

BLACKROCK MUNIYIELD ARIZONA FUND, INC
 Form N-Q
 December 23, 2008

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

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
 MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-07083

Name of Fund: BlackRock MuniYield Arizona Fund, Inc. (MZA)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, Chief Executive Officer, BlackRock MuniYield Arizona Fund, Inc., 800 Scudders Mill Road, Plainsboro, NJ, 08536. Mailing address: P.O. Box 9011, Princeton, NJ, 08543-9011

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

Date of fiscal year end: 07/31/2009

Date of reporting period: 08/01/2008 - 10/31/2008

Item 1 Schedule of Investments

BlackRock MuniYield Arizona Fund, Inc.

Schedule of Investments October 31, 2008 (Unaudited)

(Percentages shown are based on Net Assets)

	Municipal Bonds	Par (000)	Value
Arizona - 151.2%	Arizona Board of Regents Revenue Bonds (Arizona State University System), Series C, 6%, 7/01/25	\$ 620	\$ 657,746
	Arizona Board of Regents Revenue Bonds (Arizona State University System), Series C, 6%, 7/01/26	350	370,762
	Arizona Board of Regents Revenue Bonds (Arizona State University System), Series C, 6%, 7/01/27	425	448,558
	Arizona Board of Regents Revenue Bonds (Arizona State University System), Series C, 6%, 7/01/28	300	315,468

Edgar Filing: BLACKROCK MUNIYIELD ARIZONA FUND, INC - Form N-Q

Arizona Educational Loan Marketing Corporation, Educational Loan Revenue Refunding Bonds, AMT, Junior Sub-Series, 6.30%, 12/01/08	1,000	1,001,980
Arizona Health Facilities Authority Revenue Bonds (Catholic Healthcare West), Series A, 6.625%, 7/01/20	1,435	1,546,715
Arizona Health Facilities Authority, Revenue Refunding Bonds (Banner Health), Series D, 6%, 1/01/30	1,500	1,427,475
Arizona Health Facilities Authority, Revenue Refunding Bonds (Banner Health), Series D, 5.50%, 1/01/38	1,000	867,540
Arizona Student Loan Acquisition Authority, Student Loan Revenue Refunding Bonds, AMT, Junior Subordinated Series B-1, 6.15%, 5/01/29	3,285	2,953,215
Arizona Student Loan Acquisition Authority, Student Loan Revenue Refunding Bonds, AMT, Senior-Series A-1, 5.90%, 5/01/24	850	764,337
Arizona Tourism and Sports Authority, Tax Revenue Bonds (Baseball Training Facilities Project), 5%, 7/01/16	1,000	911,020
Downtown Phoenix Hotel Corporation, Arizona, Revenue Bonds, Senior Series A, 5%, 7/01/36 (a)	1,500	953,655
Downtown Phoenix Hotel Corporation, Arizona, Revenue Bonds, Sub-Series B, 5%, 7/01/36 (a)(b)	1,500	1,065,060
Gila County, Arizona, Unified School District Number 10 (Payson), GO (School Improvement Project of 2006), Series A, 1%, 7/01/27 (c)	1,000	963,310
Gilbert, Arizona, Water Resource Municipal Property Corporation, Water System Development Fee and Utility Revenue Bonds, Subordinated Lien, 5%, 10/01/29 (b)	1,000	927,720

Portfolio

Abbreviations

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

AMT	Alternative Minimum Tax (subject to)	IDA	Industrial Development Authority
COP	Certificates of Participation	S/F	Single-Family

GO General Obligation Bonds

BlackRock MuniYield Arizona Fund, Inc.

Schedule of Investments October 31, 2008 (Unaudited)		(Percentages shown are based on Net Assets)	
Municipal Bonds		Par (000)	Value
	Gladden Farms Community Facilities District, Arizona, GO, 5.50%, 7/15/31	\$ 750	\$ 533,865
	Greater Arizona Development Authority, Infrastructure Revenue Bonds (Santa Cruz County Jail), Series 2, 5.25%, 8/01/31	1,000	907,470
	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series B, 5%, 8/01/30 (b)	2,000	1,859,500
Series A-1,	Maricopa County and Phoenix, Arizona, IDA, S/F Mortgage Revenue Refunding Bonds, AMT, 5.75%, 5/01/40 (d)(e)(f)	1,445	1,295,385
Revenue Series A,	Maricopa County, Arizona, IDA, Education Bonds (Arizona Charter Schools Project 1), 6.625%, 7/01/20	900	733,104
West	Maricopa County, Arizona, IDA, Health Facilities Revenue Refunding Bonds (Catholic Healthcare Project), Series A, 5.50%, 7/01/26	1,850	1,599,547
	Maricopa County, Arizona, IDA, Hospital Facility Revenue Refunding Bonds (Samaritan Health Services), Series A, 7%, 12/01/16 (b)(g)	2,400	2,807,784
Revenue	Maricopa County, Arizona, IDA, S/F Mortgage Bonds, AMT, Series 3-B, 5.25%, 8/01/38 (d)(e)(f)	1,845	1,548,487
Number 3,	Maricopa County, Arizona, School District GO, Refunding (Tempe Elementary), 7.50%, 7/01/10 (a)(b)	500	537,225

Edgar Filing: BLACKROCK MUNIYIELD ARIZONA FUND, INC - Form N-Q

Number	Maricopa County, Arizona, School District		
	11, GO (Peoria Unified), Second Series, 5%, 7/01/25 (a)(b)	1,000	955,270
Number	Maricopa County, Arizona, School District		
Series	89, School Improvement, GO (Dysart Unified), C, 6%, 7/01/28	1,000	1,003,540
Number	Maricopa County, Arizona, School District		
	90, School Improvement, GO (Saddle Mountain Unified), Series A, 5%, 7/01/14	1,000	993,610
Revenue Project),	McAllister Academic Village, LLC, Arizona, Refunding Bonds (Arizona State University 5.25%, 7/01/39 (h)	500	455,445
Health	Mesa, Arizona, IDA Revenue Bonds (Discovery Systems), Series A, 5.625%, 1/01/10 (b)(i)	1,000	1,044,200
	Phoenix and Pima County, Arizona, IDA, S/F Mortgage Revenue Bonds, AMT, Series 1A, 5.65%, 7/01/39 (e)(f)	908	843,274
	Phoenix and Pima County, Arizona, IDA, S/F Mortgage Revenue Refunding Bonds, AMT, Series 2007-1, 5.25%, 8/01/38 (d)(e)(f)	1,888	1,633,329

2

BlackRock MuniYield Arizona Fund, Inc.

(Percentages shown
are based on Net
Assets)

Schedule of Investments October 31, 2008 (Unaudited)

	Municipal Bonds	Par (000)	Value
Corporation,	Phoenix, Arizona, Civic Improvement Excise Tax Revenue Bonds (Civic Plaza Expansion Project), Sub-Series A, 5%, 7/01/35 (a)(b)	\$ 3,325	\$ 2,982,525

Edgar Filing: BLACKROCK MUNIYIELD ARIZONA FUND, INC - Form N-Q

Corporation, Series A,	Phoenix, Arizona, Civic Improvement Senior Lien Airport Revenue Bonds, AMT, 5%, 7/01/33	1,000	905,360
Corporation, Series B,	Phoenix, Arizona, Civic Improvement Senior Lien Airport Revenue Bonds, AMT, 5.25%, 7/01/32 (a)(b)	600	466,782
Corporation,	Phoenix, Arizona, Civic Improvement Wastewater System Revenue Refunding Bonds, Senior Lien, 5.50%, 7/01/22	2,000	2,058,760
Corporation,	Phoenix, Arizona, Civic Improvement Water System Revenue Refunding Bonds, Junior Lien, 5.50%, 7/01/20 (a)(b)	2,500	2,545,400
Revenue Bonds,	Phoenix, Arizona, IDA, S/F Mortgage AMT, Series 2007-2, 5.50%, 8/01/38 (d)(e)(f)	1,899	1,812,234
Revenue Bonds Series A,	Pima County, Arizona, IDA, Education (American Charter Schools Foundation), 5.625%, 7/01/38	500	351,580
Revenue Bonds 6.70%,	Pima County, Arizona, IDA, Education (Arizona Charter Schools Project), Series C, 7/01/21	735	656,134
Revenue Bonds 6.75%,	Pima County, Arizona, IDA, Education (Arizona Charter Schools Project), Series C, 7/01/31	985	811,512
Project II),	Pima County, Arizona, IDA, Education Revenue Refunding Bonds (Arizona Charter Schools Series A, 6.75%, 7/01/21	575	515,597

Edgar Filing: BLACKROCK MUNIYIELD ARIZONA FUND, INC - Form N-Q

	Pima County, Arizona, IDA, Education Revenue Refunding Bonds (Arizona Charter Schools Project),	Series O, 5%, 7/01/26	1,000	691,830
7.50%,	Pima County, Arizona, Unified School District Number 1 (Tucson), GO, Refunding,	7/01/09 (a)(b)	3,050	3,158,366
		Pinal County, Arizona, COP, 5%, 12/01/26	1,250	1,082,087
		Pinal County, Arizona, COP, 5%, 12/01/29	1,250	1,057,887
AMT,	Pinal County, Arizona, IDA, Wastewater Revenue Bonds (San Manuel Facilities Project),	6.25%, 6/01/26	500	395,930
1/01/32	Queen Creek Improvement District Number 001, Arizona, Special Assessment Bonds, 5%,		2,000	1,432,040
Improvement Revenue Bonds,	Salt River Project, Arizona, Agriculture and Power District, Electric System	Series A, 5%, 1/01/24	1,000	998,880

3

BlackRock MuniYield Arizona Fund, Inc.

Schedule of Investments October 31, 2008 (Unaudited)

(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Salt River Project, Arizona, Agriculture Improvement and Power District, Electric System Revenue Refunding Bonds, Series A, 5%, 1/01/35		\$ 1,500
		\$ 1,394,535
Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, 5%, 12/01/37		2,750
		1,655,528
Scottsdale, Arizona, IDA, Hospital Revenue Bonds (Scottsdale Healthcare), 5.80%, 12/01/11 (i)		2,250
		2,439,203

Edgar Filing: BLACKROCK MUNIYIELD ARIZONA FUND, INC - Form N-Q

	Scottsdale, Arizona, IDA, Hospital Revenue Refunding Bonds (Scottsdale Healthcare), Series A, 5.25%, 9/01/30	1,000	798,010
	Surprise Municipal Property Corporation, Arizona, Wastewater Development Impact Fee Revenue Bonds, 4.90%, 4/01/32	1,500	1,051,155
	Tucson and Pima County, Arizona, IDA, S/F Mortgage Revenue Refunding Bonds, AMT, Series B, 5.35%, 6/01/47 (d)(e)(f)	1,000	808,440
	Tucson, Arizona, IDA, Joint S/F Mortgage Revenue Refunding Bonds, AMT, Series A-1, 5.10%, 7/01/38 (d)(e)(f)	995	852,675
	Tucson, Arizona, IDA, Senior Living Facilities Revenue Bonds (Christian Care Tucson Inc. Project), Series A, 6.125%, 7/01/10 (i)(j)	1,000	1,071,100
	University of Arizona, COP, Refunding, Series A, 5.125%, 6/01/29 (c)	1,105	1,051,783
	University of Arizona, COP, Series B, 5%, 6/01/28 (c)	1,900	1,802,150
	Vistancia Community Facilities District, Arizona, GO, 6.75%, 7/15/22	1,275	1,205,232
	Vistancia Community Facilities District, Arizona, GO, 5.75%, 7/15/24	750	631,185
	Yavapai County, Arizona, IDA, Hospital Facility Revenue Bonds (Yavapai Regional Medical Center), Series A, 6%, 8/01/33	1,900	1,613,043
	Yavapai County, Arizona, IDA, Solid Waste Disposal Revenue Bonds (Waste Management Inc. Project), AMT, Series A-1, 4.90%, 3/01/28	1,000	626,990
	Yuma County, Arizona, Library District, GO, 5%, 7/01/26 (k)	1,675	1,554,182
			74,403,711
Guam - 1.5%	Guam Government Waterworks Authority, Water and Wastewater System, Revenue Refunding Bonds, 5.875%, 7/01/35	1,000	740,430
Puerto Rico - 22.2%	Puerto Rico Commonwealth Aqueduct and Sewer Authority, Senior Lien Revenue Bonds, Series A, 6%,		

7/01/44 (j)	2,180	1,938,194
Puerto Rico Commonwealth Highway and Transportation Authority, Highway Revenue Refunding Bonds, Series CC, 5.50%, 7/01/31	1,000	891,910

4

BlackRock MuniYield Arizona Fund, Inc.

Schedule of Investments October 31, 2008 (Unaudited)

(Percentages shown are based on Net Assets)

	Municipal Bonds	Par (000)	Value
	Puerto Rico Commonwealth, GO, Series A, 6%, 7/01/38	\$ 1,000	\$ 930,700
Improvement,	Puerto Rico Commonwealth, Public GO, Series A, 5.125%, 7/01/31	750	629,200
	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series TT, 5%, 7/01/37	1,000	800,500
	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series WW, 5.375%, 7/01/24	1,000	918,900
Medical Bonds	Puerto Rico Industrial, Tourist, Educational, and Environmental Control Facilities Revenue (Cogeneration Facility-AES Puerto Rico Project), AMT, 6.625%, 6/01/26	1,500	1,336,800
Government	Puerto Rico Public Buildings Authority, Facilities Revenue Bonds, Series I, 5.25%, 7/01/14 (i)(l)	35	37,200
Government	Puerto Rico Public Buildings Authority, Facilities Revenue Bonds, Series I, 5.25%, 7/01/33 (l)	1,965	1,645,900
Government	Puerto Rico Public Buildings Authority, Facilities Revenue Refunding Bonds, Series		

Edgar Filing: BLACKROCK MUNIYIELD ARIZONA FUND, INC - Form N-Q

M-3, 6%,

7/01/28 (b)(l)

900

873,6

Government

Puerto Rico Public Buildings Authority,

Facilities Revenue Refunding Bonds, Series N,

5.50%,

7/01/27 (l)

1,000

920,0

10,923,3

Total Long-Term Investments
(Cost - \$97,132,794) - 174.9%

86,067,4

Short-Term Securities

Shares

(m)(n)

CMA Arizona Municipal Money Fund, 1.06%

5,876,782

5,876,7

Total Short-Term Securities

(Cost - \$5,876,782) - 12.0%

5,876,7

Total Investments (Cost - \$103,009,576*) -

186.9%

91,944,2

Liabilities in Excess of Other Assets -

(4.9)%

(2,421,44

Preferred Shares, at Redemption Value -

(82.0)%

(40,322,02

Net Assets Applicable to Common Shares -

100.0%

\$ 49,200,8

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

Aggregate cost

\$ 103,110,884

Gross unrealized appreciation

\$ 829,773

Gross unrealized depreciation

(11,996,381)

Net unrealized depreciation

\$ (11,166,608)

(a) FGIC Insured.

(b) MBIA Insured.

(c) AMBAC Insured.

(d) FHLMC Collateralized.

(e) FNMA Collateralized.

- (f) GNMA Collateralized.
- (g) Security is collateralized by Municipal or U.S. Treasury Obligations.

5

BlackRock MuniYield Arizona Fund, Inc.

Schedule of Investments October 31, 2008 (Unaudited)

- (h) Assured Guaranty Insured.
- (i) U.S. government securities, held in escrow, are used to pay interest on this security as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (j) Radian Insured.
- (k) XL Capital Insured.
- (l) Commonwealth Guaranteed.
- (m) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Income
CMA Arizona Municipal Money Fund	2,703,436	\$ 12,165

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

Effective August 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of 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 securities
- Level 2 - other observable inputs (including, but not limited to: quoted prices for 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 circumstance, to the extent observable inputs are not available (including the Fund's own assumption used in determining the fair value of investments)

The inputs or methodology 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

Edgar Filing: BLACKROCK MUNIYIELD ARIZONA FUND, INC - Form N-Q

policies, please refer to the Fund's most recent financial statements as contained in its annual report.

The following table summarizes the inputs used as of October 31, 2008 in determining the fair valuation of the Fund's investments:

Valuation Investments in

	Inputs	Securities
Level 1		-
Level 2		\$ 91,944,276
Level 3		-
Total		\$ 91,944,276

6

Item 2 Controls and Procedures

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

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

Item 3 Exhibits

Certifications Attached hereto

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

BlackRock MuniYield Arizona Fund, Inc.

By: /s/ Donald C. Burke

Donald C. Burke

Chief Executive Officer of

BlackRock MuniYield Arizona Fund, Inc.

Date: December 19, 2008

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/ Donald C. Burke

Edgar Filing: BLACKROCK MUNIYIELD ARIZONA FUND, INC - Form N-Q

Donald C. Burke
Chief Executive Officer (principal executive officer) of
BlackRock MuniYield Arizona Fund, Inc.

Date: December 19, 2008

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

Date: December 19, 2008
