

Vale S.A.
Form 6-K
September 30, 2010

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**United States
Securities and Exchange Commission
Washington, D.C. 20549
FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934
For the month of
September 2010
Vale S.A.**

Avenida Graça Aranha, No. 26
20030-900 Rio de Janeiro, RJ, Brazil
(Address of principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82-__.)

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Vale acquires additional stake in Vale Fertilizantes

Rio de Janeiro, September 29, 2010 Vale S.A. (Vale) announces that it concluded the acquisition from The Mosaic Company (Mosaic) of an additional stake of 20.27% in the equity capital of Vale Fertilizantes S.A. (Vale Fertilizantes) previously named Fertilizantes Fosfatados S.A. Fosfertil - for US\$ 1,029,811,129.77.

Through its wholly-owned subsidiary Mineração Naque S.A., Vale exercised, a call option pursuant to a contract with Mosaic on February 10, 2010. This contract was part of the process of acquisition of 100% of Bunge Participações e Investimentos, publicly announced on January 27, 2010.

The acquisition of 20.27% in Vale Fertilizantes, which corresponds to 27.27% of the common shares and 16.65% of the preferred shares of such firm, was held at a price of US\$ 12.0185 per shares, the same price per shares paid to Bunge Fertilizantes S.A., Fertilizantes Heringer S.A., Fertilizantes do Paraná Ltda and Yara Brasil Fertilizantes S.A., when consolidated the acquisition of these direct and indirect stakes in Vale Fertilizantes, as publicly announced on May 27, 2010, Vale concludes important steps of the fertilizer assets acquisition .

As a consequence of the conclusion of the acquisition, Vale now owns 78.90% of Vale Fertilizantes, which corresponds to 99.81% of its common shares and 68.24% of preferred shares.

According to our press release of May 27, 2010, Vale submitted to the Brazilian Securities Commission (CVM) approval the registration of a mandatory public offer to acquire 0.19% of the common shares held by the minority shareholders of Vale Fertilizantes.

The acquisition is consistent with our goal to become a global leader in the fertilizer business. In order to achieve this position, we have the availability of a large pipeline of projects involving potash and phosphates assets in Brazil, Argentina, Peru, Canada and Mozambique, currently under different stages of development. In July 2010, the phosphate rock mine of Bayóvar, Peru, came on stream. It is a world-class asset and the first greenfield project completed by Vale in the fertilizer business.

For further information, please contact:

+55-21-3814-4540

Roberto Castello Branco: roberto.castello.branco@vale.com

Viktor Moszkowicz: viktor.moszkowicz@vale.com

Carla Albano Miller: carla.albano@vale.com

Andrea Gutman: andrea.gutman@vale.com

Fernando Frey: fernando.frey@vale.com

Marcio Loures Penna: marcio.penna@vale.com

Samantha Pons: samantha.pons@vale.com

Thomaz Freire: thomaz.freire@vale.com

This press release may include declarations about Vale's expectations regarding future events or results. All declarations based upon future expectations, rather than historical facts, are subject to various risks and uncertainties. Vale cannot guarantee that such declarations will prove to be correct. These risks and uncertainties include factors related to the following: (a) the countries where Vale operates, mainly Brazil and Canada; (b) the global economy; (c) capital markets; (d) the mining and metals businesses and their dependence upon global industrial production, which is cyclical by nature; and (e) the high degree of global competition in the markets in which Vale operates. To obtain further information on factors that may give rise to results different from those forecast by Vale, please consult the reports filed with the Brazilian Comissão de Valores Mobiliários (CVM), the French Autorité des Marchés Financiers (AMF), and with the U.S. Securities and Exchange Commission (SEC), including Vale's most recent Annual Report on Form 20F and its reports on Form 6K.

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Signatures

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

Vale S.A.
(Registrant)

By: /s/ Roberto Castello Branco
Roberto Castello Branco
Director of Investor Relations

Date: September 29, 2010

ALIGN="bottom"> 11,740 13,926,353

Washington 1.8%

Metropolitan Washington Airports Authority, Refunding ARB, Series A, AMT, 5.00%, 10/01/30

6,880 7,438,897

Washington Health Care Facilities Authority, Refunding RB, Seattle Children s Hospital, Series B, 5.00%, 10/01/38

8,205 9,448,167

16,887,064

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
Wisconsin 4.1%		
State of Wisconsin, Refunding RB, Series A, 6.00%, 05/01/19 ^(a)	\$ 14,780	\$ 14,937,148
State of Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., Obligated Group, Series C, 5.25%, 04/01/19 ^{(a)(f)}	7,459	7,501,251
Wisconsin Health & Educational Facilities Authority, Refunding RB: Ascension Health Credit Group, 5.00%, 11/15/39	12,650	13,970,769
Froedtert & Community Health, Inc., Obligated Group, Series A, 5.00%, 04/01/42	2,490	2,662,669
		39,071,837
		443,594,611

Total Municipal Bonds Transferred to Tender Option Bond Trusts	47.1%	
(Cost \$436,569,873)		
Total Long-Term Investments	163.9%	1,545,256,915
(Cost \$1,479,276,364)		
		<i>Shares</i>
Short-Term Securities	0.9%	
BlackRock Liquidity Funds, MuniCash, Institutional Class, 1.24% ^{(g)(h)}		8,629,327 8,631,052
Total Short-Term Securities	0.9%	8,631,052
(Cost \$8,630,415)		
Total Investments	164.8%	1,553,887,967
(Cost \$1,487,906,779)		
Other Assets Less Liabilities	1.2%	12,210,069
Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable	(28.3)%	(266,973,335)
VRDP Shares, at Liquidation Value, Net of Deferred Offering Costs	(37.7)%	(355,952,998)
Net Assets Applicable to Common Shares	100.0%	\$ 943,171,703

(a) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.

(b) Zero-coupon bond.

(c) Step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate as of period end.

(d) Variable or floating rate security, which interest rate adjusts periodically based on changes in current interest rates and prepayments on the underlying pool of assets. Rate shown is the rate in effect as of period end.

(e) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing. See Note 4 of the Notes to Financial Statements for details.

(f) All or a portion of security is subject to a recourse agreement. The aggregate maximum potential amount the Fund could ultimately be required to pay under agreements, which expire between June 15, 2019 to April 01, 2039, is \$25,013,578. See Note 4 of the Notes to Financial Statements for details.

(g) Annualized 7-day yield as of period end.

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

January 31, 2019

(h) During the six months ended January 31, 2019, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

<i>Affiliate</i>	<i>Shares Held at 07/31/18</i>	<i>Net Activity</i>	<i>Shares Held at 01/31/19</i>	<i>Value at 01/31/19</i>	<i>Inc Gain (Loss)</i>	<i>Net Change in</i>	
						<i>Realized Appreciation</i>	<i>Unrealized Depreciation</i>
BlackRock Liquidity Funds, MuniCash, Institutional Class	14,318,158	(5,688,831)	8,629,327	\$ 8,631,052	\$ 64,548	\$ (837)	\$ 218

(a) Includes net capital gain distributions, if applicable.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Notional Amount (000)</i>	<i>Value/ Unrealized Appreciation (Depreciation)</i>
<i>Short Contracts:</i>				
10-Year U.S. Treasury Note	337	03/20/19	\$ 41,272	\$ (665,743)
Long U.S. Treasury Bond	525	03/20/19	77,011	(3,162,789)
5-Year U.S. Treasury Note	56	03/29/19	6,432	(119,570)
				\$ (3,948,102)

Derivative Financial Instruments Categorized by Risk Exposure

As of period end, the fair values of derivative financial instruments located in the Statements of Assets and Liabilities were as follows:

<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
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**Liabilities Derivative
Financial Instruments**

Futures contracts

Net unrealized depreciation ^(a)	\$	\$	\$	\$	\$ (3,948,102)	\$	\$ (3,948,102)
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^(a) Includes cumulative appreciation (depreciation) on futures contracts if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities. For the six months ended January 31, 2019, the effect of derivative financial instruments in the Statements of Operations was as follows:

	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
Net Realized Gain (Loss) from:							
Futures contracts	\$	\$	\$	\$	\$ 751,861	\$	\$ 751,861
Net Change in Unrealized Appreciation (Depreciation) on:							
Futures contracts	\$	\$	\$	\$	\$ (3,811,508)	\$	\$ (3,811,508)

Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:

Average notional value of contracts – short	\$ 87,587,750
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For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

January 31, 2019

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Financial Statements.

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

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments:				
Long-Term Investments ^(a)	\$	\$ 1,545,256,915	\$	\$ 1,545,256,915
Short-Term Securities	8,631,052			8,631,052
	\$ 8,631,052	\$ 1,545,256,915	\$	\$ 1,553,887,967
Derivative Financial Instruments ^(b)				
Liabilities:				
Interest rate contracts	\$ (3,948,102)	\$	\$	\$ (3,948,102)

^(a) See above Schedule of Investments for values in each state or political subdivision.

^(b) Derivative financial instruments are futures contracts which are valued at the unrealized appreciation (depreciation) on the instrument.

The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of period end, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Liabilities:				
TOB trust certificates	\$	\$ (265,817,094)	\$	\$ (265,817,094)
VRDP Shares at Liquidation Value		(356,400,000)		(356,400,000)
	\$	\$ (622,217,094)	\$	\$ (622,217,094)

During the six months ended January 31, 2019, there were no transfers between levels.

See notes to financial statements.

Statements of Assets and Liabilities (unaudited)

January 31, 2019

	MUE	MCA	MYN	MYI
ASSETS				
Investments at value unaffiliated ^(d)	\$ 476,754,078	\$ 894,641,686	\$ 895,006,263	\$ 1,545,256,915
Investments at value affiliated ^(d)		249,845	270,137	8,631,052
Cash pledged for futures contracts	390,800	763,750	798,350	1,785,600
Receivables:				
Interest unaffiliated	5,375,693	12,516,567	9,192,434	16,226,474
Dividends affiliated	12,802	855	2,783	10,475
TOB Trust			2,185,000	
Prepaid expenses	5,306	6,239	6,306	7,746
Total assets	482,538,679	908,178,942	907,461,273	1,571,918,262
ACCRUED LIABILITIES				
Bank overdraft	132,552			
Payables:				
Income dividend distributions Common Shares	1,103,517	1,789,097	1,682,430	3,441,609
Interest expense and fees	147,808	1,060,259	446,544	1,156,241
Variation margin on futures contracts	151,586	298,344	310,891	698,285
Investment advisory fees	214,398	379,452	380,520	663,085
Directors and Officers fees	3,755	281,119	295,457	509,408
Investments purchased		10,590,980	4,370,000	149,288
Other accrued expenses	119,715	154,975	173,475	358,551
Total accrued liabilities	1,873,331	14,554,226	7,659,317	6,976,467
OTHER LIABILITIES				
TOB Trust Certificates	49,352,286	212,664,205	112,386,871	265,817,094
VMTP Shares, at liquidation value of \$100,000 per share ^{(c)(d)}	131,000,000			
VRDP Shares, at liquidation value of \$100,000 per share, net of deferred offering costs ^{(c)(d)}		166,245,364	247,361,144	355,952,998
Total other liabilities	180,352,286	378,909,569	359,748,015	621,770,092
Total liabilities	182,225,617	393,463,795	367,407,332	628,746,559
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS				
	\$ 300,313,062	\$ 514,715,147	\$ 540,053,941	\$ 943,171,703

NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS CONSIST OF

Paid-in capital ^{(e)(f)}	\$ 290,717,417	\$ 493,026,986	\$ 524,464,224	\$ 885,376,588
Accumulated earnings	9,595,645	21,688,161	15,589,717	57,795,115

NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS

	\$ 300,313,062	\$ 514,715,147	\$ 540,053,941	\$ 943,171,703
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Net asset value, per Common Share	\$ 13.33	\$ 14.96	\$ 13.64	\$ 13.84
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^(a) Investments at cost unaffiliated	\$ 457,536,590	\$ 869,700,968	\$ 860,016,957	\$ 1,479,276,364
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^(b) Investments at cost affiliated	\$	\$ 249,845	\$ 270,137	\$ 8,630,415
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^(c) Preferred Shares outstanding, par value \$0.10 per share	1,310	1,665	2,477	3,564
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^(d) Preferred Shares authorized	9,490	12,665	14,637	26,364
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^(e) Common Shares outstanding, par value \$0.10 per share	22,520,759	34,405,717	39,586,584	68,150,681
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^(f) Common Shares authorized	199,990,510	199,987,335	199,985,363	199,973,636
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See notes to financial statements.

Statements of Operations (unaudited)

Six Months Ended January 31, 2019

	MUE	MCA	MYN	MYI
INVESTMENT INCOME				
Interest unaffiliated	\$ 10,213,848	\$ 17,266,817	\$ 17,235,792	\$ 31,993,274
Dividends affiliated	47,459	14,127	19,764	64,548
Total investment income	10,261,307	17,280,944	17,255,556	32,057,822
EXPENSES				
Investment advisory	1,327,861	2,240,844	2,253,202	3,922,279
Professional	40,807	54,277	57,627	84,979
Accounting services	35,768	51,939	56,675	78,520
Rating agency	21,752	21,762	21,786	21,821
Transfer agent	16,134	18,569	21,315	38,073
Directors and Officer	14,672	20,443	21,059	37,006
Custodian	5,132	6,141	4,930	11,763
Printing	3,936	4,732	4,902	6,328
Registration	4,787	6,739	7,754	13,530
Liquidity fees			15,291	98,311
Remarketing fees on Preferred Shares			1,417	8,910
Miscellaneous	10,741	16,875		23,102
Total expenses excluding interest expense, fees and amortization of offering costs	1,481,590	2,442,321	2,465,958	4,344,622
Interest expense, fees and amortization of offering costs ^(a)	2,239,147	4,290,171	4,206,995	7,143,160
Total expenses	3,720,737	6,732,492	6,672,953	11,487,782
Less fees waived and/or reimbursed by the Manager	(53,672)	(712)	(595)	(4,198)
Total expenses after fees waived and/or reimbursed	3,667,065	6,731,780	6,672,358	11,483,584
Net investment income	6,594,242	10,549,164	10,583,198	20,574,238
REALIZED AND UNREALIZED GAIN (LOSS)				
Net realized gain (loss) from:				
Investments unaffiliated	(50,006)	(1,600,396)	(2,829,499)	(2,028,774)
Investments affiliated	2,138	(11)	87	(1,247)
Futures contracts	234,126	574,423	274,036	751,861
	549			410

Capital gain distributions from investment companies
affiliated

	186,807	(1,025,984)	(2,555,376)	(1,277,750)
Net change in unrealized appreciation (depreciation) on:				
Investments unaffiliated	(3,611,437)	(6,033,603)	267,906	(4,461,916)
Investments affiliated	(289)	(25)	(361)	218
Futures contracts	(1,051,783)	(2,141,292)	(1,901,734)	(3,811,508)
	(4,663,509)	(8,174,920)	(1,634,189)	(8,273,206)
Net realized and unrealized loss	(4,476,702)	(9,200,904)	(4,189,565)	(9,550,956)
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS	\$ 2,117,540	\$ 1,348,260	\$ 6,393,633	\$ 11,023,282

(a) Related to TOB Trusts, VMTP Shares and/or VRDP Shares.
See notes to financial statements.

Statements of Changes in Net Assets

	MUE	
	Six Months Ended	Year Ended
	01/31/19	07/31/18
	(unaudited)	
<i>INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</i>		
OPERATIONS		
Net investment income	\$ 6,594,242	\$ 15,481,866
Net realized gain	186,807	1,072,068
Net change in unrealized appreciation (depreciation)	(4,663,509)	(14,608,136)
Net increase in net assets applicable to Common Shareholders resulting from operations	2,117,540	1,945,798
DISTRIBUTIONS TO COMMON SHAREHOLDERS^{(a)(b)}		
Decrease in net assets resulting from distributions to Common Shareholders	(7,071,518)	(16,169,915)
CAPITAL SHARE TRANSACTIONS		
Reinvestment of common distributions		78,607
<i>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS^(b)</i>		
Total decrease in net assets applicable to Common Shareholders	(4,953,978)	(14,145,510)
Beginning of period	305,267,040	319,412,550
End of period	\$ 300,313,062	\$ 305,267,040

^(a) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(b) Prior year distribution character information and undistributed net investment income has been modified or removed to conform with current year Regulation S-X presentation changes. Refer to Note 11 for this prior year information.

See notes to financial statements.

Statements of Changes in Net Assets (continued)

	MCA	
	Six Months Ended	Year Ended
	01/31/19	07/31/18
	(unaudited)	
<i>INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</i>		
OPERATIONS		
Net investment income	\$ 10,549,164	\$ 23,092,580
Net realized gain (loss)	(1,025,984)	2,912,708
Net change in unrealized appreciation (depreciation)	(8,174,920)	(18,294,474)
Net increase in net assets applicable to Common Shareholders resulting from operations	1,348,260	7,710,814
DISTRIBUTIONS TO COMMON SHAREHOLDERS^{(a)(b)}		
Decrease in net assets resulting from distributions to Common Shareholders	(12,165,071)	(23,481,902)
<i>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS^(b)</i>		
Total decrease in net assets applicable to Common Shareholders	(10,816,811)	(15,771,088)
Beginning of period	525,531,958	541,303,046
End of period	\$ 514,715,147	\$ 525,531,958

^(a) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(b) Prior year distribution character information and undistributed net investment income has been modified or removed to conform with current year Regulation S-X presentation changes. Refer to Note 11 for this prior year information.

See notes to financial statements.

Statements of Changes in Net Assets (continued)

	MYN	
	Six Months Ended	Year Ended
	01/31/19	07/31/18
	(unaudited)	
<i>INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</i>		
OPERATIONS		
Net investment income	\$ 10,583,198	\$ 22,782,316
Net realized gain (loss)	(2,555,376)	2,845,599
Net change in unrealized appreciation (depreciation)	(1,634,189)	(22,601,678)
Net increase in net assets applicable to Common Shareholders resulting from operations	6,393,633	3,026,237
DISTRIBUTIONS TO COMMON SHAREHOLDERS^{(a)(b)}		
Decrease in net assets resulting from distributions to Common Shareholders	(10,111,601)	(23,456,159)
<i>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS^(b)</i>		
Total decrease in net assets applicable to Common Shareholders	(3,717,968)	(20,429,922)
Beginning of period	543,771,909	564,201,831
End of period	\$ 540,053,941	\$ 543,771,909

^(a) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(b) Prior year distribution character information and undistributed net investment income has been modified or removed to conform with current year Regulation S-X presentation changes. Refer to Note 11 for this prior year information.

See notes to financial statements.

Statements of Changes in Net Assets (continued)

	MYI	
	Six Months Ended	Year Ended
	01/31/19 (unaudited)	07/31/18
<i>INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</i>		
OPERATIONS		
Net investment income	\$ 20,574,238	\$ 46,465,254
Net realized gain (loss)	(1,277,750)	6,625,739
Net change in unrealized appreciation (depreciation)	(8,273,206)	(36,598,743)
Net increase in net assets applicable to Common Shareholders resulting from operations	11,023,282	16,492,250
DISTRIBUTIONS TO COMMON SHAREHOLDERS^{(a)(b)}		
Decrease in net assets resulting from distributions to Common Shareholders	(20,661,787)	(50,233,328)
CAPITAL SHARE TRANSACTIONS		
Reinvestment of common distributions		957,599
<i>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS^(b)</i>		
Total decrease in net assets applicable to Common Shareholders	(9,638,505)	(32,783,479)
Beginning of period	952,810,208	985,593,687
End of period	\$ 943,171,703	\$ 952,810,208

^(a) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(b) Prior year distribution character information and undistributed net investment income has been modified or removed to conform with current year Regulation S-X presentation changes. Refer to Note 11 for this prior year information.

See notes to financial statements.

Statements of Cash Flows (unaudited)

Six Months Ended January 31, 2019

	MUE	MCA	MYN	MYI
CASH PROVIDED BY OPERATING ACTIVITIES				
Net increase in net assets resulting from operations	\$ 2,117,540	\$ 1,348,260	\$ 6,393,633	\$ 11,023,282
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:				
Proceeds from sales of long-term investments and principal paydowns	72,760,959	151,583,934	128,637,286	223,051,076
Purchases of long-term investments	(75,986,100)	(157,621,298)	(129,505,299)	(231,266,028)
Net proceeds from sales of short-term securities	2,903,883	99,917	2,461,457	5,689,970
Amortization of premium and accretion of discount on investments and other fees	1,220,964	3,290,354	2,966,321	1,511,994
Net realized loss on investments	47,868	1,600,407	2,829,412	2,030,021
Net unrealized (appreciation) depreciation on investments	3,611,726	6,033,628	(267,545)	4,461,698
(Increase) Decrease in Assets:				
Receivables:				
Interest unaffiliated	(44,895)	225,068	(111,726)	561,576
Dividends affiliated	(4,493)	1,255	1,489	5,228
Prepaid expenses	12,946	16,001	17,011	24,835
Increase (Decrease) in Liabilities:				
Payables:				
Investment advisory fees	(4,768)	(1,996)	(2,734)	1,059
Interest expense and fees	23,660	160,807	55,241	253,045
Directors and Officers fees	946	(12,800)	(13,768)	(22,924)
Variation margin on futures contracts	141,638	237,165	266,603	594,728
Other accrued expenses	(51,660)	(87,062)	(68,713)	5,251
Net cash provided by operating activities	6,750,214	6,873,640	13,658,668	17,924,811
CASH USED FOR FINANCING ACTIVITIES				
Proceeds from TOB Trust Certificates	5,585,909	28,267,890	9,077,501	17,174,622
Repayments of TOB Trust Certificates	(4,780,025)	(22,538,997)	(11,895,295)	(13,059,165)
Proceeds from Loan for TOB Trust Certificates		11,902,245		
Repayments of Loan for TOB Trust Certificates		(11,902,245)		
Cash dividends paid to Common Shareholders	(7,184,122)	(12,165,071)	(10,111,601)	(20,661,787)
Decrease in bank overdraft	(88,976)	(207,228)	(351,945)	(468,566)
Amortization of deferred offering costs		5,766	7,672	10,085

Net cash used for financing activities	(6,467,214)	(6,637,640)	(13,273,668)	(17,004,811)
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CASH

Net increase (decrease) in restricted and unrestricted cash and foreign currency	283,000	236,000	385,000	920,000
Restricted and unrestricted cash and foreign currency at beginning of period	107,800	527,750	413,350	865,600
Restricted and unrestricted cash and foreign currency at end of period	\$ 390,800	\$ 763,750	\$ 798,350	\$ 1,785,600

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for interest expense	\$ 2,215,487	\$ 4,123,598	\$ 4,144,082	\$ 6,880,031
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RECONCILIATION OF RESTRICTED AND UNRESTRICTED CASH AT THE END OF PERIOD TO THE STATEMENTS OF ASSETS AND LIABILITIES

Cash pledged:				
Futures contracts	\$ 390,800	\$ 763,750	\$ 798,350	\$ 1,785,600

RECONCILIATION OF RESTRICTED AND UNRESTRICTED CASH AT THE BEGINNING OF PERIOD TO THE STATEMENTS OF ASSETS AND LIABILITIES

Cash pledged:				
Futures contracts	\$ 107,800	\$ 527,750	\$ 413,350	\$ 865,600

See notes to financial statements.

Financial Highlights

(For a share outstanding throughout each period)

	Six Months Ended		MUE Year Ended July 31,			
	01/31/19 (unaudited)	2018	2017	2016	2015	2014
Net asset value, beginning of period	\$ 13.55	\$ 14.19	\$ 15.08	\$ 14.48	\$ 14.42	\$ 13.27
Net investment income ^(a)	0.29	0.69	0.75	0.78	0.80	0.82
Net realized and unrealized gain (loss)	(0.20)	(0.61)	(0.87)	0.63	0.09	1.18
Net increase (decrease) from investment operations	0.09	0.08	(0.12)	1.41	0.89	2.00
Distributions to Common Shareholders from net investment income ^(b)	(0.31)	(0.72)	(0.77)	(0.81)	(0.83)	(0.85)
Net asset value, end of period	\$ 13.33	\$ 13.55	\$ 14.19	\$ 15.08	\$ 14.48	\$ 14.42
Market price, end of period	\$ 12.01	\$ 12.36	\$ 14.17	\$ 14.94	\$ 13.13	\$ 12.94
Total Return Applicable to Common Shareholders^(c)						
Based on net asset value	1.00% ^(d)	0.87%	(0.50)%	10.33%	6.84%	16.19%
Based on market price	(0.24)% ^(d)	(7.85)%	0.29%	20.55%	7.96%	12.30%
Ratios to Average Net Assets Applicable to Common Shareholders						
Total expenses	2.47% ^(e)	2.24%	1.96%	1.56%	1.50%	1.61%
Total expenses after fees waived and paid indirectly	2.43% ^(e)	2.20%	1.92%	1.55%	1.49%	1.56%
Total expenses after fees waived and paid	0.95% ^(e)	0.95%	0.95%	0.95%	0.96%	0.95%

indirectly and excluding interest expense and fees, and amortization of offering costs^(f)

Net investment income to Common Shareholders	4.37% ^(e)	4.96%	5.21%	5.32%	5.41%	6.01%
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Supplemental Data

Net assets applicable to Common Shareholders, end of period (000)	\$ 300,313	\$ 305,267	\$ 319,413	\$ 339,493	\$ 325,911	\$ 324,563
VMTP Shares outstanding at \$100,000 liquidation value, end of period (000)	\$ 131,000	\$ 131,000	\$ 131,000	\$ 131,000	\$ 131,000	\$ 131,000
Asset coverage per VMTP Shares at \$100,000 liquidation value, end of period	\$ 329,247	\$ 333,028	\$ 343,826	\$ 359,155	\$ 348,787	\$ 347,758
Borrowings outstanding, end of period (000)	\$ 49,352	\$ 48,546	\$ 62,841	\$ 57,549	\$ 51,795	\$ 52,497
Portfolio turnover rate	15%	21%	19%	15%	13%	28%

(a) Based on average Common Shares outstanding.

(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

(c) Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions at actual reinvestment prices.

(d) Aggregate total return.

(e) Annualized.

(f) Interest expense, fees and amortization of offering costs related to TOB Trusts and/or VMTP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

	Six Months Ended		MCA Year Ended July 31,			
	01/31/19 (unaudited)	2018	2017	2016	2015	2014
Net asset value, beginning of period	\$ 15.27	\$ 15.73	\$ 16.77	\$ 16.11	\$ 16.14	\$ 14.83
Net investment income ^(a)	0.31	0.67	0.73	0.81	0.83	0.87
Net realized and unrealized gain (loss)	(0.27)	(0.45)	(0.94)	0.70	0.02	1.35
Net increase (decrease) from investment operations	0.04	0.22	(0.21)	1.51	0.85	2.22
Distributions to Common Shareholders^(b)						
From net investment income	(0.31)	(0.68)	(0.78)	(0.85)	(0.88)	(0.91)
From net realized gain	(0.04)		(0.05)			
Total distributions	(0.35)	(0.68)	(0.83)	(0.85)	(0.88)	(0.91)
Net asset value, end of period	\$ 14.96	\$ 15.27	\$ 15.73	\$ 16.77	\$ 16.11	\$ 16.14
Market price, end of period	\$ 13.00	\$ 13.30	\$ 15.18	\$ 16.75	\$ 14.71	\$ 14.37
Total Return Applicable to Common Shareholders^(c)						
Based on net asset value	0.69% ^(d)	1.86%	(0.92)%	9.84%	5.76%	16.04%
Based on market price	0.45% ^(d)	(8.07)%	(4.26)%	20.15%	8.47%	12.16%
Ratios to Average Net Assets Applicable to Common Shareholders						
Total expenses	2.60% ^(e)	2.22%	1.91%	1.46%	1.32%	1.40%
Total expenses after fees waived	2.60% ^(e)	2.22%	1.91%	1.46%	1.32%	1.40%
	0.94% ^(e)	0.93%	0.92%	0.89%	0.86%	0.90%

Total expenses after fees waived and excluding interest expense, fees, and amortization of offering costs^(f)

Net investment income to Common Shareholders	4.07% ^(e)	4.33%	4.64%	4.94%	5.09%	5.63%
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Supplemental Data

Net assets applicable to Common Shareholders, end of period (000)	\$ 514,715	\$ 525,532	\$ 541,303	\$ 576,764	\$ 554,060	\$ 555,127
VRDP Shares outstanding at \$100,000 liquidation value, end of period (000)	\$ 166,500	\$ 166,500	\$ 166,500	\$ 166,500	\$ 166,500	\$ 166,500
Asset coverage per VRDP Shares at \$100,000 liquidation value, end of period	\$ 409,138	\$ 415,635	\$ 425,107	\$ 446,404	\$ 432,769	\$ 433,410
Borrowings outstanding, end of period (000)	\$ 212,664	\$ 214,550	\$ 195,488	\$ 176,433	\$ 172,574	\$ 127,397
Portfolio turnover rate	16%	25%	37%	23%	36%	15%

(a) Based on average Common Shares outstanding.

(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

(c) Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions at actual reinvestment prices.

(d) Aggregate total return.

(e) Annualized.

(f) Interest expense, fees and amortization of offering costs related to TOB Trusts and/or VRDP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

	Six Months Ended		MYN Year Ended July 31,			
	01/31/19 (unaudited)	2018	2017	2016	2015	2014
Net asset value, beginning of period	\$ 13.74	\$ 14.25	\$ 15.07	\$ 14.16	\$ 14.09	\$ 13.17
Net investment income ^(a)	0.27	0.58	0.64	0.70	0.75	0.78
Net realized and unrealized gain (loss)	(0.11)	(0.50)	(0.81)	0.94	0.09	0.97
Net increase (decrease) from investment operations	0.16	0.08	(0.17)	1.64	0.84	1.75
Distributions to Common Shareholders from net investment income ^(b)	(0.26)	(0.59)	(0.65)	(0.73)	(0.77)	(0.83)
Net asset value, end of period	\$ 13.64	\$ 13.74	\$ 14.25	\$ 15.07	\$ 14.16	\$ 14.09
Market price, end of period	\$ 11.93	\$ 11.89	\$ 13.26	\$ 14.40	\$ 13.13	\$ 12.71
Total Return Applicable to Common Shareholders^(c)						
Based on net asset value	1.47% ^(d)	1.07%	(0.69)%	12.19%	6.54%	14.21%
Based on market price	2.55% ^(d)	(6.00)%	(3.29)%	15.60%	9.52%	9.95%
Ratios to Average Net Assets Applicable to Common Shareholders						
Total expenses	2.48% ^(e)	2.19%	1.93%	1.51%	1.44%	1.50%
Total expenses after fees waived and paid indirectly	2.48% ^(e)	2.19%	1.93%	1.50%	1.44%	1.50%
Total expenses after fees waived and paid indirectly and excluding interest expense and fees, and	0.92% ^(e)	0.91%	0.92%	0.89%	0.89%	0.91%

amortization of offering costs^(f)

Net investment income to Common Shareholders	3.93% ^(e)	4.11%	4.52%	4.79%	5.22%	5.82%
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Supplemental Data

Net assets applicable to Common Shareholders, end of period (000)	\$ 540,054	\$ 543,772	\$ 564,202	\$ 596,528	\$ 560,372	\$ 557,606
VRDP Shares outstanding at \$100,000 liquidation value, end of period (000)	\$ 247,700	\$ 247,700	\$ 247,700	\$ 247,700	\$ 247,700	\$ 247,700
Asset coverage per VRDP Shares at \$100,000 liquidation value, end of period	\$ 318,027	\$ 319,528	\$ 327,776	\$ 340,827	\$ 326,230	\$ 325,114
Borrowings outstanding, end of period (000)	\$ 112,387	\$ 113,020	\$ 113,374	\$ 112,712	\$ 93,113	\$ 89,734
Portfolio turnover rate	14%	14%	13%	15%	20%	18%

^(a) Based on average Common Shares outstanding.

^(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(c) Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions at actual reinvestment prices.

^(d) Aggregate total return.

^(e) Annualized.

^(f) Interest expense, fees and amortization of offering costs related to TOBs and/or VRDP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

	Six Months Ended 01/31/19 (unaudited)	MYI Year Ended July 31,				
		2018	2017	2016	2015	2014
Net asset value, beginning of period	\$ 13.98	\$ 14.48	\$ 15.49	\$ 14.79	\$ 14.84	\$ 13.64
Net investment income ^(a)	0.30	0.68	0.77	0.84	0.87	0.89
Net realized and unrealized gain (loss)	(0.14)	(0.44)	(0.96)	0.74	(0.03)	1.18
Net increase (decrease) from investment operations	0.16	0.24	(0.19)	1.58	0.84	2.07
Distributions to Common Shareholders from net investment income ^(b)	(0.30)	(0.74)	(0.82)	(0.88)	(0.89)	(0.87)
Net asset value, end of period	\$ 13.84	\$ 13.98	\$ 14.48	\$ 15.49	\$ 14.79	\$ 14.84
Market price, end of period	\$ 12.44	\$ 12.46	\$ 14.66	\$ 15.63	\$ 14.04	\$ 13.46
Total Return Applicable to Common Shareholders^(c)						
Based on net asset value	1.50% ^(d)	2.02%	(1.02)%	11.08%	6.12%	16.23%
Based on market price	2.36% ^(d)	(10.18)%	(0.69)%	18.07%	11.06%	12.35%
Ratios to Average Net Assets Applicable to Common Shareholders						
Total expenses	2.44% ^(e)	2.11%	1.85%	1.45%	1.39%	1.47%
Total expenses after fees waived and paid indirectly	2.44% ^(e)	2.11%	1.84%	1.45%	1.39%	1.47%

Total expenses after fees waived and paid indirectly and excluding interest expense and fees, and amortization of offering costs ^(f)	0.92% ^(e)	0.89%	0.89%	0.88%	0.88%	0.91%
Net investment income to Common Shareholders	4.37% ^(e)	4.79%	5.30%	5.60%	5.78%	6.35%
Supplemental Data						
Net assets applicable to Common Shareholders, end of period (000)	\$ 943,172	\$ 952,810	\$ 985,594	\$ 1,053,232	\$ 1,003,621	\$ 1,007,291
VRDP Shares outstanding at \$100,000 liquidation value, end of period (000)	\$ 356,400	\$ 356,400	\$ 356,400	\$ 356,400	\$ 356,400	\$ 356,400
Asset coverage per VRDP Shares at \$100,000 liquidation value, end of period	\$ 364,639	\$ 367,343	\$ 376,541	\$ 395,520	\$ 381,600	\$ 382,629
Borrowings outstanding, end of period (000)	\$ 265,817	\$ 261,702	\$ 252,930	\$ 261,803	\$ 244,245	\$ 262,507
Portfolio turnover rate	14%	22%	16%	10%	11%	15%

(a) Based on average Common Shares outstanding.

(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

(c) Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions at actual reinvestment prices.

(d) Aggregate total return.

(e) Annualized.

(f) Interest expense, fees and amortization of offering costs related to TOB Trusts and/or VRDP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.

See notes to financial statements.

Notes to Financial Statements (unaudited)

1. ORGANIZATION

The following are registered under the Investment Company Act of 1940, as amended (the 1940 Act), as closed-end management investment companies and are referred to herein collectively as the Funds , or individually as a Fund :

<i>Fund Name</i>	<i>Herein Referred To As</i>	<i>Organized</i>	<i>Diversification Classification</i>
BlackRock MuniHoldings Quality Fund II, Inc.	MUE	Maryland	Diversified
BlackRock MuniYield California Quality Fund, Inc.	MCA	Maryland	Diversified
BlackRock MuniYield New York Quality Fund, Inc.	MYN	Maryland	Non-diversified
BlackRock MuniYield Quality Fund III, Inc.	MYI	Maryland	Diversified

The Boards of Directors of the Funds are collectively referred to throughout this report as the Board of Directors or the Board, and the directors thereof are collectively referred to throughout this report as Directors . The Funds determine and make available for publication the net asset values (NAVs) of their Common Shares on a daily basis.

The Funds, together with certain other registered investment companies advised by BlackRock Advisors, LLC (the Manager) or its affiliates, are included in a complex of non-index fixed-income mutual funds and all BlackRock-advised closed-end funds referred to as the Fixed-Income Complex.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. Each Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

Investment Transactions and Income Recognition: 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 date. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on an accrual basis.

Segregation and Collateralization: In cases where a Fund enters into certain investments (e.g., futures contracts) or certain borrowings (e.g., TOB Trust transactions) that would be treated as senior securities for 1940 Act purposes, a Fund may segregate or designate on its books and records cash or liquid assets having a market value at least equal to the amount of its future obligations under such investments or borrowings. Doing so allows the investment or borrowing to be excluded from treatment as a senior security. Furthermore, if required by an exchange or counterparty agreement, the Funds may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

Distributions: Distributions from net investment income are declared monthly and paid monthly. Distributions of capital gains are recorded on the ex-dividend date and made at least annually. The character and timing of distributions are determined in accordance with U.S. federal income tax regulations, which may differ from U.S. GAAP.

Distributions to Preferred Shareholders are accrued and determined as described in Note 10.

Deferred Compensation Plan: Under the Deferred Compensation Plan (the Plan) approved by each Fund's Board, the independent 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 certain funds in the BlackRock Fixed-Income Complex selected by the Independent Directors. This has the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in certain funds in the BlackRock Fixed-Income Complex.

The Plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Fund, as applicable. Deferred compensation liabilities are included in the Directors' and Officer's fees payable in the Statements of Assets and Liabilities and will remain as a liability of the Funds until such amounts are distributed in accordance with the Plan.

Recent Accounting Standards: In March 2017, the Financial Accounting Standards Board issued Accounting Standards Update Premium Amortization of Purchased Callable Debt Securities which amends the amortization period for certain purchased callable debt securities. Under the new guidance, the premium amortization of purchased callable debt securities that have explicit, non-contingent call features and are callable at fixed prices will be amortized to the earliest call date. The guidance will be applied on a modified retrospective basis and is effective for fiscal years, and their interim periods, beginning after December 15, 2018. Management is currently evaluating the impact of this guidance to the Funds.

In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update 2018-13 Changes to the Disclosure Requirements for Fair Value Measurement which modifies disclosure requirements for fair value measurements. The guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years. Management is currently evaluating the impact of this guidance to the Funds.

Indemnifications: In the normal course of business, a Fund enters into contracts that contain a variety of representations that provide general indemnification. A Fund's maximum exposure under these arrangements is unknown because it involves future potential claims against a Fund, which cannot be predicted with any certainty.

Other: Expenses directly related to a Fund are charged to that Fund. Other operating expenses shared by several funds, including other funds managed by the Manager, are prorated among those funds on the basis of relative net assets or other appropriate methods.

Notes to Financial Statements (unaudited) (continued)

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

Investment Valuation Policies: The Funds' investments are valued at fair value (also referred to as market value within the financial statements) as of the close of trading on the New York Stock Exchange (NYSE) (generally 4:00 p.m., Eastern time). U.S. GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds determine the fair values of their financial instruments using various independent dealers or pricing services under policies approved by the Board of Directors of each Fund (the Board). The BlackRock Global Valuation Methodologies Committee (the Global Valuation Committee) is the committee formed by management to develop global pricing policies and procedures and to oversee the pricing function for all financial instruments.

Fair Value Inputs and Methodologies: The following methods and inputs are used to establish the fair value of each Fund's assets and liabilities:

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.

Investments in open-end U.S. mutual funds are valued at NAV each business day.

Futures contracts traded on exchanges are valued at their last sale price.

If events (e.g., a company announcement, market volatility or a natural disaster) occur that are expected to materially affect the value of such investments, or in the event that the application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value (Fair Valued Investments). The fair valuation approaches that may be used by the Global Valuation Committee will include market approach, income approach and cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and are typically used in determining fair value. When determining the price for Fair Valued Investments, the Global Valuation Committee, or its delegate, seeks to determine the price that each Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant and consistent with the principles of fair value measurement. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis.

Fair Value Hierarchy: Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

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

Level 3 Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by privately held companies or funds. There may not be a secondary market, and/or there are a limited number of investors. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Global Valuation Committee in the absence of market information.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with each Fund's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

4. SECURITIES AND OTHER INVESTMENTS

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

Forward Commitments and When-Issued Delayed Delivery Securities: Certain 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. A fund 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, a fund may be required to pay more at settlement than the security is worth. In addition, a fund is not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, a fund assumes 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, a fund's maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions.

Notes to Financial Statements (unaudited) (continued)

Municipal Bonds Transferred to TOB Trusts: Certain funds leverage their assets through the use of TOB Trust transactions. The funds transfer municipal bonds into a special purpose trust (a TOB Trust). A TOB Trust issues two classes of beneficial interests: short-term floating rate interests (TOB Trust Certificates), which are sold to third party investors, and residual inverse floating rate interests (TOB Residuals), which are issued to the participating funds that contributed the municipal bonds to the TOB Trust. The TOB Trust Certificates have interest rates that reset weekly and their holders have the option to tender such certificates to the TOB Trust for redemption at par and any accrued interest at each reset date. The TOB Residuals held by a fund provide the fund with the right to cause the holders of a proportional share of the TOB Trust Certificates to tender their certificates to the TOB Trust at par plus accrued interest. The funds may withdraw a corresponding share of the municipal bonds from the TOB Trust. Other funds managed by the investment adviser may also contribute municipal bonds to a TOB Trust into which a fund has contributed bonds. If multiple BlackRock advised funds participate in the same TOB Trust, the economic rights and obligations under the TOB Residuals will be shared among the funds ratably in proportion to their participation in the TOB Trust.

TOB Trusts are supported by a liquidity facility provided by a third party bank or other financial institution (the Liquidity Provider) that allows the holders of the TOB Trust Certificates to tender their certificates in exchange for payment of par plus accrued interest on any business day. The tendered TOB Trust Certificates are remarketed by a Remarketing Agent. In the event of a failed remarketing, the TOB Trust may draw upon a loan from the Liquidity Provider to purchase the tendered TOB Trust Certificates. Any loans made by the Liquidity Provider will be secured by the purchased TOB Trust Certificates held by the TOB Trust and will be subject to an increased interest rate based on number of days the loan is outstanding.

The TOB Trust may be collapsed without the consent of a fund, upon the occurrence of a termination event, as defined in the TOB Trust agreement. Upon the occurrence of a termination event, a TOB Trust would be liquidated with the proceeds applied first to any accrued fees owed to the trustee of the TOB Trust, the Remarketing Agent and the Liquidity Provider. Upon certain termination events, TOB Trust Certificates holders will be paid before the TOB Residuals holders (i.e., the funds) whereas in other termination events, TOB Trust Certificates holders and TOB Residuals holders will be paid pro rata.

While a Fund's investment policies and restrictions expressly permit investments in inverse floating rate securities, such as TOB Residuals, they restrict the ability of a fund to borrow money for purposes of making investments. MCA, MYN and MYI's management believes that the fund's restrictions on borrowings do not apply to the funds' TOB Trust transactions. Each fund's transfer of the municipal bonds to a TOB Trust is considered a secured borrowing for financial reporting purposes. The cash received by the TOB Trust from the sale of the TOB Trust Certificates, less certain transaction expenses, is paid to a fund. A fund typically invests the cash received in additional municipal bonds.

Accounting for TOB Trusts: The municipal bonds deposited into a TOB Trust are presented in a fund's Schedule of Investments and the TOB Trust Certificates are shown in Other Liabilities in the Statements of Assets and Liabilities. Any loans drawn by the TOB Trust pursuant to the liquidity facility to purchase tendered TOB Trust Certificates are shown as Loan for TOB Trust Certificates. The carrying amount of a fund's payable to the holder of the TOB Trust Certificates, as reported in the Statements of Assets and Liabilities as TOB Trust Certificates, approximates its fair value.

Interest income, including amortization and accretion of premiums and discounts, from the underlying municipal bonds is recorded by a fund on an accrual basis. Interest expense incurred on the TOB Trust transaction and other

expenses related to remarketing, administration, trustee, liquidity and other services to a TOB Trust are shown as interest expense, fees and amortization of offering costs in the Statements of Operations. Fees paid upon creation of the TOB Trust are recorded as debt issuance costs and are amortized to interest expense, fees and amortization of offering costs in the Statements of Operations to the expected maturity of the TOB Trust. In connection with the restructurings of the TOB Trusts to non-bank sponsored TOB Trusts, a fund incurred non-recurring, legal and restructuring fees, which are recorded as interest expense, fees and amortization of deferred offering costs in the Statements of Operations.

	<i>Interest Expense</i>	<i>Liquidity Fees</i>	<i>Other Expenses</i>	<i>Total</i>
MUE	\$ 384,887	\$ 106,562	\$ 40,428	\$ 531,877
MCA	1,636,898	475,421	144,823	2,257,142
MYN	888,751	253,085	82,271	1,224,107
MYI	2,131,182	586,085	181,825	2,899,092

For the six months ended January 31, 2019, the following table is a summary of each Fund's TOB Trusts:

	<i>Underlying</i>		<i>Range of</i>	<i>Daily Weighted</i>	<i>Average</i>	<i>Rate</i>
	<i>Municipal Bonds</i>	<i>Liability for</i>	<i>Interest Rates</i>	<i>Average</i>	<i>Rate</i>	<i>of</i>
	<i>Transferred to</i>	<i>TOB Trust</i>	<i>on TOB Trust</i>	<i>TOB Trust</i>	<i>of</i>	<i>Interest</i>
	<i>TOB Trusts</i> ^(a)	<i>Certificates</i> ^(b)	<i>Certificates at</i>	<i>Certificates</i>	<i>and</i>	<i>Other Expenses</i>
	<i>Period End</i>	<i>Outstanding</i>	<i>TOB Trusts</i>	<i>Rate</i>	<i>of</i>	<i>Interest</i>
MUE	\$ 83,884,795	\$ 49,352,286	1.29% 1.61%	\$ 48,457,073	2.18%	
MCA	424,998,028	212,664,205	1.25% 1.41%	207,660,149	2.15	
MYN	208,010,108	112,386,871	1.30% 1.46%	111,903,299	2.17	
MYI	443,594,611	265,817,094	1.25% 1.70%	265,556,570	2.16	

(a) The municipal bonds transferred to a TOB Trust are generally high grade municipal bonds. In certain cases, when municipal bonds transferred are lower grade municipal bonds, the TOB Trust transaction may include a credit enhancement feature that provides for the timely payment of principal and interest on the bonds to the TOB Trust by a credit enhancement provider in the event of default of the municipal bond. The TOB Trust would be responsible for the payment of the credit enhancement fee and the funds, as TOB Residuals holders, would be responsible for reimbursement of any payments of principal and interest made by the credit enhancement provider. The maximum potential amounts owed by the funds, for such reimbursements, as applicable, are included in the maximum potential amounts disclosed for recourse TOB Trusts.

(b) TOB Trusts may be structured on a non-recourse or recourse basis. When a fund invests in TOB Trusts on a non-recourse basis, the Liquidity Provider may be required to make a payment under the liquidity facility to allow the TOB Trust to repurchase TOB Trust Certificates. The Liquidity Provider will be reimbursed from the liquidation of bonds held in the TOB Trust. If a fund invests in a TOB Trust on a recourse basis, a fund enters into a reimbursement agreement with the Liquidity Provider where a fund is required to reimburse the Liquidity Provider for any shortfall between the amount paid by the Liquidity Provider and proceeds received from liquidation of municipal bonds held in the TOB Trust (the "Liquidity Shortfall"). As a result, if a fund invests in a recourse TOB Trust, the fund will bear the risk of loss with respect to any Liquidity Shortfall. If multiple funds participate in any such TOB Trust, these losses will be shared ratably, including the maximum potential amounts owed by a fund at January 31, 2019, in proportion to their participation in the TOB Trust.

The recourse TOB Trusts are identified in the Schedules of Investments including the maximum potential amounts owed by a fund at January 31, 2019.

Notes to Financial Statements (unaudited) (continued)

For the six months ended January 31, 2019, the following table is a summary of each Fund's Loan for TOB Trust Certificates:

	<i>Range of Interest Rates on Loans</i>	<i>Range of Interest Rates on Loans at Period End</i>	<i>Average Loans Outstanding</i>	<i>Daily Weighted Average Rate of Interest and Other Expenses on Loans</i>
<i>Loans</i>				
<i>Outstanding at Period End</i>		<i>Period End</i>	<i>Outstanding</i>	
\$		%	\$	%
MCA			\$ 545,088	0.82%

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and/or to manage their exposure to certain risks such as credit risk, equity risk, interest rate risk, foreign currency exchange rate risk, commodity price risk or other risks (e.g., inflation risk). Derivative financial instruments categorized by risk exposure are included in the Schedules of Investments. These contracts may be transacted on an exchange or over-the-counter.

Futures Contracts: Futures contracts are purchased or sold to gain exposure to, or manage exposure to, changes in interest rates (interest rate risk) and changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk).

Futures contracts are agreements between the Funds and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. Depending on the terms of a contract, it is settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash amount on the settlement date. Upon entering into a futures contract, the Funds are required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract. Amounts pledged, which are considered restricted, are included in cash pledged for futures contracts in the Statements of Assets and Liabilities.

Securities deposited as initial margin are designated in the Schedules of Investments and cash deposited, if any, is shown as cash pledged for futures contracts in the Statements of Assets and Liabilities. 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 market value of the contract (variation margin). Variation margin is recorded as unrealized appreciation (depreciation) and, if any, shown as variation margin receivable (or payable) on futures contracts in the Statements of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Statements of Operations equal to the difference between the notional amount of the contract at the time it was opened and the notional amount at the time it was closed. The use of futures contracts involves the risk of an imperfect correlation in the movements in the price of futures contracts and interest, foreign currency exchange rates or underlying assets.

6. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Advisory: Each Fund entered into an Investment Advisory Agreement with the Manager, the Funds investment adviser and indirect, wholly-owned subsidiary of BlackRock, Inc. (BlackRock), to provide investment advisory and administrative services. The Manager is responsible for the management of each Fund s portfolio and provides the personnel, facilities, 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 equal to the following percentages of the average daily value of each Fund s net assets:

	<i>MUE</i>	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
Investment advisory fees	0.55%	0.50%	0.50%	0.50%

For purposes of calculating these fees, net assets mean the total assets of a Fund minus the sum of its accrued liabilities (which does not include liabilities represented by TOB Trusts and the liquidation preference of any outstanding preferred shares). It is understood that the liquidation preference of any outstanding preferred stock (other than accumulated dividends) and TOB Trusts is not considered a liability in determining a fund s NAV.

Expense Waivers: With respect to each Fund, the Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds (the affiliated money market fund waiver). These amounts are included in fees waived and/or reimbursed by the Manager in the Statements of Operations. For the six months ended January 31, 2019, the amounts waived were as follows:

	<i>MUE</i>	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
Amounts waived	\$ 2,944	\$ 712	\$ 595	\$ 4,198

The Manager contractually agreed to waive its investment advisory fee with respect to any portion of each Fund s assets invested in affiliated equity and fixed-income mutual funds and affiliated exchange-traded funds that have a contractual management fee through June 30, 2019. The agreement can be renewed for annual periods thereafter, and may be terminated on 90 days notice, each subject to approval by a majority of the Funds Independent Directors. For the six months ended January 31, 2019, there were no fees waived by the Manager pursuant to these arrangements.

The Manager, for MUE, voluntarily agreed to waive its investment advisory fee on the proceeds of the Preferred Shares and TOB Trusts that exceed 35% of total assets minus the sum of its accrued liabilities (which does not include liabilities represented by TOB Trusts and the liquidation preference of any outstanding preferred shares). The voluntary waiver may be reduced or discontinued at any time without notice. This amount is included in fees waived and/or reimbursed by the Manager in the Statements of Operations. For the six months ended January 31, 2019, the waiver was \$50,728.

Notes to Financial Statements (unaudited) (continued)

Directors and Officers: Certain directors and/or officers of the Funds are directors and/or officers of BlackRock or its affiliates. The Funds reimburse the Manager for a portion of the compensation paid to the Funds Chief Compliance Officer, which is included in Directors and Officer in the Statements of Operations.

7. PURCHASES AND SALES

For the six months ended January 31, 2019, purchases and sales of investments, excluding short-term securities, were as follows:

	<i>MUE</i>	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
Purchases	\$ 73,661,635	\$ 144,671,836	\$ 133,875,299	\$ 220,079,466
Sales	72,760,959	150,553,410	128,637,286	220,974,456

8. INCOME TAX INFORMATION

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 U.S. federal income tax provision is required.

Each Fund files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each Fund's U.S. federal tax returns generally remains open for each of the four years ended July 31, 2018. The statutes of limitations on each Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Funds as of January 31, 2019, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Funds' financial statements.

As of July 31, 2018, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

<i>Expires July 31,</i>	<i>MUE</i>	<i>MYN</i>
No expiration date ^(a)	\$ 8,359,275	\$ 14,138,506
2019		1,287,746
	\$ 8,359,275	\$ 15,426,252

^(a) Must be utilized prior to losses subject to expiration

As of January 31, 2019, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	<i>MUE</i>	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
Tax cost	\$ 408,380,522	\$ 657,579,179	\$ 748,312,292	\$ 1,225,377,023
Gross unrealized appreciation	\$ 20,218,577	\$ 26,608,968	\$ 36,553,293	\$ 71,014,012
Gross unrealized depreciation	(2,174,636)	(4,034,452)	(3,940,878)	(12,268,264)
Net unrealized appreciation	\$ 18,043,941	\$ 22,574,516	\$ 32,612,415	\$ 58,745,748

9. **PRINCIPAL RISKS**

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.

Inventories of municipal bonds held by brokers and dealers may decrease, which would lessen their ability to make a market in these securities. Such a reduction in market making capacity could potentially decrease a fund's ability to buy or sell bonds. As a result, a fund may sell a security at a lower price, sell other securities to raise cash, or give up an investment opportunity, any of which could have a negative impact on performance. If a fund needed to sell large blocks of bonds, those sales could further reduce the bonds' prices and impact performance.

In the normal course of business, certain Funds invest in securities or other instruments and may enter into certain transactions, and such activities subject each Fund to various risks, including among others, fluctuations in the market (market risk) or failure of an issuer to meet all of its obligations. The value of securities or other instruments may also be affected by various factors, including, without limitation: (i) the general economy; (ii) the overall market as well as local, regional or global political and/or social instability; (iii) regulation, taxation or international tax treaties between various countries; or (iv) currency, interest rate and price fluctuations.

Each Fund may be exposed to prepayment risk, which is the risk that borrowers may exercise their option to prepay principal earlier than scheduled during periods of declining interest rates, which would force each Fund to reinvest in lower yielding securities. Each Fund may also be exposed to reinvestment risk, which is the risk that income from each Fund's portfolio will decline if each Fund invests the proceeds from matured, traded or called fixed-income securities at market interest rates that are below each Fund portfolio's current earnings rate.

The Funds may hold a significant amount of bonds subject to calls by the issuers at defined dates and prices. When bonds are called by issuers and the Funds reinvest the proceeds received, such investments may be in securities with lower yields than the bonds originally held, and correspondingly, could adversely impact the yield and total return performance of a Fund.

Notes to Financial Statements (unaudited) (continued)

A Fund structures and sponsors the TOB Trusts in which it holds TOB Residuals and has certain duties and responsibilities, which may give rise to certain additional risks including, but not limited to, compliance, securities law and operational risks.

Should short-term interest rates rise, the Funds' investments in the TOB Trusts may adversely affect the Funds' net investment income and dividends to Common Shareholders. Also, fluctuations in the market value of municipal bonds deposited into the TOB Trust may adversely affect the Funds' NAVs per share.

The U.S. Securities and Exchange Commission (SEC) and various federal banking and housing agencies have adopted credit risk retention rules for securitizations (the Risk Retention Rules). The Risk Retention Rules would require the sponsor of a TOB Trust to retain at least 5% of the credit risk of the underlying assets supporting the TOB Trust's municipal bonds. The Risk Retention Rules may adversely affect the Funds' ability to engage in TOB Trust transactions or increase the costs of such transactions in certain circumstances.

TOB Trusts constitute an important component of the municipal bond market. Any modifications or changes to rules governing TOB Trusts may adversely impact the municipal market and the Funds, including through reduced demand for and liquidity of municipal bonds and increased financing costs for municipal issuers. The ultimate impact of any potential modifications on the TOB Trust market and the overall municipal market is not yet certain.

Counterparty Credit Risk: The Funds may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions. The Funds manage counterparty credit risk by entering into transactions only with counterparties that the Manager believes 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 market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Statements of Assets and Liabilities, less any collateral held by the Funds.

A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

With exchange-traded futures, there is less counterparty credit risk to the Funds since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, a Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency). Additionally, credit risk exists in exchange-traded futures and centrally cleared swaps with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Funds.

Concentration Risk: MCA and MYN invest a substantial amount of their assets in issuers located in a single state or limited number of states. This may subject each Fund to the risk that economic, political or social issues impacting a particular state or group of states could have an adverse and disproportionate impact on the income from, or the value

or liquidity of, the Funds' respective portfolios. Investment percentages in specific states or U.S. territories are presented in the Schedules of Investments.

As of period end, MUE and MYI invested a significant portion of their assets in securities in the transportation sector. MCA invested a significant portion of its assets in securities in the county, city, special district and school district sector. Changes in economic conditions affecting such sectors would have a greater impact on the Funds and could affect the value, income and/or liquidity of positions in such securities.

Certain Funds invest a significant portion of their assets in fixed-income securities and/or use derivatives tied to the fixed-income markets. Changes in market interest rates or economic conditions may affect the value and/or liquidity of such investments. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. The Funds may be subject to a greater risk of rising interest rates due to the current period of historically low rates. The Federal Reserve has begun to raise the Federal Funds rate, and each increase results in more pronounced interest rate risk in the current market environment.

10. 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 outstanding is \$0.10. The Board is authorized, however, to reclassify any unissued Common Shares to Preferred Shares without the 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:

	<i>MUE</i>	<i>MYI</i>
Six months ended January 31, 2019		
Year ended July 31, 2018	5,535	65,843

For the six months ended January 31, 2019, shares issued and outstanding remained constant for each Fund. For the year ended July 31, 2018, shares issued and outstanding remained constant for MCA and MYN.

Notes to Financial Statements (unaudited) (continued)

On November 15, 2018, the Board authorized each Fund to participate in an open market share repurchase program. Under the program, each Fund may repurchase up to 5% of its outstanding common shares through November 30, 2019, based on common shares outstanding as of the close of business on November 30, 2018, subject to certain conditions. There is no assurance that the Funds will purchase shares in any particular amounts. For the six months ended January 31, 2019, the Funds did not repurchase any shares.

Preferred Shares

A Fund's Preferred Shares rank prior to its Common Shares as to the payment of dividends by the Fund and distribution of assets upon dissolution or liquidation of the Fund. The 1940 Act prohibits the declaration of any dividend on Common Shares or the repurchase of Common Shares if the Fund fails to maintain asset coverage of at least 200% of the liquidation preference of the its outstanding Preferred Shares. In addition, pursuant to the Preferred Shares governing instruments, a Fund is restricted from declaring and paying dividends on classes of shares ranking junior to or on parity with its Preferred Shares or repurchasing such shares if the Fund fails to declare and pay dividends on the Preferred Shares, redeem any Preferred Shares required to be redeemed under the Preferred Shares governing instruments or comply with the basic maintenance amount requirement of the ratings agencies rating the Preferred Shares.

Holders of Preferred Shares have voting rights equal to the voting rights of holders of Common Shares (one vote per share) and vote together with holders of Common Shares (one vote per share) as a single class on certain matters. Holders of Preferred Shares, voting as a separate class, are also entitled to (i) elect two members of the Board, (ii) elect the full Board if dividends on the Preferred Shares are not paid for a period of two years and (iii) a separate class vote to amend the Preferred Share governing documents. In addition, the 1940 Act requires the approval of the holders of a majority of any outstanding Preferred Shares, voting as a separate class, 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.

VRDP Shares

MCA, MYN and MYI (for purposes of this section, a VRDP Fund) have issued Series W-7 VRDP Shares, \$100,000 liquidation preference per share, in one or more privately negotiated offerings to qualified institutional buyers as defined pursuant to Rule 144A under the Securities Act of 1933, as amended (the Securities Act). The VRDP Shares include a liquidity feature and may be subject to a special rate period. As of period end, the VRDP Shares outstanding were as follows:

	<i>Issue Date</i>	<i>Shares Issued</i>	<i>Aggregate Principal</i>	<i>Maturity Date</i>
MCA	04/21/11	1,665	\$ 166,500,000	05/01/41
MYN	04/21/11	2,477	247,700,000	05/01/41
MYI	05/19/11	3,564	356,400,000	06/01/41

Redemption Terms: A VRDP Fund is required to redeem its VRDP Shares on the maturity date, unless earlier redeemed or repurchased. Six months prior to the maturity date, a VRDP Fund is required to begin to segregate liquid assets with the Fund's custodian to fund the redemption. In addition, a VRDP Fund is required to redeem certain of its

outstanding VRDP Shares if it fails to comply with certain asset coverage, basic maintenance amount or leverage requirements.

Subject to certain conditions, the VRDP Shares may also be redeemed, in whole or in part, at any time at the option of a VRDP Fund. The redemption price per VRDP Share is equal to the liquidation preference per share plus any outstanding unpaid dividends.

Liquidity Feature: VRDP Shares are subject to a fee agreement between the VRDP Fund and the liquidity provider that requires a per annum liquidity fee and, in some cases, an upfront or initial commitment fee, payable to the liquidity provider. These fees, if applicable, are shown as liquidity fees in the Statements of Operations. The fee agreement is set to expire, unless renewed or terminated in advance, on July 4, 2019.

In the event a fee agreement is not renewed or is terminated in advance, and the VRDP Fund does not enter into a fee agreement with an alternate liquidity provider, the VRDP Shares will be subject to mandatory purchase by the liquidity provider prior to the termination of the fee agreement. In the event of such mandatory purchase, a VRDP Fund is required to redeem the VRDP Shares six months after the purchase date. Immediately after such mandatory purchase, the VRDP Fund is required to begin to segregate liquid assets with its custodian to fund the redemption. There is no assurance that a VRDP Fund will replace such redeemed VRDP Shares with any other preferred shares or other form of leverage.

Remarketing: A VRDP Fund may incur remarketing fees on the aggregate principal amount of all its VRDP Shares, which, if any, are included in remarketing fees on Preferred Shares in the Statements of Operations. During any special rate period (as described below), a VRDP Fund may incur nominal or no remarketing fees.

Ratings: As of period end, the VRDP Shares were assigned the following long-term ratings:

	<i>Moody's</i>	<i>Fitch</i>
MCA	Aa2	AAA
MYN	Aa2	AAA
MYI	Aa1	AAA

Any short-term ratings on VRDP Shares are directly related to the short-term ratings of the liquidity provider for such VRDP Shares. Changes in the credit quality of the liquidity provider could cause a change in the short-term credit ratings of the VRDP Shares as rated by Moody's and Fitch. The liquidity provider may be terminated prior to the scheduled termination date if the liquidity provider fails to maintain short-term debt ratings in one of the two highest rating categories. As of period end, the short-term ratings of the VRDP Shares were within the two highest rating categories as follows:

	<i>Moody's</i>	<i>Fitch</i>
MYN	P-1	F1
MYI	P-1	F1

Notes to Financial Statements (unaudited) (continued)

Special Rate Period: A VRDP Fund may commence a special rate period with respect to its VRDP Shares, during which the VRDP Shares will not be subject to any remarketing and the dividend rate will be based on a predetermined methodology. During a special rate period, short-term ratings on VRDP Shares are withdrawn. The following VRDP Fund has commenced or is set to commence a special rate period:

	<i>Commencement Date</i>	<i>Expiration Date as of period ended 01/31/19</i>
MCA	06/21/12*	06/19/19

* Issuance date of VRDP Shares.

The following VRDP Funds were in a special rate period that terminated during the reporting period:

	<i>Commencement Date</i>	<i>Termination Date</i>
MYN	06/21/12*	01/24/19
MYI	06/21/12*	01/17/19

* Issuance date of VRDP Shares.

Prior to the expiration date, the VRDP Funds and the VRDP Shares holder may mutually agree to extend the special rate period. If a special rate period is not extended, the VRDP Shares will revert to remarketable securities upon the termination of the special rate period and will be remarketed and available for purchase by qualified institutional investors.

During the special rate period: (i) the liquidity and fee agreements remain in effect, (ii) VRDP Shares remain subject to mandatory redemption by the VRDP Fund on the maturity date, (iii) VRDP Shares will not be remarketed or subject to optional or mandatory tender events, (iv) the VRDP Fund is required to comply with the same asset coverage, basic maintenance amount and leverage requirements for the VRDP Shares as is required when the VRDP Shares are not in a special rate period, (v) the VRDP Fund will pay dividends monthly based on the sum of the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index rate and a percentage per annum based on the long-term ratings assigned to the VRDP Shares and (vi) the VRDP Fund will pay nominal or no fees to the liquidity provider and remarketing agent.

If a VRDP Fund redeems its VRDP Shares prior to end of the special rate period and the VRDP Shares have long-term ratings above A1/A+ and its equivalent by all ratings agencies then rating the VRDP Shares, then such redemption may be subject to a redemption premium payable to the holder of the VRDP Shares based on the time remaining in the special rate period, subject to certain exceptions for redemptions that are required to comply with minimum asset coverage requirements.

Dividends: Except during the Special Rate Period, dividends on the VRDP Shares are payable monthly at a variable rate set weekly by the remarketing agent. Such dividend rates are generally based upon a spread over a base rate and cannot exceed a maximum rate. A change in the short-term credit rating of the liquidity provider or the VRDP Shares may adversely affect the dividend rate paid on such shares, although the dividend rate paid on the VRDP Shares is not directly based upon either short-term rating. In the event of a failed remarketing, the dividend rate of the VRDP Shares will be reset to a maximum rate. The maximum rate is determined based on, among other things, the long-term preferred share rating assigned to the VRDP Shares and the length of time that the VRDP Shares fail to be remarketed.

For the six months ended January 31, 2019, the annualized dividend rates for the VRDP Shares were as follows:

	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
	2.42%	2.38%	2.36%

Rate

For the six months ended January 31, 2019, VRDP Shares issued and outstanding of each VRDP Fund remained constant.

VMTP Shares

MUE (for purposes of this section, a VMTP Fund) has issued Series W-7 VMTP Shares, \$100,000 liquidation preference per share, in one or more privately negotiated offerings to qualified institutional buyers as defined pursuant to Rule 144A under the Securities Act. The VMTP Shares are subject to certain restrictions on transfer, and a VMTP Fund may also be required to register its VMTP Shares for sale under the Securities Act under certain circumstances. As of period end, the VMTP Shares outstanding were as follows:

	<i>Issue Date</i>	<i>Shares Issued</i>	<i>Aggregate Principal</i>	<i>Term Redemption Date</i>
MUE	12/16/11	1,310	\$ 131,000,000	07/02/20

Redemption Terms: A VMTP Fund is required to redeem its VMTP Shares on the term redemption date, unless earlier redeemed or repurchased or unless extended. There is no assurance that a term will be extended further or that any VMTP Shares will be replaced with any other preferred shares or other form of leverage upon the redemption or repurchase of the VMTP Shares. Six months prior to the term redemption date, a VMTP Fund is required to begin to segregate liquid assets with its custodian to fund the redemption. In addition, a VMTP Fund is required to redeem certain of its outstanding VMTP Shares if it fails to comply with certain asset coverage, basic maintenance amount or leverage requirements.

Notes to Financial Statements (unaudited) (continued)

Subject to certain conditions, VMTP Shares may be redeemed, in whole or in part, at any time at the option of the VMTP Fund. The redemption price per VMTP Share is equal to the liquidation preference per share plus any outstanding unpaid dividends and applicable redemption premium. If a VMTP Fund redeems its VMTP Shares prior to the term redemption date and the VMTP Shares have long-term ratings above A1/A+ or its equivalent by the ratings agencies then rating the VMTP Shares, then such redemption may be subject to a prescribed redemption premium (up to 3% of the liquidation preference) payable to the holder of the VMTP Shares based on the time remaining until the term redemption date, subject to certain exceptions for redemptions that are required to comply with minimum asset coverage requirements.

Dividends: Dividends on the VMTP Shares are declared daily and payable monthly at a variable rate set weekly at a fixed rate spread to the SIFMA Municipal Swap Index or to a percentage of the one-month LIBOR rate, as set forth in the VMTP Shares governing instrument. The fixed spread is determined based on the long-term preferred share rating assigned to the VMTP Shares by the ratings agencies then rating the VMTP Shares. As of period end, the VMTP Shares were assigned the following long-term ratings:

	<i>Moody's</i>	<i>Fitch</i>
MUE	Aa1	AAA

The dividend rate on VMTP Shares is subject to a step-up spread if the VMTP Fund fails to comply with certain provisions, including, among other things, the timely payment of dividends, redemptions or gross-up payments, and complying with certain asset coverage and leverage requirements.

For the six months ended January 31, 2019, the average annualized dividend rate for MUE's VMTP Shares was 2.59%.

Offering Costs: The Funds incurred costs in connection with the issuance of VRDP and VMTP Shares, which were recorded as a direct deduction from the carrying value of the related debt liability and will be amortized over the life of the VRDP and VMTP Shares with the exception of any upfront fees paid by a VRDP Fund to the liquidity provider which, if any, were amortized over the life of the liquidity agreement. Amortization of these costs is included in interest expense, fees and amortization of offering costs in the Statements of Operations.

Financial Reporting: The VRDP and VMTP Shares are considered debt of the issuer; therefore, the liquidation preference, which approximates fair value of the VRDP and VMTP Shares, is recorded as a liability in the Statements of Assets and Liabilities net of deferred offering costs. Unpaid dividends are included in interest expense and fees payable in the Statements of Assets and Liabilities, and the dividends accrued and paid on the VRDP and VMTP Shares are included as a component of interest expense, fees and amortization of offering costs in the Statements of Operations. The VRDP and VMTP Shares are treated as equity for tax purposes. Dividends paid to holders of the VRDP and VMTP Shares are generally classified as tax-exempt income for tax-reporting purposes. Dividends and amortization of deferred offering costs on VRDP and VMTP Shares are included in interest expense, fees and amortization of offering costs in the Statements of Operations:

	<i>Dividends Accrued</i>	<i>Deferred Offering Costs</i>
		<i>Amortization</i>
MUE	\$ 1,707,270	\$

MCA	2,027,263	5,766
MYN	2,975,216	7,672
MYI	4,233,983	10,085

11. REGULATION S-X AMENDMENTS

On August 17, 2018, the SEC adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification. The Funds have adopted the amendments pertinent to Regulation S-X in this shareholder report. The amendments impacted certain disclosure presentation on the Statements of Assets and Liabilities, Statements of Changes in Net Assets and Notes to the Financial Statements.

Prior year distribution information and undistributed net investment income in the Statements of Changes in Net Assets has been modified to conform to the current year presentation in accordance with the Regulation S-X changes.

Distributions for the year ended July 31, 2018 were classified as follows:

	<i>Net Investment Income</i>
MUE	\$ 16,169,915
MCA	23,481,902
MYN	23,456,159
MYI	50,233,328

Undistributed net investment income as of July 31, 2018 was as follows:

	<i>Undistributed Net Investment Income</i>
MUE	\$ 836,903
MCA	945,392
MYN	2,205,494
MYI	4,983,874

Notes to Financial Statements (unaudited) (continued)

12. 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:

	<i>Common Dividend</i>		<i>Preferred Shares^(c)</i>		
	<i>Per Share</i>		<i>Shares</i>	<i>Series</i>	<i>Declared</i>
	<i>Paid^(a)</i>	<i>Declared^(b)</i>			
MUE	\$ 0.0490	\$ 0.0490	VMTP	W-7	\$ 267,603
MCA	0.0520	0.0520	VRDP	W-7	317,217
MYN	0.0425	0.0425	VRDP	W-7	329,407
MYI	0.0505	0.0505	VRDP	W-7	482,165

(a) Net investment income dividend paid on March 1, 2019 to Common Shareholders of record on February 15, 2019.

(b) Net investment income dividend declared on March 1, 2019, payable to Common Shareholders of record on March 15, 2019.

(c) Dividends declared for period February 1, 2019 to February 28, 2019.

Director and Officer Information

Richard E. Cavanagh, Co-Chair of the Board and Director

Karen P. Robards, Co-Chair of the Board and Director

Michael J. Castellano, Director

Cynthia L. Egan, Director

Frank J. Fabozzi, Director

Henry Gabbay, Director

R. Glenn Hubbard, Director

W. Carl Kester, Director

Catherine A. Lynch, Director

Robert Fairbairn, Director

John M. Perlowski, Director, President and Chief Executive Officer

Jonathan Diorio, Vice President

Neal J. Andrews, Chief Financial Officer

Jay M. Fife, Treasurer

Charles Park, Chief Compliance Officer

Janey Ahn, Secretary

As of the date of this report, the portfolio managers of MNY are Walter O Connor and Christian Romaglino. Mr. Romaglino joined MYN's portfolio management team effective October 1, 2018. Mr. Romaglino has been a Director of BlackRock, Inc. since 2017; a Portfolio Manager for the Municipal Mutual Fund Desk within BlackRock's Global Fixed Income Group since 2017; and a Portfolio Manager at Brown Brothers Harriman from 2007 to 2017.

Effective January 1, 2019, Richard E. Cavanagh and Karen P. Robards were appointed as a Co-Chair of the Board. Prior to January 1, 2019, Mr. Cavanagh served as Chair of the Board and Ms. Robards served as Vice Chair of the Board. In addition, effective January 1, 2019, Henry Gabbay was appointed as a Director of each Fund.

Investment Adviser

BlackRock Advisors, LLC

Wilmington, DE 19809

Accounting Agent and Custodian

State Street Bank and Trust Company

Boston, MA 02111

Transfer Agent

Computershare Trust
Company, N.A.

Canton, MA 02021

VRDP Tender and Paying Agent and VMTP Redemption and Paying Agent

The Bank of New York Mellon

New York, NY 10286

VRDP Liquidity Provider

Citibank, N.A.

New York, NY 10179

VRDP Remarketing Agent

Citigroup Global Markets Inc.

New York, NY 10179

Independent Registered Public Accounting Firm

Deloitte & Touche LLP

Boston, MA 02116

Legal Counsel

Willkie Farr & Gallagher LLP

New York, NY 10019

Address of the Funds

100 Bellevue Parkway

Wilmington, DE 19809

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2019 BLACKROCK SEMI-ANNUAL REPORT TO SHAREHOLDERS

Additional Information

Section 19(a) Notices

The amounts and sources of distributions reported in this notice are estimates that are subject to change based on the Fund's investment experience during the remainder of the calendar year, are for financial reporting purposes and are not being provided for tax reporting purposes. The actual amounts and character of the distributions for tax reporting purposes will be reported to shareholders on Form 1099-DIV which is sent to shareholders shortly after calendar year end.

Fund	Ticker	Total Fiscal Year to Date Cumulative Distributions by Character				Percentage of Fiscal Year to Date Cumulative Distributions by Character					
		Net Realized	Capital Gains	Dividend	Return of Capital*	Net Realized	Capital Gains	Dividend	Return of Capital	Share	
BlackRock Holdings Quality Fund II, Inc.	MUE	\$ 0.305980	\$	\$	\$ 0.008020	\$ 0.314000	97%	0%	0%	3%	100%

* MUE estimates that it has distributed more than the amount of earned income and net realized gains; therefore, a portion of the distribution may be a return of capital. A return of capital may occur, for example, when some or all of the shareholder's investment is paid back to the shareholder. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with yield or income. When distributions exceed total return performance, the difference will reduce the Fund's net asset value per share.

Section 19(a) notices for the Funds, as applicable, are available on the BlackRock website at <http://www.blackrock.com>.

Fund Certification

The Funds are listed for trading on the NYSE and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE's listing standards. The Funds filed with the SEC the certification of its chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

Dividend Policy

Each Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of 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 distributions 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 Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

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 would delay or prevent a change of control of the Funds that were not approved by the shareholders or in the principal risk factors associated with investment in the Funds. Except as disclosed on page 59, there have been no changes in the persons who are primarily responsible for the day-to-day management of the Funds' portfolios.

In accordance with Section 23(c) of the Investment Company Act of 1940, each Fund may from time to time purchase shares of its common stock in the open market or in private transactions.

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

Electronic Delivery

Shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual shareholder reports by enrolling in the electronic delivery program. Electronic copies of shareholder reports are available on BlackRock's website.

To enroll in electronic delivery:

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

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

Additional Information (continued)

Householding

The Funds will mail only one copy of shareholder documents, 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 the Funds at (800) 882-0052.

Availability of Quarterly Schedule of Investments

The Funds file their 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>. The Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 882-0052.

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 upon request and without charge (1) by calling (800) 882-0052; (2) at <http://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 <http://www.blackrock.com> or by calling (800) 882-0052; and (2) on the SEC's website at <http://www.sec.gov>.

Availability of Fund Updates

BlackRock will update performance and certain other data for the Funds on a monthly basis on its website in the Closed-end Funds' section of <http://www.blackrock.com> as well as certain other material information as necessary from time to time. Investors and others are advised to check the website for updated performance information and the release of other material information about the Funds. 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 in this report.

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.

 Glossary of Terms Used in this Report
Portfolio Abbreviations

AGC	Assured Guarantee Corp.
AGM	Assured Guaranty Municipal Corp.
AMBAC	American Municipal Bond Assurance Corp.
AMT	Alternative Minimum Tax (subject to)
ARB	Airport Revenue Bonds
BAM	Build America Mutual Assurance Co.
BARB	Building Aid Revenue Bonds
BOCES	Board of Cooperative Educational Services
CAB	Capital Appreciation Bonds
COP	Certificates of Participation
EDA	Economic Development Authority
EDC	Economic Development Corp.
ERB	Education Revenue Bonds
FHA	Federal Housing Administration
GARB	General Airport Revenue Bonds
GO	General Obligation Bonds
GTD	Guaranteed
HFA	Housing Finance Agency
IDA	Industrial Development Authority
IDB	Industrial Development Board
ISD	Independent School District
LRB	Lease Revenue Bonds
M/F	Multi-Family
NPFGC	National Public Finance Guarantee Corp.
PILOT	Payment in Lieu of Taxes
PSF-GTD	Permanent School Fund Guaranteed
Q-SBLF	Qualified School Bond Loan Fund
RB	Revenue Bonds
S/F	Single-Family
SONYMA	State of New York Mortgage Agency
SRF	State Revolving Fund

This report is intended for current holders. 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 short-term interest rates may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

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Item 2 Code of Ethics Not Applicable to this semi-annual report

Item 3 Audit Committee Financial Expert Not Applicable to this semi-annual report

Item 4 Principal Accountant Fees and Services Not Applicable to this semi-annual report

Item 5 Audit Committee of Listed Registrants Not Applicable to this semi-annual report

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
Not Applicable to this semi-annual report

Item 8 Portfolio Managers of Closed-End Management Investment Companies

(a)(1) As of the date of filing this Report:

The registrant is managed by a team of investment professionals comprised of Walter O Connor, CFA, Managing Director at BlackRock and Christian Romaglino, 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. O Connor and Romaglino have been members of the registrant's portfolio management team since 2006 and 2018, respectively.

Information below is with respect to Mr. Romaglino, who became portfolio manager to the Fund on October 1, 2018.

Portfolio Manager	Biography
Christian Romaglino	Director of BlackRock since 2017

(a)(2) As of January 31, 2019:

(i) Name of Portfolio Manager	(ii) Number of Other Accounts Managed and Assets by Account Type			(iii) Number of Other Accounts and Assets for Which Advisory Fee is		
	Other	Other Pooled	Other	Other	Performance-Based Other Pooled	Other
	Registered Investment Companies	Investment Vehicles		Registered Investment Companies	Investment Vehicles	
Christian Romaglino	12	0	0	0	0	0
	\$5.04 Billion	\$0	\$0	\$0	\$0	\$0

(iv) Portfolio Manager Potential Material Conflicts of Interest

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, Inc., its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, Inc., or any of its affiliates or significant shareholders, or any officer, director, shareholder, 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, Inc.'s (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock, Inc. 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. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. It should also be noted that a portfolio manager may be managing hedge fund and/or long only accounts, or may be part of a team managing hedge fund and/or long only accounts, subject to incentive fees. Such portfolio managers may therefore be entitled to receive a portion of any incentive fees earned on such accounts. Currently, the portfolio manager of this Fund is not entitled to receive a portion of incentive fees of other accounts.

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, Inc. has adopted policies that are intended to ensure 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, as appropriate.

(a)(3) As of January 31, 2019:

Portfolio Manager Compensation Overview

The discussion below describes the portfolio managers' compensation as of January 31, 2019.

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.

Base Compensation. Generally, portfolio managers receive base compensation based on their position with the firm.

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 performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Funds or other accounts managed by the portfolio managers are measured. Among other things, BlackRock's Chief Investment Officers make a subjective determination with respect to each portfolio manager's compensation based on the performance of the Funds and other accounts managed by each portfolio manager relative to the various benchmarks. Performance of fixed income funds is measured on a pre-tax and/or after-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. With respect to the portfolio manager, such benchmarks for the Fund and other accounts are: a combination of market-based indices (e.g., Standard & Poor's Municipal Bond Index), certain customized indices and certain fund industry peer groups.

Distribution of Discretionary Incentive Compensation. Discretionary incentive compensation is distributed to portfolio managers in a combination of cash, deferred BlackRock, Inc. stock awards, and/or deferred cash awards that notionally track the return of certain BlackRock investment products.

Portfolio managers receive their annual discretionary incentive compensation in the form of cash. Portfolio managers whose total compensation is above a specified threshold also receive deferred BlackRock, Inc. stock awards annually as part of their discretionary incentive compensation. Paying a portion of discretionary incentive compensation in the form of deferred BlackRock, Inc. 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. In some cases, additional deferred BlackRock, Inc. stock may be granted to certain key employees as part of a long-term incentive award to aid in retention, align interests with long-term shareholders and motivate performance. Deferred BlackRock, Inc. stock awards are generally granted in the form of BlackRock, Inc. restricted stock units that vest pursuant to the terms of the applicable plan and, once vested, settle in BlackRock, Inc. common stock. The portfolio manager of this Fund has deferred BlackRock, Inc. stock awards.

For certain portfolio managers, a portion of the discretionary incentive compensation is also distributed in the form of deferred cash awards that notionally track the returns of select BlackRock investment products they manage, which provides direct alignment of portfolio manager discretionary incentive compensation with investment product results. Deferred cash awards vest ratably over a number of years and, once vested, settle in the form of cash. Only portfolio managers who manage specified products and whose total compensation is above a specified threshold are eligible to participate in the deferred cash award program.

Other Compensation Benefits. In addition to base salary 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, Inc. 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 8% of eligible pay

contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the Internal Revenue Service limit (\$275,000 for 2018). The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock, Inc. contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into a target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock, Inc. 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 of common stock or a dollar value of \$25,000 based on its fair market value on the purchase date. All of the eligible portfolio managers are eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* As of January 31, 2019.

Portfolio Manager	Dollar Range of Equity Securities of the Fund Beneficially Owned
Christian Romaglino	None

(b) Effective October 1, 2018, Christian Romaglino was added as a portfolio manager.

Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers

Period	<u>(a) Total Number of Shares Purchased</u>	<u>(b) Average Price Paid per Share</u>	<u>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs¹</u>
August 1 31, 2018	N/A	N/A	N/A	N/A
September 1 30, 2018	N/A	N/A	N/A	N/A
October 1 - 31, 2018	N/A	N/A	N/A	N/A
November 1 30, 2018	N/A	N/A	N/A	N/A
December 1 31, 2018	0	\$0	0	1,979,329
January 1 31, 2019	0	\$0	0	1,979,329
Total:	0	\$0	0	1,979,329

¹The Fund announced an open market share repurchase program on November 15, 2018 pursuant to which the Fund was authorized to repurchase, through November 30, 2019, up to 5% of its common shares based on common shares outstanding on November 30, 2018, in open market transactions, subject to certain conditions.

Item 10 Submission of Matters to a Vote of Security Holders There have been no material changes to these procedures.

Item 11 Controls and Procedures

(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.

(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 Disclosure of Securities Lending Activities for Closed-End Management Investment Companies Not Applicable

Item 13 Exhibits attached hereto

(a)(1) Code of Ethics Not Applicable to this semi-annual report

(a)(2) Certifications Attached hereto

(a)(3) Not Applicable

(a)(4) Not Applicable

(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 New York Quality Fund, Inc.

By: /s/ John M.
Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of
BlackRock MuniYield New York Quality Fund, Inc.

Date: April 5, 2019

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

By: /s/ John M.
Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of
BlackRock MuniYield New York Quality Fund, Inc.

Date: April 5, 2019

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

Date: April 5, 2019