. customers. We have approximately 37,000 megawatts of electric generating capacity in the Midwest and the Carolinas, and natural gas distribution services in Ohio and Kentucky. In addition, we own and operate approximately 4,000 megawatts of electric generation in Latin America, and we are a joint-venture partner in a U.S. real estate company. Headquartered in Charlotte, North Carolina, Duke Energy is a Fortune 500 company traded on the New York Stock Exchange under the symbol DUK. We have the following segments: U.S. Franchised Electric & Gas, Commercial Power, Duke Energy International and Crescent Resources, LLC (Crescent).

U.S. Franchised Electric & Gas generates, transmits, distributes and sells electricity in central and western North Carolina, western South Carolina and Indiana; and provides combined electric and gas sales, transmission and distribution service in the southwestern portion of Ohio and northern Kentucky.

Commercial Power operates and manages power plants, primarily in the Midwestern portion of the United States, and markets electric power and natural gas related to these plants and other contractual positions. It also performs energy risk management activities and provides customized energy solutions.

Duke Energy International operates and manages power generation facilities and engages in sales and marketing of electric power and natural gas outside the United States. Its activities target power generation in Latin America.

Crescent is a joint venture of which we own approximately 50 per cent. It develops and manages high-quality commercial, residential and multi-family real estate projects primarily in the Southeastern and Southwestern United States. Some of these projects are developed and managed through joint ventures. Crescent also manages legacy land holdings in North Carolina and South Carolina.

We are a Delaware corporation. The address of our principal executive offices is 526 South Church Street, Charlotte, North Carolina 28202-1803. Our telephone number is (704) 594-6200.

The foregoing information about Duke Energy is only a general summary and is not intended to be comprehensive. For additional information about Duke Energy, you should refer to the information described under the caption Where You Can Find More Information.

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The Offering

Issuer	Duke Energy Corporation
Securities Offered	We are offering $750,000,000 aggregate principal amount of 6.30% Senior Notes due 2014.
Maturity	The Notes will mature on February 1, 2014.
Interest Rate	6.30% per year
Interest Payment Dates	Interest on the Notes shall be payable semi-annually in arrears on February 1 and August 1 of each year, beginning on August 1, 2009.
Ratings	Baa2/BBB+
Ranking	The Notes will be our direct, unsecured and unsubordinated obligations, ranking equally in priority with all of our existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all of our existing and future subordinated debt. The Notes will be structurally subordinated to all liabilities of our subsidiaries. As of September 30, 2008, we had approximately $1.56 billion of unsecured and unsubordinated obligations that will rank equally in priority with respect to the Notes. Also as of September 30, 2008, our subsidiaries had approximately $13.36 billion of obligations to which the Notes will be structurally subordinated, payment upon approximately $2.88 billion of which is guaranteed by Duke Energy Corporation. Substantially all of such guarantees were granted to the holders of certain unsecured debt of our subsidiary Duke Energy Carolinas, LLC, in connection with changes in our corporate structure relating to the closing of our merger with Cinergy Corp. in 2006. Our Indenture contains no restrictions on the amount of additional indebtedness that we may issue under it.
Optional Redemption	The Notes are redeemable at the option of Duke Energy Corporation at any time and from time to time, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed (exclusive of interest accrued to such redemption date) up to, but not including, the redemption date, discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, plus accrued and unpaid interest on the Notes being redeemed to such redemption date. See Description of the Notes Optional Redemption for a description of how the redemption price is calculated.
No Sinking Fund	The Notes do not have the benefit of a sinking fund.
Use of Proceeds	

The aggregate net proceeds from the sale of the Notes, after deducting the underwriting discount and related offering expenses and giving effect to the underwriters payment to us, will be approximately $745,515,000. The net proceeds from the sale of the Notes will be used (i) to redeem up to approximately $580 million of our commercial paper as it matures; and (ii) for general corporate purposes. As of January 21, 2009, we had approximately

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	$1,030 million of commercial paper outstanding, with a weighted average interest rate of 1.45%. Our outstanding commercial paper matures no later than 90 days after its date of issue. Duke Energy Corporation issues commercial paper from time to time to fund working capital and other needs of Duke Energy Corporation and its subsidiaries.
Book-Entry	The Notes will be represented by one or more global securities registered in the name of and deposited with or on behalf of The Depository Trust Company (DTC) or its nominee. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global securities through either DTC in the United States or Clearstream Banking, société anonyme (Clearstream, Luxembourg) or Euroclear Bank S.A./N.V., as operator of the Euroclear System (the Euroclear System) in Europe if they are participants in those systems, or indirectly through organizations which are participants in those systems. This means that you will not receive a certificate for your Notes and Notes will not be registered in your name, except under certain limited circumstances described under the caption Book-Entry System.
Trustee	The Bank of New York Mellon Trust Company, N.A.

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RISK FACTORS

You should carefully consider the risk factors under the heading Risk Factors in our annual report on Form 10-K for the year ended December 31, 2007 and our quarterly report on Form 10-Q for the quarterly period ended September 30, 2008, which are incorporated by reference in this prospectus supplement, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus supplement and the accompanying prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management s beliefs and assumptions. These forward-looking statements are identified by terms and phrases such as anticipate, believe, intend, estimate, expect, continue, should, plan, project, predict, will, potential, forecast, target, and similar expressions. Forward-looking statements risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to:

State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements;

State, federal and foreign legislative and regulatory initiatives and rulings that affect cost and investment recovery or have an impact on rate structures;

Costs and effects of legal and administrative proceedings, settlements, investigations and claims;

Industrial, commercial and residential growth in Duke Energy s service territories;

Additional competition in electric markets and continued industry consolidation;

Political and regulatory uncertainty in other countries in which Duke Energy conducts business;

The influence of weather and other natural phenomena on Duke Energy s operations, including the economic, operational and other effects of storms, hurricanes, droughts and tornados;

The timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates;

Unscheduled generation outages, unusual maintenance or repairs and electric transmission system constraints;

The performance of electric generation and of projects undertaken by Duke Energy s non-regulated businesses;

The results of financing efforts, including Duke Energy s ability to obtain financing on favorable terms, which can be affected by various factors, including Duke Energy s credit ratings and general economic conditions;

Declines in the market prices of equity securities and resultant cash funding requirements for Duke Energy s defined benefit pension plans;

The level of creditworthiness of counterparties to Duke Energy s transactions;

Employee workforce factors, including the potential inability to attract and retain key personnel;

Growth in opportunities for Duke Energy s business units, including the timing and success of efforts to develop domestic and international power and other projects;

Construction and development risks associated with the completion of Duke Energy s capital investment projects in existing and new generation facilities, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards, as well as the ability to recover costs from ratepayers in a timely manner;

The effect of accounting pronouncements issued periodically by accounting standard-setting bodies; and

The ability to successfully complete merger, acquisition or divestiture plans.

In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus might not occur or might occur to a different extent or at a different time than we have described. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

RECENT DEVELOPMENTS

New Source Review (NSR)

As discussed in our SEC reports, in November 1999, the U.S. brought a lawsuit in the U.S. Federal District Court for the Southern District of Indiana against certain of our subsidiaries alleging various violations of the Clean Air Act for various projects at six Duke Energy owned and co-owned generating stations in the Midwest. A jury trial commenced on May 5, 2008 and a jury verdict was returned on May 22, 2008. The jury found in our favor on all but three units at Duke Energy Indiana s Wabash River Station. The remedy phase for the three Wabash River units, originally scheduled to commence in December 2008, was rescheduled for February 2009. Based on previous rulings by the judge in this case, the Wabash River units are not subject to civil penalties; and therefore, the remedy phase will address only the appropriate injunctive relief, which could result in Duke Energy Indiana installing additional environmental equipment or potentially ceasing operation of the units. Additionally, the plaintiffs had claimed that Duke Energy violated an Administrative Consent Order entered into in 1998 between the EPA and Cinergy relating to alleged violations of Ohio s State Implementation Plan (SIP) provisions governing particulate matter at Duke Energy Ohio s W.C. Beckjord Station. The judge previously granted summary judgment against Duke Energy with respect to this allegation and it was to be considered during the February 2009 remedy phase as well.

On December 18, 2008, the judge in the case ordered a new trial, saying that Duke Energy failed to disclose a consulting agreement with a retired employee who served as one of the company s witnesses. We vigorously disagree with the judge s ruling and believe the jury s verdict was reasonable and appropriate. We further believe that if the jury had known of the compensation arrangement, it would have reached the same decision. Therefore, we continue to strongly believe in the merits of our case for purposes of a second trial.

It is not possible to estimate the damages, if any, that we might incur in connection with these matters. Ultimate resolution of these matters relating to NSR, even in settlement, could have a material adverse effect on our consolidated results of operations, cash flows or financial position. However, we will pursue appropriate regulatory treatment for any costs incurred in connection with such resolution.

Clean Air Interstate Rule (CAIR)

Also as discussed in our SEC reports, on July 11, 2008, the D.C. Circuit issued its decision in North Carolina v. EPA No. 05-1244 vacating the CAIR. The EPA filed a petition for rehearing on September 24, 2008 with the D.C. Circuit, asking the court to reconsider various parts of its ruling vacating CAIR. On December 23, 2008, the court remanded the rule to EPA to fix the flaws the court identified in the July 11 order. Therefore, CAIR will remain in place, pending new rule making, and we will operate our pollution control equipment consistent with CAIR.

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RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges is calculated using the Securities and Exchange Commission guidelines.

	Nine Months Ended September 30, 2008	Year Ended December 31, 2007	2006	2005	2004	2003
	(dollars in millions)					
Earnings (as defined for the fixed charges calculation):						
Add:						
Pretax income (loss) from continuing operations[a][b]	$ 1,637	$ 2,078	$ 1,421	$ 1,169	$ 723	$ (812)
Fixed charges	651	797	1,382	1,159	1,433	1,620
Distributed income of equity investees	137	147	893	473	140	263
Deduct:						
Preference security dividend requirements of consolidated subsidiaries			27	27	31	139
Interest capitalized[c]	62	71	56	23	18	58
Total earnings (as defined for the fixed charges calculation)	$ 2,363	$ 2,951	$ 3,613	$ 2,751	$ 2,247	$ 874
Fixed charges:						
Interest on debt, including capitalized portions	$ 614	$ 756	$ 1,311	$ 1,096	$ 1,365	$ 1,441
Estimate of interest within rental expense	37	41	44	36	37	40
Preference security dividend requirements of consolidated subsidiaries			27	27	31	139
Total fixed charges	$ 651	$ 797	$ 1,382	$ 1,159	$ 1,433	$ 1,620
Ratio of earnings to fixed charges	3.6	3.7	2.6	2.4	1.6	(d)

(a) Amount for 2006 has been adjusted for the synthetic fuel business reclassified to discontinued operations during 2007.

(b) Excludes minority interest expenses and income or loss from equity investees.

(c) Excludes equity costs related to Allowance for Funds Used During Construction that are included in Other Income and Expenses in the Consolidated Statements of Operations.

(d) Earnings were inadequate to cover fixed charges by $746 million for the year ended December 31, 2003.

USE OF PROCEEDS

The aggregate net proceeds from the sale of the Notes, after deducting the underwriting discount and related offering expenses and giving effect to the underwriters payment to us, will be approximately $745,515,000. The net proceeds from the sale of the Notes will be used (i) to redeem up to approximately $580 million of our commercial paper as it matures; and (ii) for general corporate purposes. As of January 21, 2009, we had approximately $1,030 million of commercial paper outstanding, with a weighted average interest rate of 1.45%. Our outstanding commercial paper matures no later than 90 days after its date of issue. Duke Energy Corporation issues commercial paper from time to time to fund working capital and other needs of Duke Energy Corporation and its subsidiaries.

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DESCRIPTION OF THE NOTES

General

The following description of the Notes summarizes certain general terms that will apply to the Notes. The Notes will be issued under an Indenture between us and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as Trustee, dated as of June 3, 2008, as supplemented from time to time, including by the Second Supplemental Indenture, to be dated as of January 26, 2009, collectively referred to as the Indenture. This description is not complete, and we refer you to the accompanying prospectus and the Indenture. Defined terms have the meanings assigned to them in the Indenture.

The Notes are issuable in denominations of $2,000 or any integral multiple of $1,000 in excess thereof. The Notes will be issued in an initial aggregate principal amount of $750,000,000.

We may from time to time, without the consent of existing holders, create and issue further notes having the same terms and conditions as the Notes being offered hereby in all respects, except for issue date, issue price and, if applicable, the first payment of interest thereon and the initial interest accrual date. Additional notes issued in this manner will be consolidated with and will form a single series with the previously outstanding Notes.

As used in this prospectus supplement, business day means, with respect to the Notes, any day other than a Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business.

Ranking

The Notes will be our direct, unsecured and unsubordinated obligations. The Notes will rank equal in priority with all of our existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all of our existing and future subordinated debt. As of September 30, 2008, we had approximately $1.56 billion of unsecured and unsubordinated obligations that will rank equally in priority with respect to the Notes. Also as of September 30, 2008, our subsidiaries had approximately $13.36 billion of obligations to which the Notes will be structurally subordinated, payment upon approximately $2.88 billion of which is guaranteed by Duke Energy Corporation. Substantially all of such guarantees were granted to the holders of certain unsecured debt of our subsidiary Duke Energy Carolinas, LLC, in connection with changes in our corporate structure relating to the closing of our merger with Cinergy Corp. in 2006. Our Indenture contains no restrictions on the amount of additional indebtedness that we may issue under it.

Interest

The Notes will mature on February 1, 2014 and will bear interest at a rate of 6.30% per annum. Interest shall be payable semi-annually in arrears on February 1 and August 1 of each year, commencing August 1, 2009. If an interest payment date falls on a day that is not a business day, interest will be payable on the next succeeding business day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on such interest payment date. Interest will be paid to the person in whose name each Note is registered at the close of business on the fifteenth calendar day next preceding each semi-annual interest payment date (whether or not a business day). Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months, and will accrue from January 26, 2009 or from the most recent interest payment date to which interest has been paid or duly provided for.

Optional Redemption

We will have the right to redeem the Notes, in whole or in part at any time and from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed (exclusive of interest accrued to such redemption date) up to, but not including, the redemption date, discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, plus accrued and unpaid interest, on the Notes being redeemed to such redemption date.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

Comparable Treasury Price means with respect to any redemption date for Notes, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if fewer than four such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations.

Quotation Agent means one of the Reference Treasury Dealers appointed by us.

Reference Treasury Dealer means each of Banc of America Securities LLC, J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated, plus two other financial institutions appointed by us at the time of any redemption or their respective affiliates which are primary U.S. Government securities dealers in the United States (a Primary Treasury Dealer), and their respective successors; provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, we shall substitute therefor another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Redemption Procedures

We will provide not less than 30 nor more than 60 days notice mailed to each registered holder of the Notes to be redeemed. If the redemption notice is given and funds deposited as required, then interest will cease to accrue from and after the redemption date on the Notes or portions of such Notes called for redemption. In the event that any redemption date is not a business day, we will pay the redemption price on the next business day without any interest or other payment due to the delay.

Sinking Fund

There is no provision for a sinking fund applicable to the Notes.

Reports

We will provide the trustee any information, documents or reports required to be filed by Duke Energy Corporation with the SEC under Section 13 or Section 15(d) of the Securities Exchange Act of 1934, or the Exchange Act, within 15 days after the same is filed with the SEC. See Where You Can Find More Information.

Ratings

We expect that the Notes will be rated Baa2 by Moody s Investors Service, Inc. and BBB+ by Standard & Poor s Ratings Services, a division of The McGraw-Hill Companies, Inc. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following discussion summarizes certain U.S. federal income tax considerations relevant to the acquisition, ownership and disposition of the Notes, and does not purport to be a complete analysis of all potential U.S. federal income tax considerations. This discussion only applies to Notes that are held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code), and that are purchased in the initial offering at the initial offering price, by Non-U.S. Holders (as defined below). This summary is based on the Code, administrative pronouncements, judicial decisions and regulations of the Treasury Department, changes to any of which subsequent to the date of this prospectus supplement may affect the tax consequences described herein. This discussion does not describe all of the U.S. federal income tax considerations that may be relevant to Non-U.S. Holders in light of their particular circumstances or to Non-U.S. Holders subject to special rules, such as certain financial institutions; tax-exempt organizations; insurance companies; traders or dealers in securities or commodities; persons holding Notes as part of a hedge or other integrated transaction; or certain former citizens or residents of the United States.

Persons considering the purchase of Notes are urged to consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction. Furthermore, this discussion does not describe the effect of U.S. federal estate and gift tax laws or the effect of any applicable foreign, state or local law.

We have not and will not seek any rulings or opinions from the Internal Revenue Service (the IRS) or counsel with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the acquisition, ownership or disposition of the Notes or that any such position would not be sustained.

Prospective investors should consult their own tax advisors with regard to the application of the U.S. federal income tax considerations discussed below to their particular situations as well as the application of any state, local, foreign or other tax laws, including gift and estate tax laws.

For purposes of this summary, a Non-U.S. Holder means a beneficial owner of a Note that, for U.S. federal income tax purposes, is not (i) an individual that is a citizen or resident of the United States; (ii) a corporation or other entity treated as a corporation for U.S. federal income tax purposes that is created or organized under the laws of the United States, any states thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation; (iv) a trust if (A) a court within the United States is able to exercise primary control over its administration and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of such trust, or (B) the trust has made an election under the applicable Treasury regulations to be treated as a United States person. If a partnership, or other entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding Notes should consult their tax advisor as to the particular U.S. federal income tax considerations relevant to the acquisition, ownership and disposition of the Notes applicable to them.

Interest

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on payments of interest on the Notes provided that such holder (A) does not directly or indirectly, actually or constructively, own 10% or more of the total combined voting power of all classes of our stock entitled to vote, (B) is not a controlled foreign corporation that is related to us directly or constructively through stock ownership, and (C) satisfies certain certification requirements. Such certification requirements will be met if (x) the Non-U.S. Holder provides its name and address, and certifies on an IRS Form W-8 BEN (or a substantially similar form), under penalties of perjury, that it is not a U.S. person or (y) a securities clearing organization or certain other financial institutions holding the Notes on behalf of the Non-U.S. Holder certifies on IRS Form W-8IMY, under penalties of perjury, that such certification has been received by it and furnishes us or our paying agent with a copy thereof. In addition, we or our paying agent must not have actual knowledge or reason to know that the beneficial owner of the Notes is a U.S. person.

If interest on the Notes is not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States, but such Non-U.S. Holder does not satisfy the other requirements outlined in the preceding sentence, interest on the Notes generally will be subject to U.S. withholding tax at a 30% rate (or lower applicable treaty rate).

If interest on the Notes is effectively connected with the conduct by a Non-U.S. Holder of a trade or business within the United States, and, if certain tax treaties apply, is attributable to a permanent establishment or fixed base within the United States, then the Non-U.S. Holder generally will be subject to U.S. federal income tax on a net income basis at the rate applicable to United States persons generally (and, with respect to corporate holders, may also be subject to a 30% branch profits tax (or a lower applicable treaty rate)). If interest is subject to U.S. federal income tax on a net income basis in accordance with these rules, such interest payments will not be subject to U.S. withholding tax so long as the Non-U.S. Holder provides us or our paying agent with the appropriate documentation (generally an IRS Form W-8ECI).

Sale or Other Taxable Disposition of the Notes

A Non-U.S. Holder generally will not be subject to U.S. federal withholding tax with respect to gain, if any, recognized on the sale or other taxable disposition of the Notes. A Non-U.S. Holder will also generally not be subject to U.S. federal income tax with respect to such gain, unless (i) the gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States, and, if certain tax treaties apply, is attributable to a permanent establishment or fixed base within the United States, or (ii) in the case of a Non-U.S. Holder that is a nonresident alien individual, such holder is present in the United States for 183 or more days in the taxable year and certain other conditions are satisfied. In the case described in (i) above, gain or loss recognized on the disposition of such Notes generally will be subject to U.S. federal income taxation in the same manner as if such gain or loss were recognized by a U.S. person, and, in the case of a Non-U.S. Holder that is a foreign corporation, may also be subject to the branch profits tax at a rate of 30% (or a lower applicable treaty rate). In the case described in (ii) above, the Non-U.S. Holder will be subject to a 30% tax on any capital gain recognized on the disposition of the Notes (after being offset by certain U.S. source capital losses).

Information Reporting and Backup Withholding

Information returns will be filed annually with the IRS in connection with payments we make on the Notes. Copies of these information returns may also be made available under the provisions of a specific tax treaty or other agreement to the tax authorities of the country in which the Non-U.S. Holder resides. Unless the Non-U.S. Holder complies with certification procedures to establish that it is not a United States person, information returns may be filed with the IRS in connection with the proceeds from a sale or other disposition and the Non-U.S. Holder may be subject to backup withholding tax (currently at a rate of 28%) on payments on the Notes or on the proceeds from a sale or other disposition of the Notes. The certification procedures required to claim the exemption from withholding tax on interest described above will satisfy the certification requirements necessary to avoid the backup withholding tax as well. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder s U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is furnished to the IRS.

BOOK-ENTRY SYSTEM

We have obtained the information in this section concerning The Depository Trust Company, or DTC, and its book-entry system and procedures from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

The Notes initially will be represented by one or more fully registered global securities. Each global security will be deposited with, or on behalf of, DTC or any successor thereto and registered in the name of Cede & Co., DTC s nominee.

Investors may elect to hold interests in the global Notes through either DTC in the United States or Clearstream, Luxembourg or the Euroclear System in Europe if they are participants of such systems, or indirectly through organizations which are participants in such systems. Clearstream, Luxembourg and the Euroclear System will hold interests on behalf of their participants through customers securities accounts in Clearstream, Luxembourg s and the Euroclear System s names on the books of their respective depositaries, which in turn will hold such interests in customers securities accounts in the depositaries names on the books of DTC. Citibank N.A. will act as depositary for Clearstream, Luxembourg and JPMorgan Chase Bank, N.A. will act as depositary for the Euroclear System (in such capacities, the U.S. Depositaries).

You may hold your interests in a global security in the United States through DTC, either as a participant in such system or indirectly through organizations which are participants in such system. So long as DTC or its nominee is the registered owner of the global securities representing the Notes, DTC or such nominee will be considered the sole owner and holder of the Notes for all purposes of the Notes and the indenture governing the Notes. Except as provided below, owners of beneficial interests in the Notes will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered the owners or holders of the Notes under the indenture governing the Notes, including for purposes of receiving any reports that we or the Trustee deliver pursuant to the indenture governing the Notes. Accordingly, each person owning a beneficial interest in a Note must rely on the procedures of DTC or its nominee and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, in order to exercise any rights of a holder of Notes.

Unless and until we issue the Notes in certificated form under the limited circumstances described below under the heading Certificated Notes :

you will not be entitled to receive physical delivery of a certificate representing your interest in the Notes;

all references in this prospectus supplement or in the accompanying prospectus to actions by holders will refer to actions taken by DTC upon instructions from its direct participants; and

all references in this prospectus supplement or the accompanying prospectus to payments and notices to holders will refer to payments and notices to DTC or Cede & Co., as the registered holder of the Notes, for distribution to you in accordance with DTC procedures.

The Depository Trust Company

DTC will act as securities depositary for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. DTC is:

a limited-purpose trust company organized under the New York Banking Law;

a banking organization under the New York Banking Law;

a member of the Federal Reserve System;

a clearing corporation under the New York Uniform Commercial Code; and

a clearing agency registered under the provision of Section 17A of the Securities Exchange Act of 1934.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its direct participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in direct participants accounts, thereby eliminating the need for physical movement of securities certificates.

Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC, in turn is owned by a number of direct participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (which are also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the Financial Industry Regulatory Authority, Inc. Access to the DTC system is also available to indirect participants such as securities brokers and dealers, banks and trust companies that clear transactions through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

If you are not a direct participant or an indirect participant and you wish to purchase, sell or otherwise transfer ownership of, or other interests in the Notes, you must do so through a direct participant or an indirect participant. DTC agrees with and represents to DTC participants that it will administer its book-entry system in accordance with its rules and by-laws and requirements of law. The SEC has on file a set of the rules applicable to DTC and its direct participants.

Purchases of the Notes under DTC s system must be made by or through direct participants, which will receive a credit for the Notes on DTC s records. The ownership interest of each beneficial owner is in turn to be recorded on the records of direct participants and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which such beneficial owners entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive physical delivery of certificates representing their ownership interests in the Notes, except as provided below in Certificated Notes.

To facilitate subsequent transfers, all Notes deposited with DTC are registered in the name of DTC s nominee, Cede & Co. The deposit of Notes with DTC and their registration in the name of Cede & Co. has no effect on beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Notes. DTC s records reflect only the identity of the direct participants to whose accounts such Notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Book-Entry Format

Under the book-entry format, the Trustee will pay interest and principal payments to Cede & Co., as nominee of DTC. DTC will forward the payment to the direct participants, who will then forward the payment to the indirect participants or to the beneficial owners. You may experience some delay in receiving your payments under this system.

DTC is required to make book-entry transfers on behalf of its direct participants and is required to receive and transmit payments of principal, premium, if any, and interest on the Notes. Any direct participant or indirect participant with which you have an account is similarly required to make book-entry transfers and to receive and transmit payments with respect to Notes on your behalf. We and the Trustee have no responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Trustee will not recognize you as a holder of any Notes under the indenture governing the Notes and you can only exercise the rights of a holder indirectly through DTC and its direct participants. DTC has advised us that it will only take action regarding a Note if one or more of the direct participants to whom the Note is credited direct DTC to take such action. DTC can only act on behalf of its direct participants. Your ability to pledge Notes to indirect participants, and to take other actions, may be limited because you will not possess a physical certificate that represents your Notes.

Certificated Notes

Unless and until they are exchanged, in whole or in part, for Notes in definitive form in accordance with the terms of the Notes, the Notes may not be transferred except as a whole by DTC to a nominee of DTC; as a whole by a nominee of DTC to DTC or another nominee of DTC; or as a whole by DTC or nominee of DTC to a successor of DTC or a nominee of such successor.

We will issue Notes to you or your nominees, in fully certificated registered form, rather than to DTC or its nominees, only if:

- we advise the Trustee in writing that DTC is no longer willing or able to discharge its responsibilities properly or that DTC is no longer a registered clearing agency under the Securities Exchange Act, and the Trustee or we are unable to locate a qualified successor within 90 days;
- an event of default has occurred and is continuing under indenture governing the Notes; or
- we, at our option, elect to terminate use of the book-entry system through DTC.

If any of the above events occurs, DTC is required to notify all direct participants that Notes in fully certificated registered form are available through DTC. DTC will then surrender the global security representing the Notes along with instructions for re-registration. The Trustee will re-issue the Notes in fully certificated registered form and will recognize the registered holders of the certificated Notes as holders under the indenture governing the Notes.

Global Clearance and Settlement Procedures

Initial settlement for the Notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC s Same-Day Funds Settlement System. Secondary market trading between Clearstream, Luxembourg participants and/or Euroclear System participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear System, as applicable.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream, Luxembourg participants or Euroclear System participants on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. Depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. Depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg participants and Euroclear System participants may not deliver instructions directly to their respective U.S. Depositaries.

Because of time-zone differences, credits of Notes received in Clearstream, Luxembourg or the Euroclear System as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Euroclear System participant or Clearstream, Luxembourg participant on such business day. Cash received in Clearstream, Luxembourg or the Euroclear System as a result of sales of the Notes by or through a Clearstream, Luxembourg participant or a Euroclear System participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or the Euroclear System cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and the Euroclear System have agreed to the foregoing procedures in order to facilitate transfers of Notes among participants of DTC, Clearstream, Luxembourg and the Euroclear System, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or changed at any time.

UNDERWRITING

We have entered into an underwriting agreement with respect to the Notes with the underwriters listed below, for which Banc of America Securities LLC, J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated are acting as representatives. Subject to certain conditions, each of the underwriters has severally agreed to purchase the principal amount of Notes indicated in the following table:

Name	**Principal Amount of Notes**
Banc of America Securities LLC	$ 202,500,000
J.P. Morgan Securities Inc.	202,500,000
Morgan Stanley & Co. Incorporated	202,500,000
Banca IMI S.p.A.	35,625,000
BBVA Securities, Inc.	35,625,000
Mitsubishi UFJ Securities International plc	35,625,000
Mizuho Securities USA Inc.	35,625,000
Total	$ 750,000,000

Not all of the underwriters listed above are registered as broker-dealers under the Securities Exchange Act of 1934 and/or under applicable state securities laws. Offers and sales of the Notes within the United States will only be made by appropriately registered broker-dealers.

The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the Notes are subject to certain conditions, including the receipt of legal opinions relating to certain matters. The underwriters must purchase all the Notes, if they purchase any of the Notes. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933 as amended, or to contribute to payments the underwriters may be required to make in respect of any of these liabilities.

The underwriters are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The Notes sold by the underwriters to the public will initially be offered at the initial price to public set forth on the cover of this prospectus supplement and to certain dealers at that price less a concession not in excess of 0.20% of the aggregate principal amount of the Notes. The underwriters may allow, and those dealers may reallow, a discount not in excess of 0.13% of the aggregate principal amount of the Notes to certain other dealers. If all the Notes are not sold at the initial prices to public, the underwriters may change the offering price and the other selling terms.

The expenses of the offering, not including the underwriting discount, are estimated to be approximately $450,000. The underwriters have agreed to make a payment to us in an amount equal to $1,875,000, including in respect of expenses incurred by us in connection with the offering.

New Issue of Securities

The Notes are a new issue of securities with no established trading market. We have been advised by the underwriters that the underwriters intend to make a market in the Notes, but they are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of any trading market for the Notes.

Price Stabilization, Short Positions and Penalty Bid

In connection with the offering, the underwriters may engage in transactions that stabilize, maintain, or otherwise affect the price of the Notes. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater aggregate principal amount of Notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in process.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased Notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Other Relationships

In the ordinary course of their respective businesses, some of the underwriters and/or their affiliates have in the past and may in the future provide us and our subsidiaries and affiliates with financial advisory and other services for which they have and in the future will receive customary fees.

UK Selling Restrictions

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act (the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

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EEA Selling Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus Supplement to the public in that Relevant Member State other than:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000; and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the lead underwriters; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

EXPERTS

The consolidated financial statements and the related financial statement schedule, incorporated in this prospectus supplement by reference from Duke Energy Corporation s Annual Report on Form 10-K for the year ended December 31, 2007, and the effectiveness of Duke Energy Corporation s internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference (which report (1) expresses an unqualified opinion on the financial statements and financial statement schedule and includes an explanatory paragraph referring to the spin-off of the natural gas business and (2) expresses an unqualified opinion on the effectiveness of internal control over financial reporting). Such financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements and the related financial statement schedule of DCP Midstream, LLC as of and for the years ended December 31, 2006 and 2005, incorporated in this prospectus supplement by reference from Duke Energy Corporation s Annual Report on Form 10-K for the year ended December 31, 2006, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference, and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of TEPPCO Partners, L.P. as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005 have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The audit report dated February 28, 2006, except for the effects of discontinued operations, as discussed in Note 5, which is as

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of June 1, 2006, contains a separate paragraph that states that as discussed in Note 20 to the consolidated financial statements, TEPPCO Partners, L.P. has restated its consolidated balance sheet as of December 31, 2004, and the related consolidated statements of income, partners capital and comprehensive income, and cash flows for the years ended December 31, 2004 and 2003.

LEGAL MATTERS

The validity of the Notes will be passed upon for Duke Energy Corporation by Robert T. Lucas III, Esq., who is Duke Energy Corporation s Associate General Counsel and Assistant Secretary. Certain legal matters with respect to the offering of the Notes will be passed upon for Duke Energy Corporation by Skadden, Arps, Slate, Meagher & Flom LLP, Washington, D.C. and for the underwriters by Sidley Austin LLP, New York, New York.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act and, in accordance therewith, file annual, quarterly and current reports and other information with the Securities and Exchange Commission, or the SEC. Such reports and other information can be inspected and copied at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates from the Public Reference Section of the SEC at its Washington, D.C. address. Please call the SEC at 1-800-SEC-0330 for further information. Our filings with the SEC, as well as additional information about us are also available to the public through our website at http://www.duke-energy.com and are made available as soon as reasonably practicable after such material is filed with or furnished to the SEC. The information on our website is not a part of this prospectus supplement or the accompanying prospectus. Our filings are also available to the public through the SEC website at http://www.sec.gov.

The SEC allows us to incorporate by reference into this prospectus supplement the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. This prospectus supplement incorporates by reference the documents incorporated in the accompanying prospectus at the time the registration statement became effective and all later documents filed with the SEC, in all cases as updated and superseded by later filings with the SEC. We incorporate by reference the documents listed below and any future documents filed by Duke Energy Corporation with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until the offering is completed.

Annual Report on Form 10-K for the year ended December 31, 2007;

Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2008; June 30, 2008 and September 30, 2008; and

Current reports on Form 8-K filed February 22, 2008 (except Item 2.02 and Exhibits 99.1 and 99.2 furnished under Item 9.01); March 3, 2008; March 12, 2008; April 16, 2008; May 9, 2008; May 14, 2008; May 28, 2008; June 12, 2008; June 16, 2008; June 26, 2008; August 13, 2008; September 2, 2008; September 24, 2008; October 2, 2008; December 19, 2008; December 22, 2008; and January 16, 2009.

We will provide you without charge a copy of these filings, other than any exhibits unless the exhibits are specifically incorporated by reference in this prospectus supplement. You may request a copy by writing us at the following address or telephoning one of the following numbers:

Investor Relations Department

P.O. Box 1005
Charlotte, North Carolina 28201
(704) 382-3853 or (800) 488-3853 (toll-free)

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Prospectus

DUKE ENERGY CORPORATION

Common Stock
Debt Securities

From time to time, we may offer the securities described in the prospectus separately or together in any combination, in one or more classes or series, in amounts, at prices and on terms that we will determine at the time of the offering.

We will provide specific terms of these offerings and securities in supplements to this prospectus. You should read carefully this prospectus, the information incorporated by reference in this prospectus and any prospectus supplement before you invest. This prospectus may not be used to offer or sell any securities unless accompanied by a prospectus supplement.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the trading symbol DUK.

Investing in our securities involves risks. You should carefully consider the information in the section entitled Risk Factors contained in our periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our securities.

We may offer and sell the securities directly, through agents we select from time to time or to or through underwriters or dealers we select. If we use any agents, underwriters or dealers to sell the securities, we will name them and describe their compensation in a prospectus supplement. The price to the public of those securities and the net proceeds we expect to receive from that sale will also be set forth in a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 3, 2007.

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REFERENCES TO ADDITIONAL INFORMATION

This prospectus incorporates important business and financial information about us from other documents that are not included in or delivered with this prospectus. This information is available for you to review at the SEC s public reference room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, and through the SEC s website, *www.sec.gov.* You can also obtain those documents incorporated by reference in this prospectus by requesting them in writing or by telephone from the company at the following address and telephone number:

Duke Energy
526 South Church Street
Charlotte, North Carolina 28202
(800) 488-3853
Attention: Investor Relations
www.duke-energy.com/investors

See Where You Can Find More Information beginning on page 9.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Duke Energy filed with the SEC utilizing a shelf registration process. Under the shelf registration process, we are registering an unspecified amount of our common stock and debt securities, and may issue any of such securities in one or more offerings.

This prospectus provides general descriptions of the securities we may offer. Each time securities are sold, a prospectus supplement will provide specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. The registration statement filed with the SEC includes exhibits that provide more details about the matters discussed in this prospectus. You should read this prospectus, the related exhibits filed with the SEC and any prospectus supplement, together with the additional information described under the caption Where You Can Find More Information.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus to Duke Energy, we, us and our or similar terms are to Duke Energy Corporation and its subsidiaries.

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FORWARD-LOOKING STATEMENTS

This prospectus and the information incorporated by reference in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are based on our management s beliefs and assumptions and on information currently available to us. Forward-looking statements include information concerning our possible or assumed future results of operations and statements preceded by, followed by or that include the words may, will, could, projects, believes, expects, anticipates, intends, plans, estimates or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, those discussed elsewhere in this prospectus and the documents incorporated by reference in this prospectus. You should not put undue reliance on any forward-looking statements. We do not have any intention or obligation to update forward-looking statements after we distribute this prospectus.

THE COMPANY

Duke Energy Corporation (Duke Energy) is one of the largest electric power companies in the United States, and supplies and delivers energy to approximately 4 million U.S. customers. We have approximately 37,000 megawatts of electric generating capacity in the Midwest and the Carolinas, and natural gas distribution services in Ohio and Kentucky. In addition, we own and operate approximately 4,000 megawatts of electric generation in Latin America, and we are a joint-venture partner in a U.S. real estate company. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 500 company traded on the New York Stock Exchange under the symbol DUK. We are a Delaware corporation, and our principal executive offices are located at 526 South Church Street, Charlotte, North Carolina, 28202-1803. Our telephone number is (704) 594-6200.

We have the following segments: U.S. Franchised Electric & Gas, Commercial Power, Duke Energy International and Crescent Resources, LLC (Crescent).

U.S. Franchised Electric & Gas generates, transmits, distributes and sells electricity in central and western North Carolina, western South Carolina and Indiana; and provides combined electric and gas sales, transmission and distribution service in the southwestern portion of Ohio and northern Kentucky.

Commercial Power operates and manages power plants, primarily in the Midwestern portion of the U.S., and markets electric power and natural gas related to these plants and other contractual positions. It also performs energy risk management activities and provides customized energy solutions.

Duke Energy International operates and manages power generation facilities and engages in sales and marketing of electric power and natural gas outside the United States. Its activities target power generation in Latin America.

Crescent is a joint venture of which we own approximately 50 per cent. It develops and manages high-quality commercial, residential and multi-family real estate projects primarily in the Southeastern and Southwestern United States. Some of these projects are developed and managed through joint ventures. Crescent also manages legacy land holdings in North and South Carolina.

RISK FACTORS

Investing in our securities involves risks. Before purchasing any securities we offer, you should carefully consider the risk factors that are incorporated by reference herein from the section captioned Risk Factors in our Form 10-K for the year ended December 31, 2006, together with all of the other information included in this prospectus and any prospectus supplement and any other information that we have incorporated by reference, including filings made with the Securities and Exchange Commission (the SEC) subsequent to the date hereof. Any of these risks, as well as other risks and uncertainties, could harm our financial condition, results of operations or cash flows.

USE OF PROCEEDS

Unless otherwise set forth in a prospectus supplement, we intend to use the net proceeds of any offering of securities sold by us for general corporate purposes, which may include acquisitions, repayment of debt, capital expenditures and working capital. When a particular series of securities is offered, the prospectus supplement relating to that offering will set forth our intended use of the net proceeds received from the sale of those securities. The net proceeds may be invested temporarily in short-term marketable securities or applied to repay short-term debt until they are used for their stated purpose.

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RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges is calculated using the Securities and Exchange Commission guidelines (a).

	Period Ended June 30, 2007	Year Ended December 31, 2006	2005	2004	2003	2002
		(Dollars in millions)				
Earnings as defined for fixed charges calculation						
Add:						
Pretax (loss) income from continuing operations(b)	$ 809	$ 1,414	$ 1,189	$ 720	$ (990)	$ 1,054
Fixed charges	379	1,382	1,159	1,433	1,620	1,550
Distributed income of equity investees	59	893	473	140	263	369
Deduct:						
Preference security dividend requirements of consolidated subsidiaries		27	27	31	139	170
Interest capitalized(c)	34	56	23	18	58	193
Total earnings(as defined for the Fixed Charges calculation)	$ 1,213	$ 3,606	$ 2,771	$ 2,244	$ 696	$ 2,610
Fixed charges:						
Interest on debt, including capitalized portions	$ 358	$ 1,311	$ 1,096	$ 1,365	$ 1,441	$ 1,340
Estimate of interest within rental expense	21	44	36	37	40	40
Preference security dividend requirements of consolidated subsidiaries		27	27	31	139	170
Total fixed charges	$ 379	$ 1,382	$ 1,159	$ 1,433	$ 1,620	$ 1,550
Ratio of earnings to fixed charges	3.2	2.6	2.4	1.6	(d)	1.7

(a) Certain prior year Income Statement amounts above have been adjusted for businesses reclassified to discontinued operations during 2007.

(b) Excludes minority interest expenses and income or loss from equity investees.

(c) Excludes equity costs related to Allowance for Funds Used During Construction that are included in Other Income and Expenses in the Consolidated Statements of Operations.

(d) Earnings were inadequate to cover fixed charges by $924 million for the year ended December 31, 2003.

DESCRIPTION OF CAPITAL STOCK

The following summary of our capital stock is subject in all respects to the applicable provisions of the Delaware General Corporation Law (the DGCL), and our amended and restated certificate of incorporation. The following discussion is a summary of our amended and restated certificate of incorporation and by-laws and is qualified in its entirety by reference to those documents.

General

Our total number of authorized shares of capital stock consists of 2 billion shares of common stock, par value $0.001 per share, and 44 million shares of preferred stock, par value $0.001 per share.

Common Stock

Except as otherwise required by law and subject to the rights of the holders of any class or series of preferred stock, with respect to all matters upon which shareholders are entitled to vote or to which shareholders are entitled to give consent, the holders of any outstanding shares of common stock vote together as a class, and every holder of common stock is entitled to cast one vote in person or by proxy for each share of common stock standing in such holder s name on our books. We do not have a classified board of directors nor do we permit cumulative voting.

Holders of common stock are not entitled to any preemptive rights to subscribe for additional shares of common stock nor are they liable to further capital calls or to assessments by us.

Subject to applicable law and the rights, if any, of the holders of any class or series of preferred stock having a preference over the rights to participate with the common stock with respect to the payment of dividends, holders of our common stock are entitled to receive dividends or other distributions as declared by our board of directors at its discretion.

The board of directors may create a class or series of preferred stock with dividends the rate of which is calculated by reference to, and payment of which is concurrent with, dividends on shares of common stock.

Preferred Stock

Our board of directors has the full authority permitted by law, at any time and from time to time, to divide the authorized and unissued shares of preferred stock into one or more classes or series and, with respect to each such class or series, to determine by resolution or resolutions the number of shares constituting such class or series and the designation of such class or series, the voting powers, if any, of the shares of such class or series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of any such class or series of preferred stock to the full extent now or as may in the future be permitted by the law of the State of Delaware. The powers, preferences and relative, participating, optional and other special rights of each class or series of preferred stock and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other classes or series at any time outstanding. Except as otherwise required by law, as provided in the certificate of incorporation or as determined by our board of directors, holders of preferred stock will not have any voting rights and will not be entitled to any notice of shareholder meetings.

Provisions that Have or May Have the Effect of Delaying or Prohibiting a Change in Control

Under our certificate of incorporation, the board of directors has the full authority permitted by Delaware law to determine the voting rights, if any, and designations, preferences, limitations and special rights of any class or any series of any class of the preferred stock.

The certificate of incorporation also provides that a director may be removed from office with or without cause. However, subject to applicable law, any director elected by the holders of any series of preferred stock may be removed without cause only by the holders of a majority of the shares of such series of preferred stock.

Our certificate of incorporation requires an affirmative vote of the holders of at least 80% of the combined voting power of the then outstanding shares of stock of all our classes entitled to vote generally in the election of directors, voting together as a single class, to amend, alter or repeal provisions in the certificate of incorporation which relate to the number of directors and vacancies and newly created directorships.

Our certificate of incorporation provides that any action required to be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice only if consent in writing setting forth the action to be taken is signed by all the holders of our issued and outstanding capital stock entitled to vote in respect of such action.

Our by-laws provide that, except as expressly required by the certificate of incorporation or by applicable law, and subject to the rights of the holders of any series of preferred stock, special meetings of the shareholders or of any series entitled to vote may be called for any purpose or purposes only by the Chairman of the board of directors or by the board of directors. Shareholders are not entitled to call special meetings.

The provisions of our certificate of incorporation and by-laws conferring on our board of directors the full authority to issue preferred stock, the restrictions on removing directors elected by holders of preferred stock, the supermajority voting requirements relating to the amendment, alteration or repeal of the provisions governing the number of directors and filling of vacancies and newly created directorships, the requirement that shareholders act at a meeting unless all shareholders agree in writing, and the inability of shareholders to call a special meeting, in certain instances could have the effect of delaying, deferring or preventing a change in control or the removal of existing management.

DESCRIPTION OF DEBT SECURITIES

Duke Energy will issue the debt securities, whether senior or subordinated, in one or more series under its Indenture, as supplemented from time to time. Unless otherwise specified in the applicable prospectus supplement, the trustee under the Indenture will be The Bank of New York. A form of the Indenture is an exhibit to the registration statement, of which this prospectus is a part.

Duke Energy conducts its business through subsidiaries. Accordingly, its ability to meet its obligations under the debt securities is dependent on the earnings and cash flows of those subsidiaries and the ability of those subsidiaries to pay dividends or to advance or repay funds to Duke Energy. In addition, the rights that Duke Energy and its creditors would have to participate in the assets of any such subsidiary upon the subsidiary s liquidation or recapitalization will be subject to the prior claims of the subsidiary s creditors. Certain subsidiaries of Duke Energy have incurred substantial amounts of debt in the operations and expansion of their businesses, and Duke Energy anticipates that certain of its subsidiaries will do so in the future.

Holders of debt securities will generally have a junior position to claims of creditors of our subsidiaries, including trade creditors, debtholders, secured creditors, taxing authorities, guarantee holders and any holders of preferred stock. In addition to trade debt, certain of our operating subsidiaries have ongoing corporate debt programs used to finance their business activities. As of June 30, 2007, on a consolidated basis (including securities due within one year), we had approximately $12.0 billion of outstanding debt, of which approximately $11.3 billion was subsidiary debt. Unless otherwise specified in a prospectus supplement, the Indenture will not limit the amount of indebtedness or preferred stock issuable by our subsidiaries.

The following description of the debt securities is only a summary and is not intended to be comprehensive. For additional information you should refer to the Indenture.

General

The Indenture does not limit the amount of debt securities that Duke Energy may issue under it. Duke Energy may issue debt securities from time to time under the Indenture in one or more series by entering into supplemental indentures or by its board of directors or a duly authorized committee authorizing the issuance.

The debt securities of a series need not be issued at the same time, bear interest at the same rate or mature on the same date.

Provisions Applicable to Particular Series

The prospectus supplement for a particular series of debt securities being offered will disclose the specific terms related to the offering, including the price or prices at which the debt securities to be offered will be issued. Those terms may include some or all of the following:

- the title of the series;
- the total principal amount of the debt securities of the series;
- the date or dates on which principal is payable or the method for determining the date or dates, and any right that Duke Energy has to change the date on which principal is payable;

the interest rate or rates, if any, or the method for determining the rate or rates, and the date or dates from which interest will accrue;

any interest payment dates and the regular record date for the interest payable on each interest payment date, if any;

whether Duke Energy may extend the interest payment periods and, if so, the terms of the extension;

the place or places where payments will be made;

whether Duke Energy has the option to redeem the debt securities and, if so, the terms of its redemption option;

any obligation that Duke Energy has to redeem the debt securities through a sinking fund or to purchase the debt securities through a purchase fund or at the option of the holder;

whether the provisions described under Defeasance and Covenant Defeasance will not apply to the debt securities;

the currency in which payments will be made if other than U.S. dollars, and the manner of determining the equivalent of those amounts in U.S. dollars;

if payments may be made, at Duke Energy s election or at the holder s election, in a currency other than that in which the debt securities are stated to be payable, then the currency in which those payments may be made, the terms and conditions of the election and the manner of determining those amounts;

the portion of the principal payable upon acceleration of maturity, if other than the entire principal;

whether the debt securities will be issuable as global securities and, if so, the securities depositary;

any changes in the events of default or covenants with respect to the debt securities;

any index or formula used for determining principal, premium or interest;

the terms of the subordination of any series of subordinated debt;

if the principal payable on the maturity date will not be determinable on one or more dates prior to the maturity date, the amount which will be deemed to be such principal amount or the manner of determining it; and

any other terms.

Unless Duke Energy states otherwise in the applicable prospectus supplement, Duke Energy will issue the debt securities only in fully registered form without coupons, and there will be no service charge for any registration of transfer or exchange of the debt securities. Duke Energy may, however, require payment to cover any tax or other governmental charge payable in connection with any transfer or exchange. Subject to the terms of the Indenture and the limitations applicable to global securities, transfers and exchanges of the debt securities may be made at The Bank of New York, 101 Barclay Street, New York, New York 10286 or at any other office maintained by Duke Energy for such purpose.

The debt securities will be issuable in denominations of $1,000 and any integral multiples of $1,000, unless Duke Energy states otherwise in the applicable prospectus supplement.

Duke Energy may offer and sell the debt securities, including original issue discount debt securities, at a substantial discount below their principal amount. The applicable prospectus supplement will describe special United States federal income tax and any other considerations applicable to those securities. In addition, the applicable prospectus supplement may describe certain special United States federal income tax or other considerations, if any, applicable to any debt securities that are denominated in a currency other than U.S. dollars.

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Book-Entry Debt Securities

We may issue debt securities of a series in whole or in part in the form of one or more global securities. We will deposit such global securities with, or on behalf of, a depository identified in the applicable prospectus supplement. We may issue global securities in either registered or bearer form and in either temporary or permanent form. Unless we specify otherwise in the applicable prospectus supplement, debt securities that are represented by a global security will be issued in denominations of $1,000 or any integral multiple thereof and will be issued in registered form only, without coupons. We will make payments of principal of, premium, if any, and interest on debt securities represented by a global security to the applicable trustee under the applicable indenture, which will then forward such payments to the depository.

We anticipate that any global securities will be deposited with, or on behalf of, The Depository Trust Company, New York, New York (DTC), and that such global securities will be registered in the name of Cede & Co., DTC s nominee. We further anticipate that the following provisions will apply to the depository arrangements with respect to any such global securities. We will describe any additional or differing terms of the depository arrangements in the applicable prospectus supplement relating to a particular series of debt securities issued in the form of global securities.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole holder of the debt securities represented by such global security for all purposes under the applicable indenture. Except as described below, owners of beneficial interests in a global security:

will not be entitled to have debt securities represented by such global security registered in their names;

will not receive or be entitled to receive physical delivery of debt securities in certificated form; and

will not be considered the owners or holders thereof under the applicable indenture.

The laws of some states require that certain purchasers of securities take physical delivery of such securities in certificated form; accordingly, such laws may limit the transferability of beneficial interests in a global security.

Unless we specify otherwise in the applicable prospectus supplement, each global security representing book-entry notes will be exchangeable for certificated notes only if:

DTC notifies us that it is unwilling or unable to continue as depository or DTC ceases to be a clearing agency registered under the Exchange Act (if so required by applicable law or regulation) and, in either case, a successor depository is not appointed by us within ninety (90) days after we receive such notice or become aware of such unwillingness, inability or ineligibility;

we, in our sole discretion and subject to DTC s procedures, determine that the global securities shall be exchangeable for certificated notes; or

there shall have occurred and be continuing an event of default under an indenture with respect to the notes and beneficial owners representing a majority in aggregate principal amount of the book-entry notes represented by global securities advise DTC to cease acting as depository. Upon any such exchange, owners of a beneficial interest in the global security or securities representing book-entry notes will be entitled to physical delivery of individual debt securities in certificated form of like tenor and rank, equal in principal amount to such beneficial interest, and to have such debt securities in certificated form registered in the names of the beneficial owners, which names shall be provided by DTC s relevant participants (as identified by DTC) to the applicable trustee.

Unless we describe otherwise in the applicable prospectus supplement, debt securities so issued in certificated form will be issued in denominations of $1,000 or any integral multiple thereof, and will be issued in registered form only, without coupons.

DTC will act as securities depository for the debt securities. The debt securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC s partnership nominee) or such other name as may be requested by an authorized representative of DTC. Except as otherwise provided, one fully registered debt security certificate will be issued with respect to each series of the debt securities, each in the aggregate principal amount of such series, and will be deposited with DTC. If, however, the aggregate principal amount of any series exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such series.

The following is based on information furnished to us by DTC:

DTC, the world s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC s participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). DTC has Standard & Poor s highest rating: AAA. The DTC rules applicable to its Participants are on file with the SEC. More information about DTC can be found at *www.dtcc.com* and *www.dtc.org*.

Purchases of debt securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the debt securities on DTC s records. The ownership interest of each actual purchaser of each debt security (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are, however, expected to receive a written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in debt securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in debt securities, except in the event that use of the book-entry system for the debt securities is discontinued.

To facilitate subsequent transfers, all debt securities deposited by Direct Participants with DTC are registered in the name of DTC s partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of the debt securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the debt securities; DTC s records reflect only the identities of the Direct Participants to whose accounts debt securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the debt securities unless authorized by a Direct Participant in accordance with DTC s procedures. Under its usual procedures, DTC mails a proxy (an Omnibus Proxy) to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co. s consenting or voting rights to those Direct Participants to whose accounts the debt securities are credited on the record date (identified on a list attached to the Omnibus Proxy).

Principal, premium, if any, interest payments and redemption proceeds on the debt securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC s practice is to credit Direct Participants accounts upon DTC s receipt of funds and corresponding detail information from us or the trustee, on the payment date in accordance with their respective holdings shown on DTC s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name and will be the responsibility of such Participant and not of DTC, nor its nominee, the applicable Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is our responsibility or the applicable Trustee s, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

If applicable, redemption notices shall be sent to DTC. If less than all of the book-entry notes within an issue are being redeemed, DTC s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

A Beneficial Owner shall give notice of any option to elect to have its book-entry notes repaid by us, through its Participant, to the applicable Trustee, and shall effect delivery of such book-entry notes by causing the Direct Participant to transfer the Participant s interest in the global security or securities representing such book-entry notes, on DTC s records, to such Trustee. The requirement for physical delivery of book-entry notes in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global security or securities representing such book-entry notes are transferred by Direct Participants on DTC s records and followed by a book-entry credit of tendered securities to the Trustee s DTC account.

DTC may discontinue providing its services as securities depository with respect to the debt securities at any time by giving reasonable notice to the applicable Trustee or us. Under such circumstances, in the event that a successor securities depository is not appointed, debt security certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, debt security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC s book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of debt securities issued as global securities will be Direct Participants in DTC.

Neither we, the applicable Trustee nor any applicable paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global security, or for maintaining, supervising or reviewing any records relating to such beneficial interest.

Redemption

Provisions relating to the redemption of debt securities will be set forth in the applicable prospectus supplement. Unless Duke Energy states otherwise in the applicable prospectus supplement, Duke Energy may redeem debt securities only upon notice mailed at least thirty (30), but not more than sixty (60) days before the date fixed for redemption. Unless Duke Energy states otherwise in the applicable prospectus supplement, that notice may state that the redemption will be conditional upon the Indenture Trustee, or the applicable paying agent, receiving sufficient funds to pay the principal, premium and interest on those debt securities on the date fixed for redemption and that if the Indenture Trustee or the applicable paying agent does not receive

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those funds, the redemption notice will not apply, and Duke Energy will not be required to redeem those debt securities.

Duke Energy will not be required to:

issue, register the transfer of, or exchange any debt securities of a series during the period beginning fifteen (15) days before the date the notice is mailed identifying the debt securities of that series that have been selected for redemption; or

register the transfer of or exchange any debt security of that series selected for redemption except the unredeemed portion of a debt security being partially redeemed.

Consolidation, Merger, Conveyance or Transfer

The Indenture provides that Duke Energy may consolidate or merge with or into, or convey or transfer all or substantially all of its properties and assets to, another corporation or other entity. Any successor must, however, assume Duke Energy s obligations under the Indenture and the debt securities issued under it, and Duke Energy must deliver to the Indenture Trustee a statement by certain of its officers and an opinion of counsel that affirm compliance with all conditions in the Indenture relating to the transaction. When those conditions are satisfied, the successor will succeed to and be substituted for Duke Energy under the Indenture, and Duke Energy will be relieved of its obligations under the Indenture and the debt securities.

Modification; Waiver

Duke Energy may modify the Indenture with the consent of the holders of a majority in principal amount of the outstanding debt securities of all series of debt securities that are affected by the modification, voting as one class. The consent of the holder of each outstanding debt security affected is, however, required to:

change the maturity date of the principal or any installment of principal or interest on that debt security;

reduce the principal amount, the interest rate or any premium payable upon redemption on that debt security;

reduce the amount of principal due and payable upon acceleration of maturity;

change the currency of payment of principal, premium or interest on that debt security;

impair the right to institute suit to enforce any such payment on or after the maturity date or redemption date;

reduce the percentage in principal amount of debt securities of any series required to modify the Indenture, waive compliance with certain restrictive provisions of the Indenture or waive certain defaults; or

with certain exceptions, modify the provisions of the Indenture governing modifications of the Indenture or governing waiver of covenants or past defaults.

In addition, Duke Energy may modify the Indenture for certain other purposes, without the consent of any holders of debt securities.

The holders of a majority in principal amount of the outstanding debt securities of any series may waive, for that series, Duke Energy s compliance with certain restrictive provisions of the Indenture. The holders of a majority in principal amount of the outstanding debt securities of all series under the Indenture with respect to which a default has occurred and is continuing, voting as one class, may waive that default for all those series, except a default in the payment of principal or any premium or interest on any debt security or a default with respect to a covenant or provision which cannot be modified without the consent of the holder of each outstanding debt security of the series affected.

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Events of Default

The following are events of default under the Indenture with respect to any series of debt securities, unless Duke Energy states otherwise in the applicable prospectus supplement:

- failure to pay principal of or any premium on any Debt security of that series when due;
- failure to pay when due any interest on any Debt security of that series that continues for sixty (60) days; for this purpose, the date on which interest is due is the date on which Duke Energy is required to make payment following any deferral of interest payments by it under the terms of debt securities that permit such deferrals;
- failure to make any sinking fund payment when required for any Debt security of that series that continues for sixty (60) days;
- failure to perform any covenant in the Indenture (other than a covenant expressly included solely for the benefit of other series) that continues for ninety (90) days after the Indenture Trustee or the holders of at least 33% of the outstanding debt securities of that series give Duke Energy written notice of the default; and
- certain bankruptcy, insolvency or reorganization events with respect to Duke Energy.

In the case of the fourth event of default listed above, the Indenture Trustee may extend the grace period.

In addition, if holders of a particular series have given a notice of default, then holders of at least the same percentage of debt securities of that series, together with the Indenture Trustee, may also extend the grace period. The grace period will be automatically extended if Duke Energy has initiated and is diligently pursuing corrective action.

Duke Energy may establish additional events of default for a particular series and, if established, any such events of default will be described in the applicable prospectus supplement.

If an event of default with respect to debt securities of a series occurs and is continuing, then the Indenture Trustee or the holders of at least 33% in principal amount of the outstanding debt securities of that series may declare the principal amount of all debt securities of that series to be immediately due and payable. However, that event of default will be considered waived at any time after the declaration, but before a judgment for payment of the money due has been obtained if:

- Duke Energy has paid or deposited with the Indenture Trustee all overdue interest, the principal and any premium due otherwise than by the declaration and any interest on such amounts, and any interest on overdue interest, to the extent legally permitted, in each case with respect to that series, and all amounts due to the Indenture Trustee; and
- all events of default with respect to that series, other than the nonpayment of the principal that became due solely by virtue of the declaration, have been cured or waived.

The Indenture Trustee is under no obligation to exercise any of its rights or powers at the request or direction of any holders of debt securities unless those holders have offered the Indenture Trustee security or indemnity against the costs, expenses and liabilities which it might incur as a result. The holders of a majority in principal amount of the outstanding debt securities of any series have, with certain exceptions, the right to direct the time, method and place of conducting any proceedings for any remedy available to the Indenture Trustee or the exercise of any power of the Indenture Trustee with respect to those debt securities. The Indenture Trustee may withhold notice of any default, except a default in the payment of principal or interest, from the holders of any series if the Indenture Trustee in good faith considers it in the interest of the holders to do so.

The holder of any Debt security will have an absolute and unconditional right to receive payment of the principal, any premium and, within certain limitations, any interest on that Debt security on its maturity date or redemption date and to enforce those payments.

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Duke Energy is required to furnish each year to the Indenture Trustee a statement by certain of its officers to the effect that it is not in default under the Indenture or, if there has been a default, specifying the default and its status.

Payments; Paying Agent

The paying agent will pay the principal of any debt securities only if those debt securities are surrendered to it. The paying agent will pay interest on debt securities issued as global securities by wire transfer to the holder of those global securities. Unless Duke Energy states otherwise in the applicable prospectus supplement, the paying agent will pay interest on debt securities that are not in global form at its office or, at Duke Energy s option:

- by wire transfer to an account at a banking institution in the United States that is designated in writing to the Indenture Trustee at least sixteen (16) days prior to the date of payment by the person entitled to that interest; or

- By check mailed to the address of the person entitled to that interest as that address appears in the security register for those debt securities.

Unless Duke Energy states otherwise in the applicable prospectus supplement, the Indenture Trustee will act as paying agent for that series of debt securities, and the principal corporate trust office of the Indenture Trustee will be the office through which the paying agent acts. Duke Energy may, however, change or add paying agents or approve a change in the office through which a paying agent acts.

Any money that Duke Energy has paid to a paying agent for principal or interest on any debt securities which remains unclaimed at the end of two years after that principal or interest has become due will be repaid to Duke Energy at its request. After repayment to Duke Energy, holders should look only to Duke Energy for those payments.

Defeasance and Covenant Defeasance

The Indenture provides that Duke Energy may be:

- discharged from its obligations, with certain limited exceptions, with respect to any series of debt securities, as described in the Indenture, such a discharge being called a defeasance in this prospectus; and

- released from its obligations under certain restrictive covenants especially established with respect to any series of debt securities, as described in the Indenture, such a release being called a covenant defeasance in this prospectus.

Duke Energy must satisfy certain conditions to effect a defeasance or covenant defeasance. Those conditions include the irrevocable deposit with the Indenture Trustee, in trust, of money or government obligations which through their scheduled payments of principal and interest would provide sufficient money to pay the principal and any premium and interest on those debt securities on the maturity dates of those payments or upon redemption.

Following a defeasance, payment of the debt securities defeased may not be accelerated because of an event of default under the Indenture. Following a covenant defeasance, the payment of debt securities may not be accelerated by reference to the covenants from which Duke Energy has been released. A defeasance may occur after a covenant defeasance.

Under current United States federal income tax laws, a defeasance would be treated as an exchange of the relevant debt securities in which holders of those debt securities might recognize gain or loss. In addition, the amount, timing and character of amounts that holders would thereafter be required to include in income might be different from that which would be includible in the absence of that defeasance. Duke Energy urges investors to consult their own tax advisors as to the specific consequences of a defeasance, including the applicability and effect of tax laws other than United States federal income tax laws.

Under current United States federal income tax law, unless accompanied by other changes in the terms of the debt securities, a covenant defeasance should not be treated as a taxable exchange.

Concerning the Indenture Trustee

The Bank of New York is the Indenture Trustee. Duke Energy and certain of its affiliates maintain deposit accounts and banking relationships with The Bank of New York. The Bank of New York also serves as trustee or agent under other indentures and agreements pursuant to which securities of Duke Energy and of certain of its affiliates are outstanding.

The Indenture Trustee will perform only those duties that are specifically set forth in the Indenture unless an event of default under the Indenture occurs and is continuing. In case an event of default occurs and is continuing, the Indenture Trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs.

PLAN OF DISTRIBUTION

We may sell securities to one or more underwriters or dealers for public offering and sale by them, or we may sell the securities to investors directly or through agents. The prospectus supplement relating to the securities being offered will set forth the terms of the offering and the method of distribution and will identify any firms acting as underwriters, dealers or agents in connection with the offering, including:

- the name or names of any underwriters;
- the purchase price of the securities and the proceeds to us from the sale;
- any underwriting discounts and other items constituting underwriters compensation;
- any public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchange or market on which the securities may be listed.

Only those underwriters identified in the prospectus supplement are deemed to be underwriters in connection with the securities offered in the prospectus supplement.

We may distribute the securities from time to time in one or more transactions at a fixed price or prices, which may be changed, or at prices determined as the prospectus supplement specifies. We may sell securities through forward contracts or similar arrangements. In connection with the sale of securities, underwriters, dealers or agents may be deemed to have received compensation from us in the form of underwriting discounts or commissions and also may receive commissions from securities purchasers for whom they may act as agent. Underwriters may sell the securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters or commissions from the purchasers for whom they may act as agent.

We may sell the securities directly or through agents we designate from time to time. Any agent involved in the offer or sale of the securities covered by this prospectus will be named in a prospectus supplement relating to such securities. Commissions payable by us to agents will be set forth in a prospectus supplement relating to the securities being offered. Unless otherwise indicated in a prospectus supplement, any such agents will be acting on a best-efforts basis for the period of their appointment.

Some of the underwriters, dealers or agents and some of their affiliates who participate in the securities distribution may engage in other transactions with, and perform other services for, us and our subsidiaries or affiliates in the ordinary course of business.

Any underwriting or other compensation which we pay to underwriters or agents in connection with the securities offering, and any discounts, concessions or commissions which underwriters allow to dealers, will be set forth in the applicable prospectus supplement. Underwriters, dealers and agents participating in the securities distribution may be deemed to be underwriters, and any discounts and commissions they receive and any profit they realize on the resale of the securities may be deemed to be underwriting discounts and commissions under the Securities Act of 1933. Underwriters, and their controlling persons, and agents may be entitled, under agreements we enter into with them, to indemnification against certain civil liabilities, including liabilities under the Securities Act of 1933.

EXPERTS

The consolidated financial statements and the related financial statement schedule incorporated in this prospectus by reference from Duke Energy Corporation s October 1, 2007 Report on Form 8-K, and management s report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from Duke Energy Corporation s Annual Report on Form 10-K for the year ended December 31, 2006, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which reports (1) express an unqualified opinion on the financial statements and financial statement schedule and include explanatory paragraphs regarding the adoption of a new accounting standard and the January 2, 2007 spin-off of the Company s natural gas businesses, (2) express an unqualified opinion on management s assessment regarding the effectiveness of internal control over financial reporting, and (3) express an unqualified opinion on the effectiveness of internal control over financial reporting), which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements and the related financial statement schedule of DCP Midstream, LLC as of and for the years ended December 31, 2006 and 2005, incorporated in this prospectus by reference from Duke Energy Corporation s Annual Report on Form 10-K/A for the year ended December 31, 2006, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference, and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of TEPPCO Partners, L.P. as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005 have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The audit report dated February 28, 2006, except for the effects of discontinued operations, as discussed in Note 5, which is as of June 1, 2006, contains a separate paragraph that states that as discussed in Note 20 to the consolidated financial statements, TEPPCO Partners, L.P. has restated its consolidated balance sheet as of December 31, 2004, and the related consolidated statements of income, partners capital and comprehensive income, and cash flows for the years ended December 31, 2004 and 2003.

VALIDITY OF THE SECURITIES

Robert T. Lucas III, Esq., who is our Associate General Counsel and Assistant Secretary, and/or counsel named in the applicable prospectus supplement, will issue an opinion about the validity of the securities we are offering in the applicable prospectus supplement. Counsel named in the applicable prospectus supplement will pass upon certain legal matters on behalf of any underwriters.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. Such reports and other information can be inspected and copied at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates from the Public Reference Section of the SEC at its Washington, D.C. address. Please call the SEC at 1-800-SEC-0330 for further information. Our filings are also available to the public through Duke Energy s web site at *http://www.duke-energy.com* and are made available

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as soon as reasonably practicable after such material is filed with or furnished to the SEC. The information on our website is not a part of this prospectus. Our filings are also available to the public through the SEC web site at *http://www.sec.gov*.

Additional information about Duke Energy is also available on its web site at *http://www.duke-energy.com*. Such web site is not a part of this prospectus.

The SEC allows us to incorporate by reference into this prospectus the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This prospectus incorporates by reference the documents incorporated in the prospectus at the time the registration statement became effective and all later documents filed with the SEC, in all cases as updated and superseded by later filings with the SEC. Duke Energy incorporates by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the offering is completed.

Annual Report on Form 10-K for the year ended December 31, 2006;

Amendment No. 1 to Form 10-K for the year ended December 31, 2006, on Form 10-K/A filed March 22, 2007;

Proxy Statement filed on Schedule 14A, April 4, 2007;

Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2007, and June 30, 2007; and

Current reports on Form 8-K filed January 31, 2007; February 28, 2007; March 8, 2007; March 12, 2007; May 8, 2007; May 15, 2007; June 1, 2007; June 25, 2007; July 5, 2007; July 18, 2007; and October 1, 2007.

We will provide without charge a copy of these filings, other than any exhibits unless the exhibits are specifically incorporated by reference into this prospectus. You may request a copy by writing us at the following address or telephoning one of the following numbers:

Investor Relations Department
Duke Energy Corporation
P.O. Box 1005
Charlotte, North Carolina 28201
(704) 382-3853 or (800) 488-3853 (toll-free)

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell the securities described in this prospectus in any state where the offer or sale is not permitted. You should assume that the information contained in the prospectus is accurate only as of its date. Our business, financial condition, results of operations and prospects may have changed since that date.

DUKE ENERGY CORPORATION
COMMON STOCK (par value $0.001 per share)
DEBT SECURITIES

PROSPECTUS

Ohio 2.1%

Buckeye Tobacco Settlement Financing Authority, RB, Asset-Backed, Senior Series A-2, 6.50%, 6/01/47	
	7,460
	6,121,974
County of Lucas Ohio, Refunding RB, Sunset Retirement, Series A, 6.63%, 8/15/30	
	2,175

2,191,660

County of Montgomery Ohio, Refunding RB, Catholic Healthcare, Series A, 5.00%, 5/01/39

2,840

2,918,753

Toledo-Lucas County Port Authority, RB, St. Mary Woods Project, Series A:

6.00%, 5/15/24

750

533,558

6.00%, 5/15/34

2,250

1,370,948

13,136,893

Oregon 0.3%

State of Oregon, GO, Refunding, Veterans Welfare, Series 80A, 5.70%, 10/01/32	1,725	1,743,268

Pennsylvania 5.7%

Allegheny County Hospital Development Authority, Refunding RB, Health System, West Penn, Series A, 5.38%, 11/15/40	4,395

3,527,119

Montgomery County Higher Education & Health Authority, Refunding RB, Abington Memorial Hospital, Series A, 5.13%, 6/01/33

2,365

2,367,436

Municipal Bonds		Par (000)		Value
Pennsylvania (concluded)				
Pennsylvania Economic Development Financing Authority, RB:				
Aqua Pennsylvania Inc. Project, 5.00%, 11/15/40	$	3,805	$	3,918,427
National Gypsum Co., Series A, AMT, 6.25%, 11/01/27		5,270		4,207,199
Pennsylvania HFA, Refunding RB, Series 97A, AMT, 4.60%, 10/01/27		1,125		1,129,084
Pennsylvania Higher Educational Facilities Authority, Refunding RB, Allegheny Delaware Valley Obligation, Series C (NPFGC), 5.88%, 11/15/16		5,410		5,342,104
Pennsylvania Turnpike Commission, RB, Sub-Series B, 5.25%, 6/01/39		13,905		14,371,096
Philadelphia Authority for Industrial Development, RB, Commercial Development, AMT, 7.75%, 12/01/17		1,265		1,266,379
				36,128,844
Puerto Rico 2.8%				
Commonwealth of Puerto Rico, GO, Refunding, Public Improvement, Series C, 6.00%, 7/01/39		6,000		6,319,200
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.50%, 8/01/44		10,120		11,432,665

		17,751,865
Rhode Island 1.0%		
Central Falls Detention Facility Corp., Refunding RB, 7.25%, 7/15/35	4,240	3,637,962
City of Woonsocket Rhode Island, GO (NPFGC):		
6.00%, 10/01/17	1,225	1,250,370
6.00%, 10/01/18	1,195	1,218,840
		6,107,172
Tennessee 0.9%		
Hardeman County Correctional Facilities Corp. Tennessee, RB, 7.75%, 8/01/17	3,505	3,358,666
Rutherford County Health & Educational Facilities Board, RB, Ascension Health Senior Credit Group, 5.00%, 11/15/40	2,065	2,102,604
		5,461,270
Texas 13.9%		
Alliance Airport Authority Texas, Refunding RB, American Airlines Inc. Project, AMT, 5.75%, 12/01/29	3,500	2,589,125
Bexar County Housing Finance Corp., RB, Waters at Northern Hills Apartments, Series A (NPFGC):		
5.80%, 8/01/21	775	672,754
6.00%, 8/01/31	2,360	1,897,322
6.05%, 8/01/36	1,000	789,910
Brazos River Authority, Refunding RB, TXU Electric Co. Project, Series C, AMT, 5.75%, 5/01/36	7,500	7,290,750
City of Houston Texas, RB:		
Senior Lien, Series A, 5.50%, 7/01/39	3,100	3,303,205
Special Facilities, Continental Airlines, Series E, AMT, 7.38%, 7/01/22	3,500	3,552,325
Special Facilities, Continental Airlines, Series E, AMT, 7.00%, 7/01/29	3,000	3,031,080

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Municipal Bonds	Par (000)	Value
Texas (concluded)		
Dallas-Fort Worth International Airport Facilities Improvement Corp., Refunding RB, American Airlines Inc. Project, AMT, 5.50%, 11/01/30	$ 12,500	$ 9,063,500
Guadalupe-Blanco River Authority, RB, E.I. du Pont de Nemours & Co. Project, AMT, 6.40%, 4/01/26	5,000	5,003,750
Gulf Coast IDA, RB, Citgo Petroleum Corp. Project, AMT, 7.50%, 5/01/25	3,900	4,009,356
Houston Industrial Development Corp., RB, Senior, Air Cargo, AMT, 6.38%, 1/01/23	1,585	1,543,917
La Vernia Higher Education Finance Corp., RB, KIPP Inc., 6.38%, 8/15/44	2,360	2,434,788
Matagorda County Navigation District No. 1 Texas, Refunding RB, Central Power & Light Co. Project, Series A, 6.30%, 11/01/29	4,320	4,676,486
North Texas Tollway Authority, RB, Toll, 2nd Tier, Series F, 6.13%, 1/01/31	12,140	12,947,796
San Antonio Energy Acquisition Public Facility Corp., RB, Gas Supply:		
5.50%, 8/01/23	3,500	3,565,730
5.50%, 8/01/25	6,365	6,429,987
Texas Private Activity Bond Surface Transportation Corp., RB, Senior Lien, Note Mobility, 6.88%, 12/31/39	7,820	8,169,710
Texas State Turnpike Authority, RB, First Tier, Series A (AMBAC), 5.50%, 8/15/39	6,500	6,559,215
		87,530,706
U.S. Virgin Islands 1.0%		
Virgin Islands Public Finance Authority, RB, Senior Secured, Hovensa Refinery, AMT, 6.13%, 7/01/22	6,250	6,295,188
Utah 1.2%		
City of Riverton Utah, RB, IHC Health Services Inc., 5.00%, 8/15/41	7,310	7,434,489
Virginia 2.5%		
James City County EDA, RB, First Mortgage, Williamsburg Lodge, Series A:		
5.35%, 9/01/26	1,500	1,402,200
5.50%, 9/01/34	2,000	1,746,000
Tobacco Settlement Financing Corp. Virginia, Refunding RB, Senior Series B1, 5.00%, 6/01/47	13,755	9,467,979
Virginia Small Business Financing Authority, Refunding RB, Sentara Healthcare, 5.00%, 11/01/40	1,940	1,979,809

Winchester IDA Virginia, RB, Westminster-Canterbury, Series A, 5.20%, 1/01/27		1,000		944,520
				15,540,508
Washington 0.3%				
Vancouver Housing Authority Washington, HRB, Teal Pointe Apartments Project, AMT:				
6.00%, 9/01/22		945		855,357
6.20%, 9/01/32		1,250		1,064,275
				1,919,632

Municipal Bonds		**Par (000)**		**Value**
Wisconsin 4.7%				
City of Milwaukee Wisconsin, RB, Senior, Air Cargo, AMT, 6.50%, 1/01/25	$	600	$	586,098
State of Wisconsin, Refunding RB, Series A, 6.00%, 5/01/36		14,300		15,895,880
Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit Group, 5.00%, 11/15/33		4,970		5,064,331
Wisconsin Health & Educational Facilities Authority, Refunding RB, Franciscan Sisters Healthcare, 5.00%, 9/01/26		7,220		6,677,417
				28,223,726
Wyoming 1.9%				
County of Sweetwater Wyoming, Refunding RB, Idaho Power Co. Project, 5.25%, 7/15/26		6,195		6,549,602
Wyoming Community Development Authority, RB, Series 3, AMT, 4.75%, 12/01/37		5,315		5,124,776
Wyoming Municipal Power Agency, RB, Series A, 5.00%, 1/01/42		595		590,282
				12,264,660
Total Municipal Bonds 121.9%				768,933,062

Municipal Bonds Transferred to Tender Option Bond Trusts (f)				
Alabama 0.7%				
Alabama Special Care Facilities Financing Authority-Birmingham, Refunding RB, Ascension Health Senior Credit, Series C-2, 5.00%, 11/15/36		4,538		4,588,512
California 3.1%				
Bay Area Toll Authority, Refunding RB, San Francisco Bay Area, Series F-1, 5.63%, 4/01/44		6,581		7,165,212

California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/18	5,310	5,694,019
Los Angeles Community College District California, GO, Election 2001, Series A (AGM), 5.00%, 8/01/32	4,650	4,760,391
San Diego Community College District California, GO, Election 2002, 5.25%, 8/01/33	2,154	2,261,652
		19,881,274
Colorado 2.7%		
Colorado Health Facilities Authority, RB, Catholic Health (AGM):		
Series C-3, 5.10%, 10/01/41	7,490	7,538,835
Series C-7, 5.00%, 9/01/36	4,800	4,825,152
Colorado Health Facilities Authority, Refunding RB, Catholic Healthcare, Series A, 5.50%, 7/01/34	4,299	4,559,008
		16,922,995
Connecticut 3.1%		
Connecticut State Health & Educational Facility Authority, RB, Yale University:		
Series T-1, 4.70%, 7/01/29	9,130	9,577,918
Series X-3, 4.85%, 7/01/37	9,270	9,661,287
		19,239,205

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Municipal Bonds Transferred to Tender Option Bond Trusts (f)	Par (000)	Value
Georgia 1.1%		
Private Colleges & Universities Authority, Refunding RB, Emory University, Series C, 5.00%, 9/01/38	$ 6,398	$ 6,713,123
New Hampshire 0.7%		
New Hampshire Health & Education Facilities Authority, Refunding RB, Dartmouth College, 5.25%, 6/01/39	4,048	4,394,979
New York 0.6%		
New York City Municipal Water Finance Authority, RB, Series FF-2, 5.50%, 6/15/40	3,194	3,552,178
North Carolina 3.6%		
North Carolina Capital Facilities Finance Agency, Refunding RB:		
Duke University Project, Series A, 5.00%, 10/01/41	18,897	19,653,685
Wake Forest University, 5.00%, 1/01/38	3,120	3,299,618
		22,953,303
Ohio 4.6%		
State of Ohio, Refunding RB, Cleveland Clinic Health, Series A, 5.50%, 1/01/39	27,900	29,149,083
South Carolina 2.8%		
Charleston Educational Excellence Finance Corp., RB, Charleston County School (AGC):		
5.25%, 12/01/28	7,795	8,096,199
5.25%, 12/01/29	6,920	7,156,318
5.25%, 12/01/30	2,510	2,588,211
		17,840,728
Tennessee 1.8%		
Shelby County Health Educational & Housing Facilities Board, Refunding RB, St. Jude s Children s Research Hospital, 5.00%, 7/01/31	11,240	11,624,745
Virginia 8.9%		
Fairfax County IDA Virginia, Refunding RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35	6,266	6,636,174
University of Virginia, Refunding RB, General, 5.00%, 6/01/40	10,620	11,241,801

Virginia HDA, RB, Sub-Series H-1 (NPFGC):		
5.35%, 7/01/31	6,720	6,781,623
5.38%, 7/01/36	30,930	31,166,305
		55,825,903
Washington 0.9%		
Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/32	5,384	5,665,767
Wisconsin 1.9%		
Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health Inc., 5.25%, 4/01/39	11,457	11,735,613
Total Municipal Bonds Transferred to Tender Option Bond Trusts 36.5%		230,087,408
Total Long-Term Investments (Cost $984,417,546) 158.4%		999,020,470

Short-Term Securities	Shares	Value
FFI Institutional Tax-Exempt Fund, 0.25% (g)(h)	2,366,896	$ 2,366,896
Total Short-Term Securities (Cost $2,366,896) 0.4%		2,366,896
Total Investments (Cost $986,784,442*) 158.8%		1,001,387,366
Liabilities in Excess of Other Assets (0.6)%		(3,924,446)
Liability for Trust Certificates, Including Interest Expense and Fees Payable (18.3)%		(115,364,457)
Preferred Shares, at Redemption Value (39.9)%		(251,490,542)
Net Assets Applicable to Common Shares 100.0%		$ 630,607,921

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2010, as computed for federal income tax purposes, were as follows:

Aggregate cost	$ 869,325,400
Gross unrealized appreciation	$ 37,909,609
Gross unrealized depreciation	(21,116,266)
Net unrealized appreciation	$ 16,793,343

(a)

US government securities, held in escrow, are used to pay interest on this security as well as to retire the bond in full at the date indicated, typically at a premium to par.

(b) When-issued security. Unsettled when-issued transactions were as follows:

Counterparty	Value	Unrealized Appreciation
Goldman Sachs Bank USA	$ 7,659,336	$ 44,234

(c) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(d) Issuer filed for bankruptcy and/or is in default of interest payments.

(e) Non-income producing security.

(f) 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.

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

Affiliate	Shares Held at April 30, 2009	Net Activity	Shares Held at April 30, 2010	Income
FFI Institutional Tax-Exempt Fund	2,105,032	261,864	2,366,896	$ 19,781

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

See Notes to Financial Statements.

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

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

Level 2 other observable inputs (including,but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund s own assumptions used in determining the fair value of investments)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund s policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of April 30, 2010 in determining the fair valuation of the Fund s investments:

	Investments in Securities			
Valuation Inputs	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Long-Term Investments[1]		$ 999,020,470		$ 999,020,470
Short-Term Securities	$ 2,366,896			2,366,896
Total	$ 2,366,896	$ 999,020,470		$ 1,001,387,366

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

See Notes to Financial Statements.

Schedule of Investments April 30, 2010

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

Municipal Bonds	Par (000)	Value
Alabama 2.2%		
County of Jefferson Alabama, RB, Series A, 4.75%, 1/01/25	$ 3,000	$ 2,372,400
University of Alabama, RB, Series A (NPFGC), 5.00%, 7/01/34	7,125	7,346,017
		9,718,417
Alaska 1.0%		
Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC), 6.00%, 9/01/32	3,925	4,423,750
Arizona 0.6%		
State of Arizona, COP, Department of Administration, Series A (AGM):		
5.00%, 10/01/27	1,850	1,896,028
5.25%, 10/01/28	800	830,064
		2,726,092
California 19.2%		
Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.52%, 10/01/25 (a)	4,150	3,327,594
Arcadia Unified School District California, GO, CAB, Election 2006, Series A (AGM), 4.96%, 8/01/39 (b)	2,200	360,558
Cabrillo Community College District California, GO, CAB, Election 2004, Series B (NPFGC) (b):		
5.18%, 8/01/37	3,250	567,677
4.87%, 8/01/38	7,405	1,211,236
California Health Facilities Financing Authority, Refunding RB, St. Joseph Health System, Series A, 5.75%, 7/01/39	775	805,713
California State University, RB, Systemwide, Series A (NPFGC), 5.00%, 11/01/35	2,400	2,413,944
Carlsbad Unified School District, GO, Election, Series B, 6.09%, 5/01/34 (a)	5,000	2,986,600
Chino Valley Unified School District, GO, Election 2002, Series C (NPFGC), 5.25%, 8/01/30	1,200	1,220,256
City of San Jose California, Refunding RB, Series A, AMT (AMBAC), 5.50%, 3/01/32	5,100	5,151,612
Coast Community College District California, GO, Refunding, CAB, Election 2002, Series C (AGM), 5.52%, 8/01/31 (a)	2,800	2,287,124
El Monte Union High School District California, GO, Election 2002, Series C (AGM), 5.25%, 6/01/28	6,110	6,434,441

Fresno Unified School District California, GO, Election 2001, Series E (AGM), 5.00%, 8/01/30		1,230		1,255,043
Golden State Tobacco Securitization Corp. California, RB, Enhanced Asset-Backed, Series B (Syncora), 5.50%, 6/01/13 (c)		10,000		11,290,000
Hartnell Community College District California, GO, CAB, Election of 2002, Series D, 7.35%, 8/01/34 (b)		4,125		2,061,056
Los Angeles Municipal Improvement Corp., RB, Series B1 (NPFGC), 4.75%, 8/01/37		3,210		3,018,331
Metropolitan Water District of Southern California, RB, Series B-1 (NPFGC):				
5.00%, 10/01/29		4,000		4,125,240
5.00%, 10/01/36		2,275		2,323,617
Mount Diablo Unified School District California, GO, Election of 2002 (NPFGC), 5.00%, 7/01/27		2,000		2,012,080

Municipal Bonds		**Par (000)**		**Value**
California (concluded)				
Orange County Sanitation District, COP:				
(NPFGC), 5.00%, 2/01/33	$	2,750	$	2,795,980
Series B (AGM), 5.00%, 2/01/30		3,500		3,677,625
Series B (AGM), 5.00%, 2/01/31		1,200		1,258,020
Port of Oakland, RB, Series K, AMT (NPFGC), 5.75%, 11/01/29		2,405		2,404,856
Poway Redevelopment Agency California, Tax Allocation Bonds, Refunding, Paguay Redevelopment Project (AMBAC), 5.13%, 6/15/33		2,000		1,798,640
Sacramento Unified School District California, GO, Election of 2002 (NPFGC), 5.00%, 7/01/30		2,500		2,543,075
San Bernardino Community College District California, GO, CAB, Election, Series B, 6.52%, 8/01/34 (a)		10,000		5,902,700
San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/38		3,000		3,085,650
San Jose Unified School District Santa Clara County California, GO, Election 2002, Series B (NPFGC), 5.00%, 8/01/29		2,825		2,900,880
San Mateo County Community College District, GO, Election of 2001, Series A (NPFGC), 5.00%, 9/01/26		2,725		2,798,493
State of California, GO:				
5.13%, 6/01/27		30		30,101
5.50%, 4/01/28		5		5,143
Ventura County Community College District, GO, Election 2002, Series B (NPFGC), 5.00%, 8/01/30		3,150		3,227,175
				85,280,460
Colorado 1.1%				
Colorado Health Facilities Authority, RB, Covenant Retirement Communities, Series A (Radian):				
5.50%, 12/01/27		1,600		1,472,960
5.50%, 12/01/33		900		807,048
E-470 Public Highway Authority Colorado, Refunding RB, CAB, Series B (NPFGC), 5.51%, 9/01/29 (b)		9,000		2,530,800
				4,810,808

Florida 7.5%		
City of Tallahassee Florida, RB (NPFGC), 5.00%, 10/01/32	2,700	2,753,541
County of Duval Florida, COP, Master Lease Program (AGM), 5.00%, 7/01/33	4,050	4,061,826
County of Miami-Dade Florida, GO, Building Better Communities Program, Series B, 6.38%, 7/01/28	3,300	3,766,059
County of Miami-Dade Florida, RB, Water & Sewer System (AGM), 5.00%, 10/01/39	4,000	4,097,801
County of Miami-Dade Florida, Refunding RB, AMT, Miami International Airport:		
(AGC), 5.00%, 10/01/40	8,200	7,806,236
Series A (CIFG), 5.00%, 10/01/38	2,900	2,677,019
County of Orange Florida, Refunding RB, Series B (NPFGC), 5.13%, 1/01/32	2,200	2,221,406
Florida State Department of Environmental Protection, RB, Series B (NPFGC), 5.00%, 7/01/27	2,545	2,618,754
Sarasota County Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39	375	388,691
South Florida Water Management District, COP (AGC), 5.00%, 10/01/22	2,700	2,884,059
		33,275,392

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Municipal Bonds	Par (000)	Value
Georgia 0.9%		
Augusta-Richmond County Georgia, RB (AGM), 5.25%, 10/01/39	$ 2,820	$ 2,932,433
Gwinnett County Hospital Authority, Refunding RB, Gwinnett Hospital System, Series D (AGM), 5.50%, 7/01/41	1,125	1,143,540
		4,075,973
Illinois 21.5%		
Chicago Board of Education Illinois, GO, Refunding, Chicago School Reform Board, Series A (NPFGC), 5.50%, 12/01/26	2,000	2,241,740
City of Chicago Illinois, ARB, General, 3rd Lien, Series B-2, AMT:		
(AGM), 5.75%, 1/01/23	3,400	3,530,390
(AGM), 5.75%, 1/01/24	4,000	4,137,040
(Syncora), 6.00%, 1/01/29	3,300	3,431,538
City of Chicago Illinois, GO, CAB, City Colleges (NPFGC), 5.89%, 1/01/31 (b)	13,000	4,382,820
City of Chicago Illinois, RB, Series A (AGC), 5.00%, 1/01/38	4,000	4,084,000
City of Chicago Illinois, Refunding ARB, General, Third Lien, Series A-2, AMT (AGM), 5.75%, 1/01/21	2,665	2,783,673
City of Chicago Illinois, Refunding RB, General Airport, Third Lien, Series A, AMT (NPFGC):		
5.75%, 1/01/21	13,665	14,031,085
5.50%, 1/01/22	5,000	5,101,000
5.38%, 1/01/32	12,500	12,318,125
County of Cook Illinois, GO, Capital Improvement, Series C (AMBAC), 5.50%, 11/15/12 (c)	5,080	5,661,101
Illinois Sports Facilities Authority, RB, State Tax Supported (AMBAC), 5.55%, 6/15/30 (a)	28,525	28,819,093
Regional Transportation Authority, RB, Series B (NPFGC), 5.75%, 6/01/33	3,200	3,551,424
State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34	1,700	1,771,196
		95,844,225
Indiana 2.4%		
Indiana Municipal Power Agency, RB:		
Series A (NPFGC), 5.00%, 1/01/37	2,750	2,765,290
Series B, 5.75%, 1/01/34	550	580,816
Indianapolis Local Public Improvement Bond Bank, Refunding RB, Airport Authority Project, Series B, AMT (NPFGC):		

5.25%, 1/01/28	2,370	2,377,892
5.25%, 1/01/30	5,055	5,042,312
		10,766,310
Iowa 1.8%		
Iowa Finance Authority, RB, Series A (AGC), 5.63%, 8/15/37	7,700	8,218,672
Louisiana 0.7%		
Louisiana Public Facilities Authority, Refunding RB, Christus Health, Series B (AGC), 6.50%, 7/01/30	1,800	2,022,930
Louisiana State Transportation Authority, RB, CAB, Senior Lien, Louisiana 1 Project, Series B (AMBAC), 5.31%, 12/01/27 (b)	1,335	531,837

Municipal Bonds	Par (000)	Value
Louisiana (concluded)		
Rapides Finance Authority Louisiana, RB, Cleco Power LLC Project, AMT (AMBAC), 4.70%, 11/01/36	$ 800	$ 692,272
		3,247,039
Maryland 0.3%		
Maryland Community Development Administration, Refunding RB, Residential, Series A, AMT, 5.75%, 9/01/39	1,210	1,258,255
Massachusetts 1.8%		
Massachusetts HFA, RB, AMT (AGM):		
Rental Mortgage, Series C, 5.60%, 1/01/45	4,000	4,030,480
S/F Housing, Series 128, 4.80%, 12/01/27	2,200	2,151,358
Massachusetts Water Resources Authority, Refunding RB, General, Series A (NPFGC), 5.00%, 8/01/34	1,800	1,870,848
		8,052,686
Michigan 7.0%		
City of Detroit Michigan, RB, System, Second Lien, Series B (NPFGC), 5.00%, 7/01/36	3,650	3,551,085
City of Detroit Michigan, Refunding RB, Second Lien, Series E (BHAC), 5.75%, 7/01/31	8,300	8,798,332
Michigan Higher Education Student Loan Authority, Refunding RB, Student Loan, Series XVII-G, AMT (AMBAC), 5.20%, 9/01/20	2,140	2,151,513
Michigan Strategic Fund, RB, Detroit Edison Co. Project, Series C, AMT (Syncora), 5.45%, 12/15/32	5,800	5,517,540
Michigan Strategic Fund, Refunding RB, AMT (Syncora):		
Detroit Edison Co., Pollution, Series C, 5.65%, 9/01/29	1,935	1,932,581
Detroit Edison Co. Project, Series A, 5.50%, 6/01/30	1,700	1,632,068
Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39	3,510	4,142,959

State of Michigan, RB, GAN (AGM), 5.25%, 9/15/26	3,350	3,521,051
		31,247,129
Minnesota 0.7%		
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38	2,700	3,028,536
Nevada 8.8%		
City of Carson City Nevada, RB, Carson-Tahoe Hospital Project, Series A (Radian), 5.50%, 9/01/33	4,100	3,781,225
City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34	1,150	1,270,198
County of Clark Nevada, RB:		
Southwest Gas Corp. Project, Series A, AMT (FGIC), 4.75%, 9/01/36	45	37,288
Southwest Gas Corp. Project, Series D, AMT (NPFGC), 5.25%, 3/01/38	12,000	10,860,240
Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/30	2,000	2,004,340
Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/36	19,100	18,988,265
Las Vegas Valley Water District, GO, Refunding, Series A (NPFGC), 5.00%, 6/01/24	2,050	2,143,439
		39,084,995

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Municipal Bonds	Par (000)	Value
New Jersey 7.3%		
New Jersey EDA, RB:		
Cigarette Tax (Radian), 5.75%, 6/15/29	$ 710	$ 697,035
Cigarette Tax (Radian), 5.50%, 6/15/31	1,285	1,217,358
Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/31	20,065	20,318,020
School Facilities Construction, Series O, 5.13%, 3/01/30	7,500	7,721,700
New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series A (NPFGC), 5.75%, 6/15/25	2,200	2,546,588
		32,500,701
New York 2.3%		
City of New York New York, GO, Series B (NPFGC), 5.88%, 8/01/10 (c)	10,000	10,241,400
Ohio 0.4%		
Ohio Higher Educational Facility Commission, Refunding RB, Summa Health System, 2010 Project (AGC), 5.25%, 11/15/40 (d)	1,700	1,664,742
Pennsylvania 1.5%		
Pennsylvania HFA, Refunding RB, AMT:		
S/F, Series 73A, 5.45%, 10/01/32	2,120	2,130,812
Series 99A, 5.25%, 10/01/32	2,000	2,019,420
Pennsylvania Turnpike Commission, RB, CAB, Sub-Series E, 6.47%, 12/01/38 (a)	4,100	2,751,469
		6,901,701
Puerto Rico 2.2%		
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.38%, 8/01/39	4,700	5,277,301
Puerto Rico Sales Tax Financing Corp., Refunding RB, CAB, Series A (NPFGC), 5.74%, 8/01/41 (b)	28,000	4,422,600
		9,699,901
Texas 15.0%		
Bell County Health Facility Development Corp. Texas, RB, Lutheran General Health Care System, 6.50%, 7/01/19 (e)	1,000	1,238,890
City of Houston Texas, Refunding RB, Combined, First Lien, Series A (AGC), 6.00%, 11/15/35	2,850	3,269,520

Dallas-Fort Worth International Airport Facilities Improvement Corp., Refunding RB, Joint Series A, AMT (NPFGC):		
5.88%, 11/01/17	1,835	1,902,656
5.88%, 11/01/18	2,145	2,218,338
5.88%, 11/01/19	2,385	2,461,749
Gregg County Health Facilities Development Corp. Texas, RB, Good Shepherd Medical Center Project (Radian) (c):		
6.38%, 10/01/10	2,600	2,686,918
6.88%, 10/01/10	3,000	3,106,500
Harris County-Houston Sports Authority, Refunding RB, Senior Lien, Series G (NPFGC), 5.75%, 11/15/20	3,900	3,958,149
Lewisville ISD Texas, GO, Refunding, CAB, School Building (NPFGC), 4.67%, 8/15/24 (b)	6,150	3,041,421
Lone Star College System, GO, 5.00%, 8/15/33	4,800	5,018,352
Mansfield ISD Texas, GO, School Building (PSF-GTD), 5.00%, 2/15/33	2,300	2,422,889
North Harris County Regional Water Authority, RB, Senior Lien (NPFGC), 5.13%, 12/15/35	1,610	1,640,735

Municipal Bonds	**Par (000)**	**Value**
Texas (concluded)		
North Texas Tollway Authority, Refunding RB, First Tier:		
CAB, System (AGC), 5.73%, 1/01/31 (b)	$ 10,000	$ 3,123,300
Series A, 6.00%, 1/01/28	3,380	3,684,639
System (NPFGC), 5.75%, 1/01/40	12,300	12,872,811
Texas State Turnpike Authority, RB, First Tier, Series A (AMBAC):		
5.75%, 8/15/38	7,200	7,304,040
5.00%, 8/15/42	7,000	6,718,180
		66,669,087
Utah 3.9%		
City of Salt Lake City Utah, Refunding RB, IHC Hospitals Inc. (NPFGC), 6.30%, 2/15/15 (e)	15,000	17,391,150
Vermont 0.4%		
Vermont HFA, Refunding RB, Multiple Purpose, Series C, AMT (AGM), 5.50%, 11/01/38	1,800	1,836,648
Washington 1.8%		
City of Tacoma Washington, RB (NPFGC), 5.00%, 12/01/32	5,100	5,170,125
Port of Tacoma Washington, RB, Series A (AMBAC), 5.25%, 12/01/34 (c)	2,400	2,790,456
		7,960,581
Wisconsin 0.8%		
Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit Group, 5.00%, 11/15/33	1,850	1,885,113
Wisconsin Housing & EDA, Refunding RB, Series C, AMT, 4.88%, 3/01/36	1,780	1,683,649

		3,568,762
Total Municipal Bonds 113.1%		503,493,412

Municipal Bonds Transferred to Tender Option Bond Trusts (f)		
California 9.8%		
Anaheim Public Financing Authority California, RB, Electric System Distribution Facilities, Series A (AGM), 5.00%, 10/01/31	1,244	1,251,335
Golden State Tobacco Securitization Corp., RB, Enhanced Asset-Backed, Series B (CIFG), 5.63%, 6/01/13 (c)	14,160	16,040,165
Los Angeles Community College District California, GO, Series A:		
2001 Election (NPFGC), 5.00%, 8/01/32	6,120	6,257,700
2008 Election, 6.00%, 8/01/33	2,639	2,958,956
San Diego Community College District California, GO, Election 2002, 5.25%, 8/01/33	508	534,001
San Diego County Water Authority, COP, Refunding:		
Series 2008-A (AGM), 5.00%, 5/01/33	5,170	5,331,614
Series A (NPFGC), 5.00%, 5/01/32	9,003	9,120,686
Tamalpais Union High School District California, GO, Election 2001 (AGM), 5.00%, 8/01/28	1,950	2,005,984
		43,500,441

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Municipal Bonds Transferred to Tender Option Bond Trusts (f)	Par (000)	Value
Colorado 0.3%		
Colorado Health Facilities Authority, Refunding RB, Catholic Healthcare, Series A, 5.50%, 7/01/34	$ 1,220	$ 1,293,486
District of Columbia 0.3%		
District of Columbia, RB, Series A, 5.50%, 12/01/30	1,320	1,481,911
Florida 9.2%		
City of Tallahassee Florida, RB (NPFGC), 5.00%, 10/01/37	6,000	6,070,200
County of Miami-Dade Florida, RB, Water & Sewer System (AGM), 5.00%, 10/01/39	8,728	8,941,545
County of Seminole Florida, Refunding RB, Series B (NPFGC), 5.25%, 10/01/31	6,300	6,935,796
Florida State Board of Education, GO, Series D, 5.00%, 6/01/37	2,399	2,502,564
Jacksonville Electric Authority Florida, RB, Sub-Series A, 5.63%, 10/01/32	4,310	4,659,670
Miami-Dade County School Board, COP, Refunding, Series B (AGC), 5.25%, 5/01/27	11,350	11,725,799
		40,835,574
Georgia 3.4%		
Augusta-Richmond County Georgia, RB (AGM), 5.25%, 10/01/34	5,000	5,215,700
City of Atlanta Georgia, RB, General, Subordinate Lien, Series C (AGM), 5.00%, 1/01/33	10,000	10,096,700
		15,312,400
Hawaii 1.4%		
Honolulu City & County Board of Water Supply, RB, Series A (NPFGC), 5.00%, 7/01/33	6,000	6,130,800
Illinois 3.9%		
City of Chicago Illinois, Refunding RB, Second Lien (AGM), 5.25%, 11/01/33	14,429	15,270,009
Illinois State Toll Highway Authority, RB, Series B, 5.50%, 1/01/33	2,000	2,172,593
		17,442,602
Massachusetts 3.9%		
Massachusetts School Building Authority, RB, Series A (AGM), 5.00%, 8/15/30	16,500	17,278,542

Nevada 1.8%		
City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/39	5,007	5,488,235
Clark County Water Reclamation District, GO, Series B, 5.75%, 7/01/34	2,429	2,693,676
		8,181,911
New Hampshire 2.3%		
New Hampshire Health & Education Facilities Authority, RB, Dartmouth-Hitchcock Obligation (AGM), 5.50%, 8/01/27	10,000	10,197,000

Municipal Bonds Transferred to Tender Option Bond Trusts (f)	**Par (000)**	**Value**
New York 5.4%		
Erie County Industrial Development Agency, RB, City School District of Buffalo Project, Series A (AGM), 5.75%, 5/01/28	$ 2,007	$ 2,185,918
New York City Municipal Water Finance Authority, RB, Fiscal 2009, Series A, 5.75%, 6/15/40	3,509	3,970,472
New York State Dormitory Authority, ERB, Series B, 5.75%, 3/15/36	1,545	1,751,412
New York State Thruway Authority, RB, Series G (AGM), 5.00%, 1/01/32	14,200	14,576,016
Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34	1,500	1,613,160
		24,096,978
Ohio 0.2%		
State of Ohio, RB, Cleveland Clinic Health, Series B, 5.50%, 1/01/34	780	822,253
South Carolina 1.2%		
South Carolina State Public Service Authority, RB, Santee Cooper, Series A, 5.50%, 1/01/38	4,695	5,113,043
Texas 2.6%		
Clear Creek ISD Texas, GO, Refunding, School Building (PSF-GTD), 5.00%, 2/15/33	5,900	6,372,856
Cypress-Fairbanks ISD, GO, Refunding, Schoolhouse (PSF-GTD), 5.00%, 2/15/32	4,750	5,015,335
		11,388,191
Virginia 0.8%		
Fairfax County IDA Virginia, Refunding RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35	450	476,280
Virginia HDA, RB, Sub-Series H-1 (NPFGC), 5.35%, 7/01/31	3,195	3,224,298
		3,700,578
Washington 0.6%		

Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/32	2,504	2,635,607
Total Municipal Bonds Transferred to Tender Option Bond Trusts 47.1%		209,411,317
Total Long-Term Investments (Cost $697,903,349) 160.2%		712,904,729

Short-Term Securities	**Shares**	
FFI Institutional Tax-Exempt Fund, 0.25% (g)(h)	8,066,496	8,066,496
Total Short-Term Securities (Cost $8,066,496) 1.8%		8,066,496
Total Investments (Cost $705,969,845*) 162.0%		720,971,225
Other Assets Less Liabilities 1.3%		5,690,699
Liability for Trust Certificates, Including Interest Expense and Fees Payable (23.6)%		(104,848,767)
Preferred Shares, at Redemption Value (39.7)%		(176,652,927)
Net Assets Applicable to Common Shares 100.0%		$ 445,160,230

See Notes to Financial Statements.

Schedule of Investments (concluded) **BlackRock MuniYield Quality Fund, Inc. (MQY)**

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2010, as computed for federal income tax purposes, were as follows:

Aggregate cost	$ 601,505,958
Gross unrealized appreciation	$ 23,840,449
Gross unrealized depreciation	(9,116,555)
Net unrealized appreciation	$ 14,723,894

(a) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown reflects the current yield.

(b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(c) US 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.

(d) When-issued security. Unsettled when-issued transactions were as follows:

Counterparty	Value	Unrealized Appreciation
JPMorgan Securities	$ 1,664,742	$ 7,650

(e) Security is collateralized by Municipal or US Treasury obligations.

(f) 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.

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

Affiliate	Shares Held at April 30, 2009	Net Activity	Shares Held at April 30, 2010	Income
FFI Institutional Tax-Exempt Fund	10,909,154	(2,842,658)	8,066,496	$ 26,271

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

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

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

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund s own assumptions used in determining the fair value of investments)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund s policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of April 30, 2010 in determining the fair valuation of the Fund s investments:

	Investments in Securities			
Valuation Inputs	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Long-Term Investments[1]		$ 712,904,729		$ 712,904,729
Short-Term Securities	$ 8,066,496			8,066,496
Total	$ 8,066,496	$ 712,904,729		$ 720,971,225

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

See Notes to Financial Statements.

Schedule of Investments April 30, 2010

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

Municipal Bonds		Par (000)		Value
Alabama 0.8%				
Birmingham Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39	$	650	$	705,666
County of Jefferson Alabama, RB, Series A, 4.75%, 1/01/25		2,000		1,581,600
				2,287,266
Arizona 1.2%				
State of Arizona, COP, Department of Administration, Series A (AGM):				
5.00%, 10/01/27		2,300		2,357,224
5.00%, 10/01/29		925		937,450
				3,294,674
California 20.1%				
Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.47%, 10/01/25 (a)		7,150		5,733,085
Antelope Valley Community College District, GO, Election 2004, Series B (NPFGC), 5.25%, 8/01/39		550		565,983
Arcadia Unified School District California, GO, CAB, Election 2006, Series A (AGM), 4.96%, 8/01/39 (b)		1,400		229,446
Cabrillo Community College District California, GO, CAB, Election 2004, Series B (NPFGC) (b):				
5.18%, 8/01/37		2,100		366,807
4.87%, 8/01/38		4,800		785,136
California Health Facilities Financing Authority, RB, Kaiser Permanente, Series A (AGM), 5.50%, 6/01/22 (c)		5,000		5,005,800
California Health Facilities Financing Authority, Refunding RB, St. Joseph Health System, Series A, 5.75%, 7/01/39		500		519,815
Coast Community College District California, GO, Refunding, CAB, Election 2002, Series C (AGM), 5.52%, 8/01/31 (a)		1,800		1,470,294
East Side Union High School District, GO (AGM), 4.91%, 8/01/29 (b)		15,000		4,711,800
El Monte Union High School District California, GO, Election 2002, Series C (AGM), 5.25%, 6/01/28		4,000		4,212,400
Fairfield-Suisun Unified School District California, GO, Election 2002 (NPFGC), 5.50%, 8/01/28		2,770		2,920,660
Fresno Unified School District California, GO, Election 2001, Series E (AGM), 5.00%, 8/01/30		800		816,288
		2,815		2,875,072

John Swett Unified School District, GO, Series A (AGM), 5.50%, 8/01/26		
Metropolitan Water District of Southern California, RB, Series B-1 (NPFGC):		
5.00%, 10/01/29	2,600	2,681,406
5.00%, 10/01/36	1,475	1,506,521
Monterey Peninsula Community College District, GO, CAB, Series C (AGM), 5.08%, 8/01/28 (b)	11,975	4,108,862
Orange County Sanitation District, COP (NPFGC), 5.00%, 2/01/33	2,300	2,338,456
Palm Springs Financing Authority, Refunding RB, Convention Center Project, Series A (NPFGC), 5.50%, 11/01/29	2,900	3,004,052
Port of Oakland, RB, Series K, AMT (NPFGC), 5.75%, 11/01/29	2,000	1,999,880

Municipal Bonds	**Par (000)**	**Value**
California (concluded)		
Poway Redevelopment Agency California, Tax Allocation Bonds, Refunding, Paguay Redevelopment Project (AMBAC), 5.13%, 6/15/33	$ 1,250	$ 1,124,150
Sacramento Municipal Utility District, RB, Series N (NPFGC), 5.00%, 8/15/28	4,300	4,322,102
Sacramento Unified School District California, GO, Election of 2002 (NPFGC), 5.00%, 7/01/30	1,600	1,627,568
San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/38	2,015	2,072,528
State of California, GO, 5.13%, 6/01/27	20	20,067
Ventura County Community College District, GO, Election 2002, Series B (NPFGC), 5.00%, 8/01/30	2,025	2,074,613
		57,092,791
Colorado 1.2%		
Colorado Health Facilities Authority, RB, Covenant Retirement Communities, Series A (Radian):		
5.50%, 12/01/27	1,200	1,104,720
5.50%, 12/01/33	675	605,286
E-470 Public Highway Authority Colorado, Refunding RB, CAB, Series B (NPFGC), 5.62%, 9/01/32 (b)	7,500	1,702,500
		3,412,506
Florida 13.0%		
Broward County School Board Florida, COP, Series A (AGM), 5.25%, 7/01/33	1,400	1,444,926
County of Duval Florida, COP, Master Lease Program (AGM), 5.00%, 7/01/33	2,600	2,607,592
County of Miami-Dade Florida, RB:		
Jackson Health System (AGC), 5.63%, 6/01/34	2,000	2,094,760
Water & Sewer System (AGM), 5.00%, 10/01/39	6,900	7,068,705
County of Miami-Dade Florida, Refunding RB, Miami International Airport, AMT (AGC), 5.00%, 10/01/40	12,550	11,947,349
County of Orange Florida, Refunding RB, Series B (NPFGC), 5.13%, 1/01/32	1,575	1,590,325
Hillsborough County Aviation Authority Florida, RB, Series A, AMT (AGC), 5.38%, 10/01/33	3,250	3,272,815
	1,625	1,678,560

Miami-Dade County School Board, COP, Refunding, Series B (AGC), 5.25%, 5/01/31		
Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34	2,850	3,036,874
Sarasota County Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39	250	259,128
South Florida Water Management District, COP (AGC), 5.00%, 10/01/22	1,800	1,922,706
		36,923,740
Georgia 0.9%		
Augusta-Richmond County Georgia, RB (AGM), 5.25%, 10/01/39	1,880	1,954,956
Gwinnett County Hospital Authority, Refunding RB, Gwinnett Hospital System, Series D (AGM), 5.50%, 7/01/41	730	742,030
		2,696,986

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Municipal Bonds	Par (000)	Value
Illinois 21.9%		
Chicago Board of Education Illinois, GO, Refunding, Chicago School Reform Board, Series A (NPFGC), 5.50%, 12/01/26	$ 2,500	$ 2,802,175
City of Chicago Illinois, ARB, General, 3rd Lien, Series B-2, AMT:		
(AGM), 5.75%, 1/01/23	5,200	5,399,420
(Syncora), 6.00%, 1/01/29	2,200	2,287,692
City of Chicago Illinois, GO, CAB, City Colleges (NPFGC), 5.89%, 1/01/31 (b)	8,370	2,821,862
City of Chicago Illinois, GO, Refunding, Series A (AGM), 5.00%, 1/01/25	5,000	5,290,100
City of Chicago Illinois, RB, Series A (AGC), 5.00%, 1/01/38	4,000	4,084,000
City of Chicago Illinois, Refunding RB, General Airport, Third Lien, Series A, AMT (NPFGC), 5.50%, 1/01/22	9,150	9,334,830
County of Cook Illinois, GO, Capital Improvement, Series C (AMBAC), 5.50%, 11/15/12 (d)	2,460	2,741,400
Illinois Finance Authority, Refunding RB, Central DuPage Health, Series B, 5.50%, 11/01/39	2,070	2,150,709
Illinois Sports Facilities Authority, RB, State Tax Supported (AMBAC), 5.56%, 6/15/30 (a)	21,675	21,898,469
Regional Transportation Authority, RB, Series B (NPFGC), 5.75%, 6/01/33	2,000	2,219,640
State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34	1,125	1,172,115
		62,202,412
Iowa 1.8%		
Iowa Finance Authority, RB, Series A (AGC), 5.63%, 8/15/37	4,925	5,256,748
Indiana 0.1%		
Indiana Municipal Power Agency, RB, Indiana Municipal Power Agency, Series B, 5.75%, 1/01/34	350	369,611
Kentucky 0.8%		
Kentucky State Property & Buildings Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/29	2,000	2,159,960
Louisiana 1.4%		
Jefferson Parish Home Mortgage Authority, RB, Series B-1, AMT (NPFGC), 6.65%, 12/01/33	1,200	1,270,944
Louisiana Public Facilities Authority, Refunding RB, Christus Health, Series B (AGC), 6.50%, 7/01/30	1,150	1,292,427

Rapides Finance Authority Louisiana, RB, Cleco Power LLC Project, AMT (AMBAC), 4.70%, 11/01/36	1,650	1,427,811
		3,991,182
Maryland 0.4%		
Maryland Community Development Administration, Refunding RB, Residential, Series A, AMT, 5.75%, 9/01/39	1,040	1,081,475
Massachusetts 8.5%		
Massachusetts HFA, RB, AMT (AGM):		
Rental Mortgage, Series F, 5.25%, 1/01/46	19,800	19,766,736
S/F Housing, Series 128, 4.80%, 12/01/27	1,500	1,466,835
Massachusetts Water Resources Authority, Refunding RB, General, Series A (NPFGC), 5.00%, 8/01/34	2,700	2,806,272
		24,039,843

Municipal Bonds	Par (000)	Value
Michigan 5.7%		
City of Detroit Michigan, RB, Second Lien:		
Series B (AGM), 6.25%, 7/01/36	$ 350	$ 382,105
Series B (AGM), 7.00%, 7/01/36	200	230,386
System, Series A (BHAC), 5.50%, 7/01/36	4,500	4,636,890
System, Series B (NPFGC), 5.00%, 7/01/36	3,000	2,918,700
City of Detroit Michigan, Refunding RB, Second Lien, Series E (BHAC), 5.75%, 7/01/31	2,200	2,332,088
Michigan Higher Education Student Loan Authority, Refunding RB, Student Loan, Series XVII-G, AMT (AMBAC), 5.20%, 9/01/20	1,000	1,005,380
Michigan Strategic Fund, RB, Detroit Edison Co. Project, Series C, AMT (Syncora), 5.45%, 12/15/32	3,900	3,710,070
Michigan Strategic Fund, Refunding RB, Detroit Edison Co. Project, Series A, AMT (Syncora), 5.50%, 6/01/30	1,000	960,040
		16,175,659
Minnesota 0.7%		
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38	1,800	2,019,028
Nevada 4.0%		
City of Carson City Nevada, RB, Carson-Tahoe Hospital Project, Series A (Radian), 5.50%, 9/01/33	2,800	2,582,300
County of Clark Nevada, RB:		
Las Vegas-McCarran International Airport, Series A (AGC), 5.25%, 7/01/39	1,700	1,730,838
Southwest Gas Corp. Project, Series A, AMT (FGIC), 4.75%, 9/01/36	40	33,145
Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/30	1,500	1,503,255
	2,700	2,684,205

Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/36		
System, Subordinate Lien, Series C (AGM), 5.00%, 7/01/26	1,275	1,316,578
Las Vegas Valley Water District, GO, Refunding, Series A (NPFGC), 5.00%, 6/01/24	1,350	1,411,533
		11,261,854
New Jersey 7.2%		
New Jersey EDA, RB:		
Cigarette Tax (Radian), 5.75%, 6/15/29	870	854,114
Cigarette Tax (Radian), 5.50%, 6/15/31	400	378,944
Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/33	8,200	8,346,698
School Facilities Construction, Series O, 5.13%, 3/01/28	2,750	2,856,122
School Facilities Construction, Series P, 5.13%, 9/01/28	4,000	4,157,080
New Jersey EDA, Refunding RB, School Facilities Construction, Series N-1 (AGM), 5.50%, 9/01/25	2,000	2,296,580
New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series A (NPFGC), 5.75%, 6/15/25	1,400	1,620,556
		20,510,094

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Municipal Bonds		Par (000)		Value
New Mexico 2.2%				
New Mexico State Transportation Commission, RB, Senior, Sub Lien Series A (AGM), 6.00%, 6/15/10 (d)	$	6,295	$	6,339,317
New York 1.8%				
New York State Dormitory Authority, RB, State University Educational Facilities (FGIC), 5.75%, 5/15/10 (d)		5,000		5,061,450
Ohio 2.7%				
New Albany Plain Local School District, GO, Refunding:				
(FGIC), 6.00%, 6/01/11 (d)		5,120		5,428,275
(NPFGC), 6.00%, 12/01/20		1,170		1,231,039
Ohio Higher Educational Facility Commission, Refunding RB, Summa Health System, 2010 Project (AGC), 5.25%, 11/15/40 (e)		1,100		1,077,186
				7,736,500
Pennsylvania 1.6%				
Pennsylvania HFA, Refunding RB, Series 99A, AMT, 5.25%, 10/01/32		1,340		1,353,011
Pennsylvania Turnpike Commission, RB, CAB, Sub-Series E, 6.47%, 12/01/38 (a)		2,600		1,744,834
Philadelphia School District, GO, Series E, 6.00%, 9/01/38		1,300		1,394,965
				4,492,810
Puerto Rico 1.7%				
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.38%, 8/01/39		3,000		3,368,490
Puerto Rico Sales Tax Financing Corp., Refunding RB, CAB, Series A (NPFGC), 5.76%, 8/01/41 (b)		10,000		1,579,500
				4,947,990
Texas 11.1%				
City of Corpus Christi Texas, Refunding RB, Series A (AGM), 6.00%, 7/15/10 (d)		2,000		2,023,840
Dallas-Fort Worth International Airport Facilities Improvement Corp., RB, Series A, AMT (NPFGC), 5.50%, 11/01/33		5,000		5,031,600
		3,915		1,936,124

Lewisville ISD Texas, GO, Refunding, CAB, School Building (NPFGC), 4.67%, 8/15/24 (b)				
Lone Star College System, GO, 5.00%, 8/15/33		3,000		3,136,470
Mansfield ISD Texas, GO, School Building (PSF-GTD), 5.00%, 2/15/33		1,065		1,121,903
Matagorda County Navigation District No. 1 Texas, Refunding RB, Central Power & Light Co. Project, AMT (NPFGC), 5.20%, 5/01/30		1,750		1,699,180
North Harris County Regional Water Authority, RB, Senior Lien (NPFGC), 5.13%, 12/15/35		1,645		1,676,403
North Texas Tollway Authority, RB, System, First Tier, Series K-1 (AGC), 5.75%, 1/01/38		3,400		3,679,242
North Texas Tollway Authority, Refunding RB:				
First Tier, Series A, 6.00%, 1/01/28		2,415		2,632,664
System, First Tier (NPFGC), 5.75%, 1/01/40		3,600		3,767,652
Texas State Turnpike Authority, RB, First Tier, Series A (AMBAC), 5.75%, 8/15/38		4,800		4,869,360
				31,574,438

Municipal Bonds		**Par (000)**		**Value**
Vermont 0.9%				
Vermont HFA, Refunding RB, Multiple Purpose, Series C, AMT (AGM), 5.50%, 11/01/38	$	2,440	$	2,489,678
Washington 4.0%				
Port of Seattle Washington, RB, Series B, AMT (NPFGC), 6.00%, 2/01/16		7,470		7,566,438
Port of Tacoma Washington, RB, Series A (AMBAC), 5.25%, 12/01/14 (d)		1,600		1,860,304
Washington Health Care Facilities Authority, Refunding RB, Providence Health, Series D (AGM), 5.25%, 10/01/33		2,000		2,073,500
				11,500,242
Wisconsin 0.4%				
Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit Group, 5.00%, 11/15/33		1,200		1,222,776
Total Municipal Bonds 116.1%				330,141,030

Municipal Bonds Transferred to Tender Option Bond Trusts (f)				
Arizona 0.4%				
Phoenix Civic Improvement Corp., RB, Junior Lien, Series A, 5.00%, 7/01/34		1,000		1,046,350

California 5.3%		
Anaheim Public Financing Authority California, RB, Electric System Distribution Facilities, Series A (AGM), 5.00%, 10/01/31	3,808	3,829,387
Los Angeles Community College District California, GO, Series A:		
Election 2001 (NPFGC), 5.00%, 8/01/32	4,330	4,427,425
Election 2008, 6.00%, 8/01/33	1,699	1,905,388
San Diego Community College District California, GO, Election 2002, 5.25%, 8/01/33	359	376,942
San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33	3,030	3,124,718
Tamalpais Union High School District California, GO, Election 2001 (AGM), 5.00%, 8/01/28	1,320	1,357,897
		15,021,757
Colorado 0.3%		
Colorado Health Facilities Authority, Refunding RB, Catholic Healthcare, Series A, 5.50%, 7/01/34	780	826,983
District of Columbia 1.0%		
District of Columbia, RB, Series A, 5.50%, 12/01/30	855	959,874
District of Columbia Water & Sewer Authority, RB, Series A, 6.00%, 10/01/35	1,580	1,780,144
		2,740,018
Florida 3.5%		
City of Tallahassee Florida, RB (NPFGC), 5.00%, 10/01/37	4,000	4,046,800
County of Seminole Florida, Refunding RB, Series B (NPFGC), 5.25%, 10/01/31	4,200	4,623,864
Florida State Board of Education, GO, Series D, 5.00%, 6/01/37	1,189	1,240,855
		9,911,519

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Municipal Bonds Transferred to Tender Option Bond Trusts (f)	Par (000)	Value
Georgia 7.1%		
City of Atlanta Georgia, RB, General (AGM):		
General, Series B, 5.25%, 1/01/33	$ 4,999	$ 5,120,580
General, Subordinate Lien, Series C, 5.00%, 1/01/33	15,000	15,145,050
		20,265,630
Hawaii 1.8%		
Honolulu City & County Board of Water Supply, RB, Series A (NPFGC), 5.00%, 7/01/33	5,000	5,109,000
Illinois 7.9%		
City of Chicago Illinois, Refunding RB, Second Lien (AGM), 5.25%, 11/01/33	2,549	2,697,847
Illinois State Toll Highway Authority, RB, Series B, 5.50%, 1/01/33	3,499	3,802,038
Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A (NPFGC), 5.00%, 12/15/28	3,500	3,549,280
Regional Transportation Authority, RB (NPFGC), 6.50%, 7/01/26	10,000	12,323,859
		22,373,024
Louisiana 1.7%		
State of Louisiana, RB, Series A (AGM), 5.00%, 5/01/36	4,600	4,719,830
Massachusetts 2.6%		
Massachusetts School Building Authority, RB, Series A (AGM), 5.00%, 8/15/30	7,195	7,534,395
Nevada 1.9%		
City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/39	3,298	3,615,005
Clark County Water Reclamation District, GO, Series B, 5.75%, 7/01/34	1,574	1,745,901
		5,360,906
New York 2.2%		
New York City Municipal Water Finance Authority, RB, Fiscal 2009, Series A, 5.75%, 6/15/40	1,050	1,187,748
New York State Dormitory Authority, ERB, Series B, 5.75%, 3/15/36	1,005	1,139,268

New York State Thruway Authority, RB, Series G (AGM), 5.00%, 1/01/32	2,700	2,771,496
Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34	1,200	1,290,528
		6,389,040
Ohio 0.2%		
State of Ohio, RB, Cleveland Clinic Health, Series B, 5.50%, 1/01/34	500	527,085
South Carolina 2.6%		
Charleston Educational Excellence Finance Corp., RB, Charleston County School (AGC):		
5.25%, 12/01/28	2,725	2,830,294
5.25%, 12/01/29	2,425	2,507,814
5.25%, 12/01/30	880	907,421
South Carolina State Public Service Authority, RB, Santee Cooper, Series A, 5.50%, 1/01/38	1,125	1,225,170
		7,470,699

Municipal Bonds Transferred to Tender Option Bond Trusts (f)	Par (000)	Value
Texas 4.1%		
Clear Creek ISD Texas, GO, Refunding, School Building (PSF-GTD), 5.00%, 2/15/33	$ 1,900	$ 2,052,275
Cypress-Fairbanks ISD, GO, Refunding, Schoolhouse (PSF-GTD), 5.00%, 2/15/32	5,250	5,543,265
Harris County Cultural Education Facilities Finance Corp., RB, Hospital, Texas Children s Hospital Project, 5.50%, 10/01/39	4,000	4,160,800
		11,756,340
Virginia 0.7%		
Fairfax County IDA Virginia, Refunding RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35	300	317,520
Virginia HDA, RB, Sub-Series H-1 (NPFGC), 5.35%, 7/01/31	1,590	1,604,581
		1,922,101
Wisconsin 0.4%		
Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health Inc., 5.25%, 4/01/39	1,250	1,280,062
Total Municipal Bonds Transferred to Tender Option Bond Trusts 43.7%		124,254,739
Total Long-Term Investments (Cost $448,862,121) 159.8%		454,395,769

Short-Term Securities	Shares	
FFI Institutional Tax-Exempt Fund, 0.25% (g)(h)	6,152,712	6,152,712
Total Short-Term Securities (Cost $6,152,712) 2.1%		6,152,712
Total Investments (Cost $455,014,833*) 161.9%		460,548,481
Other Assets Less Liabilities 1.3%		3,694,070
Liability for Trust Certificates, Including Interest Expense and Fees Payable (22.2)%		(63,252,727)
Preferred Shares, at Redemption Value (41.0)%		(116,594,518)
Net Assets Applicable to Common Shares 100.0%		$ 284,395,306

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2010, as computed for federal income tax purposes, were as follows:

Aggregate cost	$ 392,671,463
Gross unrealized appreciation	$ 12,561,899
Gross unrealized depreciation	(7,874,414)
Net unrealized appreciation	$ 4,687,485

(a) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown reflects the current yield.

(b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(c) Security is collateralized by Municipal or US Treasury obligations.

(d) US 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.

See Notes to Financial Statements.

Schedule of Investments (concluded) **BlackRock MuniYield Quality Fund II, Inc. (MQT)**

(e) When-issued security. Unsettled when-issued transactions were as follows:

Counterparty		Value		Unrealizeda Appreciation
JPMorgan Securities	$	1,077,186	$	4,950

(f) 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.

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

Affiliate	Shares Held at April 30, 2009	Net Activity	Shares Held at April 30, 2010		Income
FFI Institutional Tax-Exempt Fund	900,863	5,251,849	6,152,712	$	16,547

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

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

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

Level 2 other observable inputs (including,but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund s own assumptions used in determining the fair value of investments)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund s policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of April 30, 2010 in determining the fair valuation of the Fund s investments:

	Investments in Securities			
Valuation Inputs	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Long-Term Investments[1]		$ 454,395,769		$ 454,395,769
Short-Term Securities	$ 6,152,712			6,152,712
Total	$ 6,152,712	$ 454,395,769		$ 460,548,481

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

See Notes to Financial Statements.

Statements of Assets and Liabilities

April 30, 2010	BlackRock MuniYield Fund, Inc. (MYD)	BlackRock MuniYield Quality Fund, Inc. (MQY)	BlackRock MuniYield Quality Fund II, Inc. (MQT)
Assets			
Investments at value unaffiliated[1]	$ 999,020,470	$ 712,904,729	$ 454,395,769
Investments at value affiliated[2]	2,366,896	8,066,496	6,152,712
Interest receivable	16,973,869	9,852,852	6,350,275
Investments sold receivable	3,127,794	124,284	176,470
Income receivable affiliated	351	256	
Other assets	92,921	67,702	
Prepaid expenses	75,414	43,885	31,204
Total assets	1,021,657,715	731,060,204	467,106,430
Accrued Liabilities			
Bank overdraft	237,972	258	
Investments purchased payable	19,809,593	1,657,092	1,072,236
Income dividends payable Common Shares	3,478,416	2,266,682	1,498,584
Investment advisory fees payable	433,322	315,913	202,426
Interest expense and fees payable	95,834	107,394	63,194
Officer s and Directors fees payable	94,995	69,180	961
Other affiliates payable	6,095	4,463	2,868
Other accrued expenses payable	134,402	84,692	86,804
Total accrued liabilities	24,290,629	4,505,674	2,927,073
Other Liabilities			
Trust certificates[3]	115,268,623	104,741,373	63,189,533
Total Liabilities	139,559,252	109,247,047	66,116,606
Preferred Shares at Redemption Value			
$25,000 per share liquidation preference, plus unpaid dividends[4,5]	251,490,542	176,652,927	116,594,518
Net Assets Applicable to Common Shareholders	$ 630,607,921	$ 445,160,230	$ 284,395,306

Net Assets Applicable to Common Shareholders Consist of			
Paid-in capital[6]	$ 623,685,363	$ 426,303,816	$ 286,661,528
Undistributed net investment income	12,398,563	7,532,809	5,445,245
Accumulated net realized loss	(20,078,929)	(3,677,775)	(13,245,115)
Net unrealized appreciation/depreciation	14,602,924	15,001,380	5,533,648
Net Assets Applicable to Common Shareholders	$ 630,607,921	$ 445,160,230	$ 284,395,306
Net asset value per Common Share	$ 13.87	$ 14.63	$ 12.71
[1] Investments at cost unaffiliated	$ 984,417,546	$ 697,903,349	$ 448,862,121
[2] Investments at cost affiliated	$ 2,366,896	$ 8,066,496	$ 6,152,712
[3] Represents short-term floating rate certificates issued by tender option bond trusts.			
[4] Preferred Shares outstanding:			
Par value $0.05 per share	10,058	7,065	4,371
Par value $0.10 per share			292
[5] Preferred Shares authorized	13,720	10,000	6,400
[6] Common Shares outstanding, 200 million shares authorized, $0.10 par value	45,469,492	30,425,258	22,366,930

See Notes to Financial Statements.

Statements of Operations

Year Ended April 30, 2010	BlackRock MuniYield Fund, Inc. (MYD)	BlackRock MuniYield Quality Fund, Inc. (MQY)	BlackRock MuniYield Quality Fund II, Inc. (MQT)
Investment Income			
Interest	$ 54,133,528	$ 35,214,741	$ 22,934,158
Income affiliated	26,214	31,049	16,547
Total income	54,159,742	35,245,790	22,950,705
Expenses			
Investment advisory	4,737,525	3,535,699	2,267,315
Commissions for Preferred Shares	385,503	272,261	178,945
Accounting services	279,704	190,946	138,865
Officer and Directors	97,415	74,976	33,498
Professional	95,337	81,603	70,998
Transfer agent	84,420	52,215	49,937
Printing	49,134	50,951	20,899
Custodian	46,195	32,901	23,101
Registration	16,200	10,436	9,221
Miscellaneous	130,818	105,479	86,899
Total expenses excluding interest expense and fees	5,922,251	4,407,467	2,879,678
Interest expense and fees[1]	776,013	766,150	456,799
Total expenses	6,698,264	5,173,617	3,336,477
Less fees waived by advisor	(9,152)	(11,873)	(7,206)
Total expenses after fees waived	6,689,112	5,161,744	3,329,271
Net investment income	47,470,630	30,084,046	19,621,434
Realized and Unrealized Gain (Loss)			
Net realized gain (loss) from:			
Investments	(4,570,493)	(911,927)	(1,669,326)
Financial futures contracts	(807)	25,886	16,925
	(4,571,300)	(886,041)	(1,652,401)

Net change in unrealized appreciation/depreciation on investments	102,778,505	38,430,188	25,078,147
Total realized and unrealized gain	98,207,205	37,544,147	23,425,746
Dividends to Preferred Shareholders From			
Net investment income	(1,562,302)	(1,193,624)	(620,113)
Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations	$ 144,115,533	$ 66,434,569	$ 42,427,067

[1] Related to tender option bond trusts.

See Notes to Financial Statements.

Statements of Changes in Net Assets

BlackRock MuniYield Fund, Inc. (MYD)

Increase (Decrease) in Net Assets Applicable to Common Shareholders:	Year Ended April 30, 2010	Period November 1, 2008 to April 30, 2009	Year Ended October 31, 2008
Operations			
Net investment income	$ 47,470,630	$ 22,185,193	$ 46,456,245
Net realized loss	(4,571,300)	(3,920,385)	(6,301,395)
Net change in unrealized appreciation/depreciation	102,778,505	38,914,225	(157,567,039)
Dividends to Preferred Shareholders from net investment income	(1,562,302)	(1,788,996)	(12,071,923)
Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations	144,115,533	55,390,037	(129,484,112)
Dividends to Common Shareholders From			
Net investment income	(38,074,020)	(17,560,799)	(36,001,360)
Capital Share Transactions			
Reinvestment of common dividends	976,688	815,938	2,855,713
Net Assets Applicable to Common Shareholders			
Total increase (decrease) in net assets applicable to Common Shareholders	107,018,201	38,645,176	(162,629,759)
Beginning of period	523,589,720	484,944,544	647,574,303
End of period	$ 630,607,921	$ 523,589,720	$ 484,944,544
Undistributed net investment income	$ 12,398,563	$ 4,628,987	$ 1,916,633

BlackRock MuniYield Quality Fund, Inc. (MQY)

Increase (Decrease) in Net Assets Applicable to Common Shareholders:	Year Ended April 30, 2010	Period November 1, 2008 to April 30, 2009	Year Ended October 31, 2008

Operations			
Net investment income	$ 30,084,046	$ 13,886,963	$ 29,446,444
Net realized loss	(886,041)	(794,982)	(1,309,516)
Net change in unrealized appreciation/depreciation	38,430,188	46,913,056	(93,093,592)
Dividends and distributions to Preferred Shareholders from:			
Net investment income	(1,193,624)	(1,262,709)	(8,220,460)
Net realized gain			(984,160)
Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations	66,434,569	58,742,328	(74,161,284)
Dividends and Distributions to Common Shareholders From			
Net investment income	(25,070,412)	(10,405,438)	(20,810,877)
Net realized gain			(2,225,942)
Decrease in net assets resulting from dividends and distributions to Common Shareholders	(25,070,412)	(10,405,438)	(23,036,819)
Net Assets Applicable to Common Shareholders			
Total increase (decrease) in net assets applicable to Common Shareholders	41,364,157	48,336,890	(97,198,103)
Beginning of period	403,796,073	355,459,183	452,657,286
End of period	$ 445,160,230	$ 403,796,073	$ 355,459,183
Undistributed net investment income	$ 7,532,809	$ 3,770,892	$ 1,484,576

See Notes to Financial Statements.

Statements of Changes in Net Assets

BlackRock MuniYield Quality Fund II, Inc. (MQT)

Increase (Decrease) in Net Assets Applicable to Common Shareholders:	Year Ended April 30, 2010	Period November 1, 2008 to April 30, 2009	Year Ended October 31, 2008
Operations			
Net investment income	$ 19,621,434	$ 9,157,790	$ 19,297,921
Net realized loss	(1,652,401)	(4,247,291)	(1,157,479)
Net change in unrealized appreciation/depreciation	25,078,147	33,306,545	(66,060,322)
Dividends to Preferred Shareholders from net investment income	(620,113)	(795,547)	(5,769,792)
Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations	42,427,067	37,421,497	(53,689,672)
Dividends to Common Shareholders From			
Net investment income	(16,294,309)	(6,710,079)	(13,420,158)
Net Assets Applicable to Common Shareholders			
Total increase (decrease) in net assets applicable to Common Shareholders	26,132,758	30,711,418	(67,109,830)
Beginning of period	258,262,548	227,551,130	294,660,960
End of period	$ 284,395,306	$ 258,262,548	$ 227,551,130
Undistributed net investment income	$ 5,445,245	$ 2,756,513	$ 1,161,024

See Notes to Financial Statements.

Statements of Cash Flows

Year Ended April 30, 2010	BlackRock MuniYield Fund, Inc. (MYD)	BlackRock MuniYield Quality Fund, Inc. (MQY)	BlackRock MuniYield Quality Fund II, Inc. (MQT)
Cash Provided by Operating Activities			
Net increase in net assets resulting from operations, excluding dividends to Preferred Shareholders	$ 145,677,835	$ 67,628,193	$ 43,047,180
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:			
(Increase) decrease in interest receivable	(1,589,273)	250,558	227,414
Increase in other assets	(53,673)	(39,126)	
Increase in income receivable affiliated	(55)	(83)	
(Increase) decrease in prepaid expenses	(13,645)	1,695	609
Increase in investment advisory fees payable	85,159	45,057	27,062
Decrease in interest expense and fees payable	(80,205)	(168,453)	(131,760)
Increase in other affiliates payable	1,219	411	524
Decrease in accrued expenses payable	(14,158)	(48,965)	(4,624)
Increase in Officers and Directors payable	54,087	39,363	309
Net realized and unrealized gain	(98,154,339)	(37,479,135)	(23,408,821)
Amortization of premium and discount on investments	804,457	(1,680,759)	(1,809,738)
Proceeds from sales of long-term investments	326,497,312	131,184,453	112,514,370
Purchases of long-term investments	(365,018,541)	(149,944,963)	(123,471,456)
Net proceeds from sales (net purchases) of short-term securities	(261,864)	2,842,658	2,549,166
Cash provided by operating activities	7,934,316	12,630,904	9,540,235
Cash Used for Financing Activities			
Payment on redemption of Preferred Shares	(20,050,000)	(15,375,000)	(11,675,000)
Cash receipts from trust certificates	45,131,547	35,808,574	25,628,483
Cash payments for trust certificates		(7,398,787)	(6,995,000)
Cash dividends paid to Common Shareholders	(36,523,999)	(24,537,970)	(15,914,072)
Cash dividends paid to Preferred Shareholders	(1,569,021)	(1,200,326)	(628,253)
Increase in bank overdraft	237,972	258	
Cash used for financing activities	(12,773,501)	(12,703,251)	(9,583,842)
Cash			
Net decrease in cash	(4,839,185)	(72,347)	(43,607)
Cash at beginning of year	4,839,185	72,347	43,607
Cash at end of year			

Cash Flow Information			
Cash paid during the year for interest	$ 856,218	$ 934,603	$ 588,559
Noncash Financing Activities			
Capital shares issued in reinvestment of dividends paid to shareholders	$ 976,688		

A Statement of Cash Flows is presented when a Fund had a significant amount of borrowing during the year, based on the average borrowing outstanding in relation to total assets.

See Notes to Financial Statements.

Financial Highlights

BlackRock MuniYield Fund, Inc. (MYD)

	Year Ended April 30, 2010	Period November 1, 2008 to, April 30, 2009	Year Ended October 31, 2008	2007	2006	2005
Per Share Operating Performance						
Net asset value, beginning of period	$ 11.53	$ 10.70	$ 14.36	$ 14.98	$ 14.48	$ 14.31
Net investment income[1]	1.04	0.49	1.03	1.05	1.08	1.11
Net realized and unrealized gain (loss)	2.17	0.77	(3.62)	(0.57)	0.61	0.21
Dividends and distributions to Preferred Shareholders from:						
Net investment income	(0.03)	(0.04)	(0.27)	(0.28)	(0.25)	(0.16)
Net realized gain					(0.00)[2]	
Net increase (decrease) from investment operations	3.18	1.22	(2.86)	0.20	1.44	1.16
Dividends and distributions to Common Shareholders from:						
Net investment income	(0.84)	(0.39)	(0.80)	(0.82)	(0.94)	(0.99)
Net realized gain					(0.00)[2]	
Total dividends and distributions to Common Shareholders	(0.84)	(0.39)	(0.80)	(0.82)	(0.94)	(0.99)
Capital charges with respect to issuance of Preferred Shares					0.00[3]	(0.00)[2]
Net asset value, end of period	$ 13.87	$ 11.53	$ 10.70	$ 14.36	$ 14.98	$ 14.48
Market price, end of period	$ 13.70	$ 11.45	$ 9.66	$ 13.72	$ 15.76	$ 14.20
Total Investment Return[4]						
Based on net asset value	28.44%	11.76%[5]	(20.69)%	1.40%	10.30%	8.38%
Based on market price	27.75%	22.93%[5]	(25.06)%	(7.91)%	18.33%	10.69%
Ratios to Average Net Assets Applicable to Common Shareholders						

Total expenses[6]	1.14%	1.25%[7]	1.38%	1.23%	1.29%	1.26%
Total expenses after fees waived[6]	1.14%	1.24%[7]	1.38%	1.22%	1.29%	1.26%
Total expenses after fees waived and excluding interest expense and fees[6,8]	1.01%	1.09%[7]	1.06%	1.01%	1.01%	1.02%
Net investment income[6]	8.08%	9.20%[7]	7.65%	7.14%	7.35%	7.55%
Dividends to Preferred Shareholders	0.27%	0.74%[7]	1.99%	1.88%	1.71%	1.10%
Net investment income to Common Shareholders	7.81%	8.46%[7]	5.66%	5.26%	5.64%	6.45%

Supplemental Data						
Net assets applicable to Common Shareholders, end of period (000)	$ 630,608	$ 523,590	$ 484,945	$ 647,574	$ 672,367	$ 644,825
Preferred Shares outstanding at $25,000 liquidation preference, end of period (000)	$ 251,450	$ 271,500	$ 271,500	$ 343,000	$ 343,000	$ 343,000
Portfolio turnover	35%	7%	20%	18%	32%	30%
Asset coverage per Preferred Share at $25,000 liquidation preference, end of period	$ 87,701	$ 73,217	$ 69,695	$ 72,218	$ 74,034	$ 72,008

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 price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

5 Aggregate total investment return.

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

7 Annualized.

8 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.

See Notes to Financial Statements.

Financial Highlights

BlackRock MuniYield Quality Fund, Inc. (MQY)

	Year Ended April 30, 2010	Period November 1, 2008 to, April 30, 2009	Year Ended October 31, 2008	2007	2006	2005
Per Share Operating Performance						
Net asset value, beginning of period	$ 13.27	$ 11.68	$ 14.88	$ 15.32	$ 15.02	$ 15.54
Net investment income[1]	0.99	0.46	0.97	0.97	0.99	0.99
Net realized and unrealized gain (loss)	1.23	1.51	(3.12)	(0.42)	0.37	(0.39)
Dividends and distributions to Preferred Shareholders from:						
Net investment income	(0.04)	(0.04)	(0.27)	(0.30)	(0.27)	(0.14)
Net realized gain			(0.03)			
Net increase (decrease) from investment operations	2.18	1.93	(2.45)	0.25	1.09	0.46
Dividends and distributions to Common Shareholders from:						
Net investment income	(0.82)	(0.34)	(0.68)	(0.69)	(0.79)	(0.96)
Net realized gain			(0.07)			
Total dividends and distributions to Common Shareholders	(0.82)	(0.34)	(0.75)	(0.69)	(0.79)	(0.96)
Capital charges with respect to issuance of Preferred Shares					(0.00)[2]	(0.02)
Net asset value, end of period	$ 14.63	$ 13.27	$ 11.68	$ 14.88	$ 15.32	$ 15.02
Market price, end of period	$ 14.48	$ 12.32	$ 10.90	$ 13.20	$ 14.48	$ 14.27
Total Investment Return[3]						
Based on net asset value	17.12%	17.07%[4]	(16.79)%	2.00%	7.78%	3.10%
Based on market price	24.86%	16.47%[4]	(12.47)%	(4.26)%	7.22%	2.64%
Ratios to Average Net Assets Applicable to Common Shareholders						

Total expenses[5]	1.20%	1.43%[6]	1.76%	1.71%	1.76%	1.45%
Total expenses after fees waived[5]	1.20%	1.42%[6]	1.75%	1.71%	1.75%	1.44%
Total expenses after fees waived and excluding interest expense and fees[5,7]	1.02%	1.13%[6]	1.10%	1.04%	1.04%	0.96%
Net investment income[5]	6.98%	7.58%[6]	6.89%	6.46%	6.61%	6.46%
Dividends to Preferred Shareholders	0.28%	0.69%[6]	1.92%	2.01%	1.80%	0.93%
Net investment income to Common Shareholders	6.70%	6.89%[6]	4.97%	4.45%	4.81%	5.53%
Supplemental Data						
Net assets applicable to Common Shareholders, end of period (000)	$ 445,160	$ 403,796	$ 355,459	$ 452,657	$ 466,002	$ 456,886
Preferred Shares outstanding at $25,000 liquidation preference, end of period (000)	$ 176,625	$ 192,000	$ 192,000	$ 250,000	$ 250,000	$ 250,000
Portfolio turnover	19%	13%	20%	24%	33%	29%
Asset coverage per Preferred Share at $25,000 liquidation preference, end of period	$ 88,013	$ 77,582	$ 71,318	$ 70,282	$ 71,614	$ 70,701

1 Based on average shares outstanding.

2 Amount is less than $(0.01) per share.

3 Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

4 Aggregate total investment return.

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

6 Annualized.

7 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.

See Notes to Financial Statements.

Financial Highlights

BlackRock MuniYield Quality Fund II, Inc. (MQT)

	Year Ended April 30, 2010	Period November 1, 2008 to, April 30, 2009	Year Ended October 31, 2008	2007	2006	2005
Per Share Operating Performance						
Net asset value, beginning of period	$ 11.55	$ 10.17	$ 13.17	$ 13.64	$ 13.36	$ 13.72
Net investment income[1]	0.88	0.41	0.86	0.86	0.86	0.89
Net realized and unrealized gain (loss)	1.04	1.31	(3.00)	(0.46)	0.37	(0.25)
Dividends to Preferred Shareholders from net investment income	(0.03)	(0.04)	(0.26)	(0.26)	(0.24)	(0.14)
Net increase (decrease) from investment operations	1.89	1.68	(2.40)	0.14	0.99	0.50
Dividends to Common Shareholders from net investment income	(0.73)	(0.30)	(0.60)	(0.61)	(0.71)	(0.85)
Capital charges with respect to issuance of Preferred Shares					0.00[2]	(0.01)
Net asset value, end of period	$ 12.71	$ 11.55	$ 10.17	$ 13.17	$ 13.64	$ 13.36
Market price, end of period	$ 12.52	$ 10.16	$ 8.75	$ 11.60	$ 12.93	$ 12.86
Total Investment Return[3]						
Based on net asset value	17.15%	17.27%[4]	(18.42)%	1.39%	7.98%	3.98%
Based on market price	31.18%	19.90%[4]	(20.31)%	(5.79)%	6.34%	8.21%
Ratios to Average Net Assets Applicable to Common Shareholders						
Total expenses[5]	1.21%	1.52%[6]	1.80%	1.73%	1.66%	1.49%
Total expenses after fees waived[5]	1.21%	1.52%[6]	1.79%	1.72%	1.66%	1.49%
Total expenses after fees waived and excluding interest expense and fees[5,7]	1.04%	1.18%[6]	1.12%	1.06%	1.05%	1.03%

Net investment income[5]	7.13%	7.86%[6]	6.96%	6.39%	6.44%	6.51%
Dividends to Preferred Shareholders	0.23%	0.68%[6]	2.08%	1.97%	1.78%	1.03%
Net investment income to Common Shareholders	6.90%	7.18%[6]	4.88%	4.42%	4.66%	5.48%
Supplemental Data						
Net assets applicable to Common Shareholders, end of period (000)	$ 284,395	$ 258,263	$ 227,551	$ 294,661	$ 305,111	$ 298,722
Preferred Shares outstanding at $25,000 liquidation preference, end of period (000)	$ 116,575	$ 128,250	$ 128,250	$ 160,000	$ 160,000	$ 160,000
Portfolio turnover	25%	9%	17%	20%	37%	29%
Asset coverage per Preferred Share at $25,000 liquidation preference, end of period	$ 85,994	$ 75,349	$ 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 price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

4 Aggregate total investment return.

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

6 Annualized.

7 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.

See Notes to Financial Statements.

Notes to Financial Statements

1. Organization and Significant Accounting Policies:

BlackRock MuniYield Fund, Inc. (MYD), BlackRock MuniYield Quality Fund, Inc. (MQY) and BlackRock MuniYield Quality Fund II, Inc. (MQT) (collectively the Funds) 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 (US GAAP), 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 values of their Common Shares on a daily basis.

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

Valuation: The Funds policy is to fair value their financial instruments at market value using independent dealers or pricing services selected under the supervision of the Board of Directors (the Board). 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. 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. Financial futures contracts traded on exchanges are valued at their last sale price. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value. 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 or is not available, the investment will be valued by a method approved by each Fund s Board as reflecting fair value (Fair Value Assets). When determining the price for Fair Value Assets, the investment advisor and/or the sub-advisor seeks to determine the price that each Fund 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.

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 with the intention of actually acquiring 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 delayed delivery basis, the Funds assume the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, the Funds maximum amount of loss is the unrealized gain of the commitment, which is shown on the Schedules of Investments, if any.

Municipal Bonds Transferred to Tender Option Bond Trusts: The Funds 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 bonds. Other funds managed by the investment advisor may also contribute municipal bonds to a TOB into which a Fund has contributed bonds. 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 funds 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 short-term floating rate certificates to tender their certificates at par, and (2) to transfer, within seven days, a corresponding share of the municipal bonds from the TOB to the Funds. The TOB may also be terminated without the consent of the Fund upon the occurrence of certain events as defined in the TOB agreements. Such termination events may include the bankruptcy or default of the municipal bond, a substantial downgrade in credit quality of the municipal bond, the inability of the TOB to obtain quarterly or annual renewal of the liquidity support agreement, a substantial decline in market value of the municipal bond or the inability to remarket the short-term floating rate certificates to third party investors.

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 invests the cash in additional municipal bonds. Each Fund s transfer of the municipal bonds to a TOB is accounted for as a secured borrowing. Therefore the municipal bonds deposited into a TOB are presented in the Funds Schedules of Investments and the proceeds from the issuance of the short-term floating rate certificates are shown as trust certificates in the Statements of Assets and Liabilities.

Notes to Financial Statements (continued)

Interest income from the underlying municipal bonds 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 expense and fees of the Funds. The short-term 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 April 30, 2010, the aggregate value of the underlying municipal bonds transferred to TOBs, the related liability for trust certificates and the range of interest rates on the liability for trust certificates were as follows:

	Underlying Municipal Bonds Transferred to TOBs	Liability for Trust Certificates	Range of Interest Rates
MYD	$ 230,087,408	$ 115,268,623	0.21% 0.40%
MQY	$ 209,411,317	$ 104,741,373	0.22% 0.70%
MQT	$ 124,254,739	$ 63,189,533	0.23% 0.70%

For the year ended April 30, 2010, the Funds average trust certificates outstanding and the daily weighted average interest rate, including fees, were as follows:

	Average Trust Certificates Outstanding	Daily Weighted Average Interest Rate
MYD	$ 102,810,647	0.75%
MQY	$ 94,806,838	0.80%
MQT	$ 58,271,551	0.78%

Should short-term interest rates rise, the Funds investments in TOBs may adversely affect the Funds investment income and distributions to Common Shareholders. Also, fluctuations in the market value of municipal bonds deposited into the TOB may adversely affect the Funds net asset value 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 for periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide for 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 either deliver collateral or segregate assets in connection with certain investments (e.g., financial futures contracts), each Fund will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or 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, each party has requirements to deliver/deposit securities as collateral for certain investments.

Investment Transactions and Investment Income: For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income, including amortization of premium and accretion of discount on debt securities, is recognized on the accrual basis.

Dividends and Distributions: Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. The amount and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP. Dividends and distributions to Preferred Shareholders are accrued and determined as described in Note 7.

Income Taxes: It is each Fund s policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

Each Fund files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Funds US federal tax returns remains open for the year ended April 30, 2010, the period ended April 30, 2009 and each of the preceding three years ended October 31, 2008. The statutes of limitations on each of the Funds state and local tax returns may remain open for an additional year depending upon the jurisdiction. There are no uncertain tax positions that require recognition of a tax liability.

Recent Accounting Standard: In January 2010, the Financial Accounting Standards Board issued amended guidance to improve disclosure about fair value measurements which will require additional disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). It also clarifies existing disclosure requirements relating to the levels of dis-aggregation for fair value measurement and inputs and valuation techniques used to measure fair value. The amended guidance is effective for financial statements for fiscal years beginning after December 15, 2009, and interim periods within those fiscal years, except for disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. The impact of this guidance on the Funds financial statements and disclosures is currently being assessed.

Notes to Financial Statements (continued)

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) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had 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 thereunder represent general unsecured claims against the general assets of each Fund. Each Fund may, however, elect to invest in common shares 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, if any, are included in other assets in the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in income affiliated in the Statements of Operations.

Other: Expenses directly related to a 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. The Funds have an arrangement with the custodian whereby fees may be reduced by credits earned on uninvested cash balances, which if applicable are shown as fees paid indirectly in the Statements of Operations. The custodian imposes fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

2. Derivative Financial Instruments:

The Funds may engage in various portfolio investment strategies both to increase the returns of the Funds and to economically hedge, or protect, their exposure to certain risks such as interest rate risk. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying instrument or if the counterparty does not perform under the contract. To the extent amounts due to the Funds from their counterparties are not fully collateralized, contractually or otherwise, the Funds bear the risk of loss from counterparty non-performance. See Note 1 Segregation and Collateralization for information with respect to collateral practices. In addition, each Fund manages counterparty risk by entering into agreements only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Counterparty risk related to exchange-traded financial futures contracts is minimal because of the protection against defaults provided by the exchanges on which they trade.

Financial Futures Contracts: The Funds may purchase or sell financial futures contracts to gain exposure to, or economically hedge against, changes in interest rates (interest rate risk). Financial futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Pursuant to the contract, the Funds agree 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 margin variation and are recognized by the Funds as unrealized gains or losses. When the contract is closed, the Funds record 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. The use of financial futures transactions involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest rates and the underlying assets.

Derivatives Categorized by Risk Exposure:

The Effect of Derivative Instruments on the Statements of Operations
Year Ended April 30, 2010*

	Net Realized Gain (Loss) from		
	MYD	**MQY**	**MQT**
Interest rate contracts:			
Financial futures contracts	$ (807)	$ 25,886	$ 16,925

* As of April 30, 2010, there were no financial futures contracts outstanding.

For the year ended April 30, 2010, the average quarterly balance of outstanding derivative financial instruments was as follows:

	MYD	MQY	MQT
Financial futures contracts:			
Average number of contracts purchased	248	7	4
Average number of contracts sold	54		
Average notional value of contracts purchased	$ 28,970,233	$ 747,514	$ 488,759
Average notional value of contracts sold	$ 6,398,382		

3. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. (PNC), Bank of America Corporation (BAC) and Barclays Bank PLC (Barclays) are the largest stockholders of BlackRock, Inc. (BlackRock). Due to the ownership structure, PNC is an affiliate of the Funds for 1940 Act purposes, but BAC and Barclays are not.

Each Fund entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager), the Funds investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services. The Manager is responsible for the management of each Fund s portfolio and provides the necessary personnel, facilities,

Notes to Financial Statements (continued)

equipment and certain other services necessary to the operations of each Fund. For such services, each Fund pays the Manager 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 Funds total assets minus the sum of its accrued liabilities.

The Manager has voluntarily agreed to waive its advisory fees by the amount of investment advisory fees the Funds pay to the Manager indirectly through their investments in affiliated money market funds; however, the Manager does not waive its advisory fees by the amount of investment advisory fees paid through the Funds investments in other affiliated investment companies, if any. This amount is included in fees waived by advisor in the Statements of Operations.

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

For the year ended April 30, 2010, the Funds reimbursed the Manager for certain accounting services, which are included in accounting services in the Statements of Operations. The reimbursements were as follows:

	Reimbursement
MYD	$ 19,259
MQY	$ 14,088
MQT	$ 9,307

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

4. Investments:

Purchases and sales of investments, excluding short-term securities, for the year ended April 30, 2010 were as follows:

	Purchases	Sales
MYD	$ 376,262,716	$ 324,292,601
MQY	$ 146,173,578	$ 128,366,828
MQT	$ 122,588,437	$ 108,844,704

5. Income Tax Information:

Reclassifications: Accounting principles generally accepted in the United States of America require that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. The following permanent differences as of April 30, 2010 attributable to amortization methods on fixed income securities, the reclassification of distributions, the expiration of capital loss carry-forwards and the sale of bonds received from tender option bond trusts were reclassified to the following accounts:

	MYD	MQY	MQT

Paid-in capital	$ (189,274)	$ 21,284	$ (1,105,212)
Undistributed net investment income	$ (64,732)	$ (58,093)	$ (18,280)
Accumulated net realized loss	$ 254,006	$ 36,809	$ 1,123,492

The tax character of distributions paid during the fiscal year ended April 30, 2010, fiscal period November 1, 2008 through April 30, 2009 and the fiscal year ended October 31, 2008, were as follows:

	MYD	MQY	MQT
Tax-exempt income			
4/30/10	$ 39,636,322	$ 26,264,036	$ 16,914,422
11/1/08 4/30/09	$ 19,158,960	$ 11,668,147	$ 7,505,626
10/31/08	$ 48,073,283	$ 29,031,337	$ 19,189,950
Ordinary income			
11/1/08 4/30/09	$ 190,835		
Long-term capital gains			
10/31/08		$ 3,210,102	
Total distributions			
4/30/10	$ 39,636,322	$ 26,264,036	$ 16,914,422
11/1/08 4/30/09	$ 19,349,795	$ 11,668,147	$ 7,505,626
10/31/08	$ 48,073,283	$ 32,241,439	$ 19,189,950

As of April 30, 2010, the tax components of accumulated net earnings (losses) were as follows:

	MYD	MQY	MQT
Undistributed tax-exempt income	$ 11,411,014	$ 7,353,283	$ 5,062,806
Undistributed ordinary income	33,825	11,812	4,573
Capital loss carryforwards	(17,006,131)	(3,150,412)	(9,847,948)
Net unrealized gains*	12,483,850	14,641,731	2,514,347
Total	$ 6,922,558	$ 18,856,414	$ (2,266,222)

* The differences between book-basis and tax-basis net unrealized gains were attributable primarily to the tax deferral of losses on wash sales, amortization methods for premiums and discounts on fixed income securities and the treatment of residual interests in tender option bond trusts.

As of April 30, 2010, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

Expires April 30,	MYD	MQY	MQT
2012			$ 5,561,802

2016	$ 11,743,926	$ 2,229,309	493,401
2017	4,065,755	704,337	3,726,056
2018	1,196,450	216,766	66,689
Total	$ 17,006,131	$ 3,150,412	$ 9,847,948

Notes to Financial Statements (continued)

6. Concentration, Market and Credit Risk:

Each Fund invests a substantial amount of its assets in issuers located in a single state or limited number of states. Please see Schedules of Investments for concentrations in specific states.

Many municipalities insure repayment of their bonds, which may reduce the potential for loss due to credit risk. The market value of these bonds may fluctuate for other reasons, including market perception of the value of such insurance, and there is no guarantee that the insurer will meet its obligation.

In the normal course of business, the Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to credit risk, the Funds may be exposed to counterparty risk, or the risk that an entity with which the Funds have unsettled or open transactions may default. The Funds manage counterparty risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to credit and counterparty risks, consist principally of investments and cash due from counterparties. The extent of the Funds exposure to credit and counterparty risks with respect to these financial assets is generally approximated by their value recorded in the Funds Statements of Assets and Liabilities, less any collateral held by the Funds.

7. Capital Share Transactions:

Each Fund is authorized to issue 200 million shares, all of which were initially classified as Common Shares. The par value for each Fund s Common Shares is $0.10. The par value for each Fund s Preferred Shares is $0.05 except MQT, Series D which is $0.10. Each Board is authorized, however, to reclassify any unissued shares without approval of Common Shareholders.

Common Shares

For the periods shown, shares issued and outstanding increased by the following amounts as a result of dividend reinvestment:

	Year Ended April 30, 2010	Period November 1, 2008 to April 30, 2009	Year Ended October 31, 2008
MYD	77,563	73,715	210,884

Shares issued and outstanding remained constant for MQY and MQT for the year ended April 30, 2010, the period ended April 30, 2009 and the year ended October 31, 2008.

Preferred Shares

The Preferred Shares are redeemable at the option of each Fund, in whole or in part, on any dividend payment date at their liquidation preference per share plus any accumulated and unpaid dividends whether or not declared. The Preferred Shares are also subject to mandatory redemption at their liquidation preference plus any accumulated and unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of a Fund, as set forth in each Fund s Articles Supplementary (the Governing Instrument) are not satisfied.

From time to time in the future, each Fund may effect repurchases of its Preferred Shares at prices below their liquidation preference as agreed upon by the Fund and seller. Each Fund also may redeem its Preferred Shares from time to time as provided in the applicable Governing

Instrument. Each Fund intends to effect such redemptions and/or repurchases to the extent necessary to maintain applicable asset coverage requirements or for such other reasons as the Board may determine.

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 each Fund. In addition, the 1940 Act requires that along with approval by shareholders that might otherwise be required, the approval of the holders 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 sub-classification 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.

Notes to Financial Statements (continued)

The Funds had the following series of Preferred Shares outstanding, effective yields and reset frequency as of April 30, 2010:

	Series	Preferred Shares	Effective Yield	Reset Frequency Days
MYD	A	1,320	0.40%	28
	B	1,320	0.46%	28
	C	1,320	0.47%	28
	D	1,320	0.50%	28
	E	2,052	0.47%	7
	F	1,260	0.47%	7
	G	1,466	1.54%	7
MQY	A	1,413	0.44%	28
	B	1,413	0.49%	7
	C	1,413	0.49%	28
	D	1,413	0.47%	7
	E	1,413	1.54%	7
MQT	A	1,457	0.37%	28
	B	1,457	0.47%	28
	C	1,457	0.49%	7
	D	292	1.54%	7

Dividends on seven-day and 28-day Preferred Shares are cumulative at a rate, which is reset every seven or 28 days, respectively, 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 successive dividend periods until such time as the shares are successfully auctioned. The maximum applicable rate on all series of Preferred Shares (except MYD Series G, MQY Series E and MQT Series D) is the higher of 110% of the AA commercial paper rate or 100% of 90% of the Kenny S&P 30-day High Grade Index divided by 1.00 minus the marginal tax rate. The maximum applicable rate on the Preferred Shares of MYD Series G, MQY Series E and MQT Series D is the higher of 110% of the Telerate/BBA LIBOR or 110% of 90% of the Kenney S&P 30-day High Grade Index rate divided by 1.00 minus the marginal tax rate. The low, high and average dividend rates on the Preferred Shares for each Fund for the year ended April 30, 2010 were as follows:

	Series	Low	High	Average
MYD	A	0.26%	0.72%	0.47%
	B	0.31%	0.75%	0.47%
	C	0.27%	0.79%	0.46%
	D	0.35%	0.79%	0.47%
	E	0.26%	0.79%	0.45%
	F	0.26%	0.79%	0.45%
	G	1.32%	1.82%	1.51%
MQY	A	0.26%	0.72%	0.46%
	B	0.24%	0.79%	0.45%
	C	0.32%	0.79%	0.45%
	D	0.24%	0.76%	0.45%
	E	1.32%	1.82%	1.51%

MQT	A	0.26%	0.72%	0.45%
	B	0.34%	0.73%	0.46%
	C	0.24%	0.79%	0.44%
	D	1.32%	1.82%	1.51%

Since February 13, 2008, the Preferred Shares of the Funds failed to clear any of their auctions. As a result, the Preferred Shares dividend rates were reset to the maximum applicable rate, which ranged from 0.24% to 1.82% for the year ended April 30, 2010. A failed auction is not an event of default for the Funds but it has a negative impact on the liquidity of Preferred Shares. A failed auction occurs when there are more sellers of a Fund s auction rate preferred shares than buyers. A successful auction for the Funds Preferred Shares may not occur for some time, if ever, and even if liquidity does resume, holders of the 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%.

The Funds pay commissions of 0.25% on the aggregate principal amount of all shares that successfully clear their auctions and 0.15% on the aggregate principal amount of all shares that fail to clear their auctions. Certain broker dealers have individually agreed to reduce commissions for failed auctions.

Notes to Financial Statements (concluded)

During the year ended April 30, 2010, 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
MYD	A	7/29/09	105	$2,625,000
	B	7/08/09	105	$2,625,000
	C	7/22/09	105	$2,625,000
	D	7/15/09	105	$2,625,000
	E	7/08/09	164	$4,100,000
	F	7/09/09	101	$2,525,000
	G	7/06/09	117	$2,925,000
MQY	A	8/04/09	123	$3,075,000
	B	7/14/09	123	$3,075,000
	C	7/17/09	123	$3,075,000
	D	7/10/09	123	$3,075,000
	E	7/06/09	123	$3,075,000
MQT	A	8/03/09	146	$3,650,000
	B	7/13/09	146	$3,650,000
	C	7/13/09	146	$3,650,000
	D	7/07/09	29	$ 725,000

Preferred Shares issued and outstanding for the period November 1, 2008 to April 30, 2009 remained constant.

During the year ended October 31, 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
MYD	A	7/02/08	375	$ 9,375,000
	B	7/09/08	375	$ 9,375,000
	C	6/25/08	375	$ 9,375,000
	D	6/18/08	375	$ 9,375,000
	E	6/18/08	584	$14,600,000
	F	6/26/08	359	$ 8,975,000
	G	6/23/08	417	$10,425,000
MQY	A	7/08/08	464	$11,600,000
	B	6/24/08	464	$11,600,000
	C	7/18/08	464	$11,600,000
	D	6/27/08	464	$11,600,000
	E	6/23/08	464	$11,600,000

MQT	A	7/07/08	397	$ 9,925,000
	B	7/14/08	397	$ 9,925,000
	C	6/30/08	397	$ 9,925,000
	D	6/24/08	79	$ 1,975,000

The Funds financed the Preferred Share redemptions with cash received from TOB transactions.

8. Subsequent Events:

Management s evaluation of the impact of all subsequent events on the Funds financial statements was completed through the date the financial statements were issued and the following items were noted:

Each Fund paid a net investment income dividend on June 1, 2010 to Common Shareholders of record on May 14, 2010 as follows:

	Common Dividend Per Share
MYD	$ 0.0765
MQY	$ 0.0745
MQT	$ 0.0670

The dividends declared on Preferred Shares for the period May 1, 2010 to May 31, 2010 were as follows:

	Series	Dividends Declared
MYD	A	$ 11,109
	B	$ 11,705
	C	$ 12,291
	D	$ 12,828
	E	$ 18,348
	F	$ 11,215
	G	$ 43,824
MQY	A	$ 11,475
	B	$ 12,533
	C	$ 13,349
	D	$ 12,340
	E	$ 42,239
MQT	A	$ 11,252
	B	$ 13,432
	C	$ 12,893
	D	$ 8,734

The Funds distribution rates declared on June 1, 2010 were as follows:

	Per Common Share Amount

MYD	$0.0800
MQY	$0.0770

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of BlackRock MuniYield Fund, Inc., BlackRock MuniYield Quality Fund, Inc. and BlackRock MuniYield Quality Fund II, Inc.:

We have audited the accompanying statements of assets and liabilities of BlackRock MuniYield Fund, Inc., BlackRock MuniYield Quality Fund, Inc., and BlackRock MuniYield Quality Fund II, Inc. (collectively the Funds), including the schedules of investments, as of April 30, 2010, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for the year then ended, the period November 1, 2008 to April 30, 2009 and the year ended October 31, 2008, and the financial highlights for the year ended April 30, 2010, the period November 1, 2008 to April 30, 2009 and for each of the four years in the period ended October 31, 2008. These financial statements and financial highlights are the responsibility of the Funds management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Funds are not required to have, nor were we engaged to perform an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of April 30, 2010, by correspondence with the custodians and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of BlackRock MuniYield Fund, Inc., BlackRock MuniYield Quality Fund, Inc., and BlackRock MuniYield Quality Fund II, Inc. as of April 30, 2010, the results of their operations and cash flows for the year then ended, the changes in their net assets for the year then ended, the period November 1, 2008 to April 30, 2009 and the year ended October 31, 2008, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
Princeton, New Jersey
June 28, 2010

Important Tax Information (Unaudited)

All of the net investment income distributions paid by MYD, MQY and MQT, during the fiscal year ended April 30, 2010, qualify as tax-exempt interest dividends for federal income tax purposes.

Automatic Dividend Reinvestment Plans

Pursuant to each Fund s Dividend Reinvestment Plan (the Plan), common shareholders are automatically enrolled to have all distributions of dividends and capital gains reinvested by BNY Mellon Shareowner Services for MYD and MQT and Computershare Trust Company, N.A. for MQY (individually, the Plan Agent or together, the Plan Agents) in the respective Fund s shares pursuant to the Plan. Shareholders who do not participate in the Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent, which serves as agent for the shareholders in administering the Plan.

After the Funds declare a dividend or determine to make a capital gain distribution, the Plan Agent will acquire shares for the participants accounts, depending upon the following circumstances, either (i) through receipt of unissued but authorized shares from the Fund (newly issued shares) or (ii) by purchase of outstanding shares on the open market, on the Fund s primary exchange or elsewhere (open-market purchases). If, on the dividend payment date, the net asset value per share (NAV) is equal to or less than the market price per share plus estimated brokerage commissions (such condition often referred to as a market premium), the Plan Agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant s account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the payment date, the dollar amount of the dividend will be divided by 95% of the market price on the payment date. If, on the dividend payment date, the NAV is greater than the market value per share plus estimated brokerage commissions (such condition often referred to as a market discount), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases. If the Plan Agents are unable to invest the full dividend amount in open market purchases, or if the market discount shifts to a market premium during the purchase period, the Plan Agents will invest any un-invested portion in newly issued shares.

Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Administrator prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

The Plan Agent s fees for the handling of the reinvestment of dividends and distributions will be paid by each Fund. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent s open market purchases in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any federal income tax that may be payable on such dividends or distributions.

Each Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, each Fund reserves the right to amend the Plan to include a service charge payable by the participants. Participants that request a sale of shares through Computershare Trust Company, N.A. are subject to a $2.50 sales fee and a $0.15 per share sold brokerage commission. Participants that request a sale of shares through BNY Mellon Shareowner Services are subject to a $0.02 per share sold brokerage commission. All correspondence concerning the Plan should be directed to the respective Plan Agent: BNY Mellon Shareowner Services, P.0. Box 358035, Pittsburgh, PA 15252-8035,Telephone: (866) 216-0242 for shareholders of MYD and MQT or Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078,Telephone: (800) 699-1BFM or overnight correspondence should be directed to the Plan Agent at 250 Royall Street, Canton, MA 02021 for shareholders of MQY.

Officers and Directors

Name, Address and Year of Birth	Position(s) Held with Funds	Length of Time Served as a Director[2]	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies (RICs) Consisting of Investment Portfolios (Portfolios) Overseen	Public Directorships
Non-Interested Directors[1]					
Richard E. Cavanagh 55 East 52nd Street New York, NY 10055 1946	Chairman of the Board and Director	Since 2007	Trustee, Aircraft Finance Trust from 1999 to 2009; Director, The Guardian Life Insurance Company of America since 1998; Trustee, Educational Testing Service from 1997 to 2009 and Chairman thereof from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer, The Conference Board, Inc. (global business research organization) from 1995 to 2007.	99 RICs consisting of 97 Portfolios	Arch Chemical (chemical and allied products)
Karen P. Robards 55 East 52nd Street New York, NY 10055 1950	Vice Chair of the Board, Chair of the Audit Committee and Director	Since 2007	Partner of Robards & Company, LLC (financial advisory firm) since 1987; Co-founder and Director of the Cooke Center for Learning and Development (a not-for-profit organization) since 1987; Director of Enable Medical Corp. from 1996 to 2005; Investment Banker at Morgan Stanley from 1976 to 1987.	99 RICs consisting of 97 Portfolios	AtriCure, Inc. (medical devices); Care Investment Trust, Inc. (health care real estate investment trust)
Frank J. Fabozzi 55 East 52nd Street New York, NY 10055 1948	Director and Member of the Audit Committee	Since 2007	Consultant/Editor of The Journal of Portfolio Management since 2006; Professor in the Practice of Finance and Becton Fellow, Yale University, School of Management since 2006; Adjunct Professor of Finance and Becton Fellow, Yale University from 1994 to 2006.	99 RICs consisting of 97 Portfolios	None
Kathleen F. Feldstein 55 East 52nd Street New York, NY 10055 1941	Director	Since 2007	President of Economics Studies, Inc. (private economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners HealthCare since 1995; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Director, Catholic Charities of Boston since 2009.	99 RICs consisting of 97 Portfolios	The McClatchy Company (publishing); Bell South (telecommunications); Knight Ridder (publishing)
James T. Flynn 55 East 52nd Street New York, NY 10055 1939	Director and Member of the Audit Committee	Since 2007	Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995.	99 RICs consisting of 97 Portfolios	None

Jerrold B. Harris 55 East 52nd Street New York, NY 10055 1942	Director	Since 2007	Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation since 2001; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.	99 RICs consisting of 97 Portfolios	BlackRock Kelso Capital Corp. (business development company)

Officers and Directors (continued)

Name, Address and Year of Birth	Position(s) Held with Funds	Length of Time Served as a Director[2]	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies (RICs) Consisting of Investment Portfolios (Portfolios) Overseen	Public Directorships
Non-Interested Directors[1] (concluded)					
R. Glenn Hubbard 55 East 52nd Street New York, NY 10055 1958	Director	Since 2007	Dean, Columbia Business School since 2004; Columbia faculty member since 1988; Co-Director, Columbia Business School s Entrepreneurship Program from 1997 to 2004; Chairman, U.S. Council of Economic Advisers under the President of the United States from 2001 to 2003; Chairman, Economic Policy Committee of the OECD from 2001 to 2003.	99 RICs consisting of 97 Portfolios	ADP (data and information services); KKR Financial Corporation (finance); Metropolitan Life Insurance Company (insurance)
W. Carl Kester 55 East 52nd Street New York, NY 10055 1951	Director and Member of the Audit Committee	Since 2007	George Fisher Baker Jr. Professor of Business Administration, Harvard Business School; Deputy Dean for Academic Affairs since 2006; Unit Head, Finance, Harvard Business School from 2005 to 2006; Senior Associate Dean and Chairman of the MBA Program of Harvard Business School from 1999 to 2005; Member of the faculty of Harvard Business School since 1981; Independent Consultant since 1978.	99 RICs consisting of 97 Portfolios	None

1 Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

2 Date shown is the earliest date a person has served for the Funds covered by this annual report. Following the combination of Merrill Lynch Investment Managers, L.P. (MLIM) and BlackRock, Inc. (BlackRock) in September 2006, the various legacy MLIM and legacy BlackRock Fund boards were realigned and consolidated into three new Fund boards in 2007. As a result, although the chart shows directors as joining the Funds board in 2007, each director first became a member of the board of other legacy MLIM or legacy BlackRock Funds as follows: Richard E. Cavanagh, 1994; Frank J. Fabozzi, 1988; Kathleen F. Feldstein, 2005; James T. Flynn, 1996; Jerrold B. Harris, 1999; R. Glenn Hubbard, 2004; W. Carl Kester, 1995; and Karen P. Robards, 1998.

Interested Directors[3]					
Richard S. Davis 55 East 52nd Street New York, NY 10055 1945	Director	Since 2007	Managing Director, BlackRock, Inc. since 2005; Chief Executive Officer, State Street Research & Management Company from 2000 to 2005; Chairman of the Board of Trustees, State Street Research Mutual Funds from 2000 to 2005.	169 RICs consisting of 298 Portfolios	None
Henry Gabbay 55 East 52nd Street New York, NY 10055 1947	Director	Since 2007	Consultant, BlackRock, Inc. from 2007 to 2008; Managing Director, BlackRock, Inc. from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to	169 RICs consisting of 298 Portfolios	None

2007; Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.

[3] Mr. Davis is an interested person, as defined in the Investment Company Act of 1940, of the Funds based on his position with BlackRock, Inc. and its affiliates. Mr. Gabbay is an interested person of the Funds based on his former positions with BlackRock, Inc. and its affiliates as well as his ownership of BlackRock, Inc. and The PNC Financial Services Group, Inc. securities. Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

Effective January 1, 2010, Kent Dixon, a Director of the Funds, retired.

Effective March 31, 2010, G. Nicholas Beckwith, III, a Director of the Funds, resigned.

The Funds Board of Directors extends its best wishes to both Mr. Dixon and Mr. Beckwith.

Officers and Directors (concluded)

Name, Address and Year of Birth	Position(s) Held with Funds	Length of Time Served	Principal Occupation(s) During Past Five Years
Officers[1]			
Anne Ackerley 55 East 52nd Street New York, NY 10055 1962	President and Chief Executive Officer	Since 2009[2]	Managing Director of BlackRock, Inc. since 2000; Vice President of the BlackRock-advised funds from 2007 to 2009; Chief Operating Officer of BlackRock s Global Client Group (GCG) since 2009; Chief Operating Officer of BlackRock s U.S. Retail Group from 2006 to 2009; Head of BlackRock s Mutual Fund Group from 2000 to 2006.
Brendan Kyne 55 East 52nd Street New York, NY 10055 1977	Vice President	Since 2009	Managing Director of BlackRock, Inc. since 2010; Director of BlackRock, Inc. from 2008 to 2009; Head of Product Development and Management for BlackRock s U.S. Retail Group since 2009, Co-head thereof from 2007 to 2009; Vice President of BlackRock, Inc. from 2005 to 2008.
Neal Andrews 55 East 52nd Street New York, NY 10055 1966	Chief Financial Officer	Since 2007	Managing Director of BlackRock, Inc. since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006.
Jay Fife 55 East 52nd Street New York, NY 10055 1970	Treasurer	Since 2007	Managing Director of BlackRock, Inc. since 2007 and Director in 2006; Assistant Treasurer of the Merrill Lynch Investment Managers, L.P. (MLIM) and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.
Brian Kindelan 55 East 52nd Street New York, NY 10055 1959	Chief Compliance Officer	Since 2007	Chief Compliance Officer of the BlackRock-advised Funds since 2007; Managing Director and Senior Counsel of BlackRock, Inc. since 2005.
Howard Surloff 55 East 52nd Street New York, NY 10055 1965	Secretary	Since 2007	Managing Director and General Counsel of U.S. Funds at BlackRock, Inc. since 2006; General Counsel (U.S.) of Goldman Sachs Asset Management, L.P. from 1993 to 2006.

1 Officers of the Funds serve at the pleasure of the Board.

2 Ms. Ackerley has been President and Chief Executive Officer since 2009 and was Vice President from 2007 to 2009.

Investment Advisor
BlackRock Advisors, LLC
Wilmington, DE 19809

Sub-Advisor
BlackRock Investment
Management, LLC
Plainsboro, NJ 08536

Custodians
The Bank of
New York Mellon[3]
New York, NY 10286

State Street Bank and
Trust Company[4]
Boston, MA 02111

Transfer Agent
Common Shares:
BNY Mellon Shareowner Services[3]
Jersey City, NJ 07310

Computershare Trust Company, N.A.[4]
Providence, RI 02940

Auction Agent
Preferred Shares:
The Bank of New York Mellon
New York, NY 10286

Accounting Agent
State Street Bank and
Trust Company
Princeton, NJ 08540

Independent Registered
Public Accounting Firm
Deloitte & Touche LLP
Princeton, NJ 08540

Legal Counsel
Skadden, Arps, Slate,
Meagher & Flom LLP
New York, NY 10036

Address of the Funds
100 Bellevue Parkway
Wilmington, DE 19809

3 For MYD and MQT.

4 For MQY.

Additional Information

Fund Certification

The Funds are listed for trading on the New York Stock Exchange (NYSE) and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE s listing standards. Each Fund filed with the Securities and Exchange Commission (SEC) the certification of their chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

Dividend Policy

The Funds dividend policy is to distribute all or a portion of their net investment income to their shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Funds may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month.As a result, the dividends paid by the Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month.The Funds current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Assets and Liabilities, which comprises part of the financial information included in this report.

Additional Information (continued)

General Information

The Funds do not make available copies of their Statements of Additional Information because the Funds shares are not continuously offered, which means that the Statement of Additional Information of each Fund has not been updated after completion of the respective Fund s offerings and the information contained in each Fund s Statement of Additional Information may have become outdated.

During the period, there were no material changes in the Funds investment objectives or policies or to the Funds charters or by-laws that were not approved by the shareholders or in the principal risk factors associated with investment in the Funds. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Funds portfolio.

Quarterly performance, semi-annual and annual reports and other information regarding the Funds may be found on BlackRock s website, which can be accessed at http://www.blackrock.com. This reference to BlackRock s website is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock s website into this report.

Electronic Delivery

Electronic copies of most financial reports are available on the Funds websites or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Funds electronic delivery program.

Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:

Please contact your financial advisor to enroll. Please note that not all investment advisors, banks or brokerages may offer this service.

Householding

The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called householding and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call (800) 441-7762.

Availability of Quarterly Portfolio Schedule of Investments

Each Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds Forms N-Q are available on the SEC s website at http://www.sec.gov and may also be reviewed and copied at the SEC s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. Each Fund s Form N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (800) 441-7762; (2) at www.blackrock.com; and (3) on the SEC s website at http://www.sec.gov.

Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in the Funds portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at www.blackrock.com or by calling (800) 441-7762 and (2) on the SEC s website at http://www.sec.gov.

Additional Information (concluded)

BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, Clients) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

This report is transmitted to shareholders only. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Funds have leveraged their Common Shares, which creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares, and the risk that fluctuations in the short-term dividend rates of the Preferred Shares, currently set at the maximum reset rate as a result of failed auctions, may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

#MYQII-4/10

Item 2 – Code of Ethics – The registrant (or the "Fund") has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant's principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions. During the period covered by this report, there have been no amendments to or waivers granted under the code of ethics. A copy of the code of ethics is available without charge at www.blackrock.com.

Item 3 – Audit Committee Financial Expert – The registrant's board of directors or trustees, as applicable (the "board of directors") has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:

Kent Dixon (retired effective December 31, 2009)

Frank J. Fabozzi

James T. Flynn

W. Carl Kester

Karen P. Robards

The registrant's board of directors has determined that W. Carl Kester and Karen P. Robards qualify as financial experts pursuant to Item 3(c)(4) of Form N-CSR.

Prof. Kester has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Prof. Kester has been involved in providing valuation and other financial consulting services to corporate clients since 1978. Prof. Kester's financial consulting services present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements.

Ms. Robards has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Ms. Robards has been President of Robards & Company, a financial advisory firm, since 1987. Ms. Robards was formerly an investment banker for more than 10 years where she was responsible for evaluating and assessing the performance of companies based on their financial results. Ms. Robards has over 30 years of experience analyzing financial statements. She also is a member of the audit committee of one publicly held company and a non-profit organization.

Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification.

Item 4 – Principal Accountant Fees and Services

Entity Name	(a) Audit Fees Current Fiscal Year End	Previous Fiscal Year End	(b) Audit-Related Fees[1] Current Fiscal Year End	Previous Fiscal Year End	(c) Tax Fees[2] Current Fiscal Year End	Previous Fiscal Year End	(d) All Other Fees[3] Current Fiscal Year End	Previous Fiscal Year End
BlackRock MuniYield Quality Fund, Inc.	$36,700	$36,700	$3,500	$3,500	$6,100	$6,100	$0	$1,028

1 The nature of the services include assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

2 The nature of the services include tax compliance, tax advice and tax planning.

3 The nature of the services include a review of compliance procedures and attestation thereto.

(e)(1) Audit Committee Pre-Approval Policies and Procedures:

The registrant's audit committee (the "Committee") has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the registrant's affiliated service providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are a) consistent with the SEC's auditor independence rules and b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis ("general pre-approval"). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operation or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed $10,000 attributable to the registrant or $50,000 for all of the registrants the Committee oversees. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for ratification. The Committee may delegate to one or more of its members the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

(e)(2) None of the services described in each of Items 4(b) through (d) were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not Applicable

(g) Affiliates' Aggregate Non-Audit Fees:

Entity Name	Current Fiscal Year End	Previous Fiscal Year End
BlackRock MuniYield Quality Fund, Inc.	$20,377	$418,128

(h) The registrant's audit committee has considered and determined that the provision of non-audit services that were rendered to the registrant's investment adviser (not including any non-affiliated sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by the registrant's investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

Regulation S-X Rule 2-01(c)(7)(ii) – $10,777, 0%

Item 5 – Audit Committee of Listed Registrants – The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)):

Kent Dixon (retired effective December 31, 2009)
Frank J. Fabozzi
James T. Flynn
W. Carl Kester
Karen P. Robards

Item 6 – Investments

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7 – Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies – The board of directors has delegated the voting of proxies for the Fund securities to the Fund's investment adviser ("Investment Adviser") pursuant to the Investment Adviser's proxy voting guidelines. Under these guidelines, the Investment Adviser will vote proxies related to Fund securities in the best interests of the Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Fund's stockholders, on the one hand, and those of the Investment Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser's Equity Investment Policy Oversight Committee, or a sub-committee thereof (the "Oversight Committee") is aware of the real or potential conflict or material non-routine matter and if the Oversight Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Oversight Committee may retain an independent fiduciary to advise the Oversight Committee on how to vote or to cast votes on behalf of the Investment Adviser's clients. If the Investment Adviser determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Oversight Committee shall determine how to vote the proxy after consulting with the Investment Adviser's Portfolio Management Group and/or the Investment Adviser's Legal and Compliance Department and concluding that the vote cast is in its client's best interest notwithstanding the conflict. A copy of the

Fund's Proxy Voting Policy and Procedures are attached as Exhibit 99.PROXYPOL. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, (i) at www.blackrock.com and (ii) on the SEC's website at http://www.sec.gov.

Item 8 – Portfolio Managers of Closed-End Management Investment Companies – as of April 30, 2010.

(a)(1) The registrant is managed by a team of investment professionals comprised of Michael Kalinoski, Director at BlackRock, Theodore R. Jaeckel, Jr., CFA, Managing Director at BlackRock and Walter O'Connor, Managing Director at BlackRock. Each is a member of BlackRock's municipal tax-exempt management group. Each is jointly responsible for the day-to-day management of the registrant's portfolio, which includes setting the registrant's overall investment strategy, overseeing the management of the registrant and/or selection of its investments. Messrs. Kalinoski, Jaeckel and O'Connor have been members of the registrant's portfolio management team since 2000, 2006 and 2006, respectively.

Portfolio Manager	**Biography**
Michael Kalinoski	Director of BlackRock, Inc. since 2006; Director of Merrill Lynch Investment Management, L.P. ("MLIM") from 1999 to 2006.
Theodore R. Jaeckel, Jr.	Managing Director at BlackRock, Inc. since 2006; Managing Director of MLIM from 2005 to 2006; Director of MLIM from 1997 to 2005.
Walter O'Connor	Managing Director of BlackRock, Inc. since 2006; Managing Director of MLIM from 2003 to 2006; Director of MLIM from 1998 to 2003.

(a)(2) As of April 30, 2010:

	(ii) Number of Other Accounts Managed and Assets by Account Type			**(iii) Number of Other Accounts and Assets for Which Advisory Fee is Performance-Based**		
(i) Name of Portfolio Manager	**Other Registered Investment Companies**	**Other Pooled Investment Vehicles**	**Other Accounts**	**Other Registered Investment Companies**	**Other Pooled Investment Vehicles**	**Other Accounts**
Michael Kalinoski	6	0	0	0	0	0
	$2.74 Billion	$0	$0	$0	$0	$0
Theodore R. Jaeckel, Jr.	72	0	0	0	0	0
	$19.43 Billion	$0	$0	$0	$0	$0
Walter O'Connor	72	0	0	0	0	0
	$19.43 Billion	$0	$0	$0	$0	$0

(iv) Potential Material Conflicts of Interest

BlackRock and its affiliates (collectively, herein "BlackRock") has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock

furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Fund. In addition, BlackRock, its affiliates and significant shareholders and any officer, director, stockholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, or any of its affiliates or significant shareholders, or any officer, director, stockholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock's (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Each portfolio manager also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. In this connection, it should be noted that a portfolio manager may currently manage certain accounts that are subject to performance fees. In addition, a portfolio manager may assist in managing certain hedge funds and may be entitled to receive a portion of any incentive fees earned on such funds and a portion of such incentive fees may be voluntarily or involuntarily deferred. Additional portfolio managers may in the future manage other such accounts or funds and may be entitled to receive incentive fees.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted a policy that is intended to ensure that investment opportunities are allocated fairly and equitably among client accounts over time. This policy also seeks to achieve reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base.

(a)(3) As of April 30, 2010:

Portfolio Manager Compensation Overview

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock such as its Long-Term Retention and Incentive Plan.

Base compensation. Generally, portfolio managers receive base compensation based on their seniority and/or their position with the firm. Senior portfolio managers who perform additional management functions within the portfolio management group or within BlackRock may receive additional compensation for serving in these other capacities.

Discretionary Incentive Compensation

Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, of the firm's assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's seniority, role within the portfolio management team, teamwork and contribution to the overall performance of these portfolios and BlackRock. In most cases, including for the portfolio managers of the Fund, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Fund or other accounts managed by the portfolio managers are measured. BlackRock's Chief Investment Officers determine the benchmarks against which the performance of funds and other accounts managed by each portfolio manager is compared and the period of time over which performance is evaluated. With respect to the portfolio managers, such benchmarks for the Fund include a combination of market-based indices (e.g. Barclays Capital Municipal Bond Index), certain customized indices and certain fund industry peer groups.

BlackRock's Chief Investment Officers make a subjective determination with respect to the portfolio managers' compensation based on the performance of the funds and other accounts managed by each portfolio manager relative to the various benchmarks noted above. Performance is measured on both a pre-tax and after-tax basis over various time periods including 1, 3, 5 and 10-year periods, as applicable.

Distribution of Discretionary Incentive Compensation

Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. The BlackRock, Inc. restricted stock units, if properly vested, will be settled in BlackRock, Inc. common stock. Typically, the cash bonus, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of annual bonuses in stock puts compensation earned by a portfolio manager for a given year "at risk" based on BlackRock's ability to sustain and improve its performance over future periods.

Long-Term Retention and Incentive Plan ("LTIP") – From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Messrs. Jaeckel and O'Connor have each received awards under the LTIP.

Deferred Compensation Program – A portion of the compensation paid to eligible BlackRock employees may be voluntarily deferred into an account that tracks the performance of certain of the firm's investment products. Each participant in the deferred compensation program is permitted to allocate his deferred amounts among the various investment options. Messrs. Kalinoski, Jaeckel and O'Connor have each participated in the deferred compensation program.

Other compensation benefits. In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

Incentive Savings Plans – BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 6% of eligible pay contributed to the plan capped at $4,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation. The RSP offers a range of investment options, including registered investment companies managed by the firm. BlackRock contributions follow the investment direction set by participants for their own contributions or, absent employee investment direction, are invested into a balanced portfolio. The ESPP allows for investment in BlackRock common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares or a dollar value of $25,000. Each portfolio manager is eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* – April 30, 2010.

Portfolio Manager	Dollar Range of Equity Securities Beneficially Owned
Michael Kalinoski	None
Theodore R. Jaeckel, Jr.	$1 - $10,000
Walter O'Connor	None

Item 9 – Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers – Not Applicable due to no such purchases during the period covered by this report.

Item 10 – Submission of Matters to a Vote of Security Holders – The registrant's Nominating and Governance Committee will consider nominees to the board of directors recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations that include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures.

Item 11 – Controls and Procedures

11(a) – The registrant's principal executive and principal financial officers or persons performing similar functions have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13(a)-15(b) under the Securities Exchange Act of 1934, as amended.

11(b) – There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 – Exhibits attached hereto

12(a)(1) – Code of Ethics – See Item 2

12(a)(2) – Certifications – Attached hereto

12(a)(3) – Not Applicable

12(b) – Certifications – Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock MuniYield Quality Fund, Inc.

By: /s/ Anne F. Ackerley
Anne F. Ackerley
Chief Executive Officer of
BlackRock MuniYield Quality Fund, Inc.

Date: June 28, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Anne F. Ackerley
Anne F. Ackerley
Chief Executive Officer (principal executive officer) of
BlackRock MuniYield Quality Fund, Inc.

Date: June 28, 2010

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

Date: June 28, 2010