

BLACKROCK MUNIYIELD CALIFORNIA FUND, INC  
Form N-CSR  
October 08, 2008

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

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES**

Investment Company Act file number 811-06499

Name of Fund: BlackRock MuniYield California Fund, Inc. (MYC)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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address: P.O. Box 9011, Princeton, NJ, 08543-9011

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

Date of fiscal year end: 07/31/2008

Date of reporting period: 11/01/2007 - 07/31/2008

Item 1 Report to Stockholders

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EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

## Annual Report

JULY 31, 2008

[BlackRock Muni New York Intermediate Duration Fund, Inc. \(MNE\)](#)

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

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

[BlackRock MuniYield Florida Fund \(MYF\)](#)

[BlackRock MuniYield New Jersey Fund, Inc. \(MYJ\)](#)

NOT FDIC INSURED  
MAY LOSE VALUE  
NO BANK GUARANTEE

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## A Letter to Shareholders

### Dear Shareholder

For more than a year, investors have been besieged by a weak housing market, the bursting of the credit bubble that has troubled the financial sector, and surging food and oil prices, which have stoked inflation concerns. Healthy nonfinancial corporate profits and robust exporting activity remained among the few bright spots, helping the economy to grow at a modest, but still positive, pace.

The Federal Reserve Board (the Fed) has been aggressive in its attempts to stimulate economic growth and stabilize financial markets. In addition to slashing the target federal funds rate 325 basis points (3.25%) between September

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2007 and April 2008, the central bank introduced the new Term Securities Lending Facility, granted broker-dealers access to the discount window and used its own balance sheet to help negotiate the sale of Bear Stearns. However, the end of the period saw a pause in Fed action; the central bank held the target rate steady at 2.0% as it attempted to balance weak growth and inflationary pressures.

The Fed's bold response to the financial crisis helped mitigate credit stress and investor anxiety, albeit temporarily.

U.S. equity markets sank sharply over the reporting period, notwithstanding a brief rally in the spring and another in mid-summer, and international markets followed suit.

Treasury securities also traded in a volatile fashion, but generally rallied (yields fell as prices correspondingly rose), as the broader flight-to-quality theme persisted. The yield on 10-year Treasury issues, which fell to 3.34% in March, climbed to the 4.20% range in mid-June as investors temporarily shifted out of Treasury issues in favor of riskier assets (such as stocks and other high-quality fixed income sectors), then reversed course and declined to 3.99% by period-end when credit fears re-emerged. Meanwhile, tax-exempt issues underperformed their taxable counterparts, as problems among municipal bond insurers and the failure in the market for auction rate securities continued to pressure the group.

Overall, the major benchmark indexes generated results that reflected heightened risk aversion:

<b>Total Returns as of July 31, 2008</b>	<b>6-month</b>	<b>12-month</b>
U.S. equities (S&P 500 Index)	(7.08)%	(11.09)%
Small cap U.S. equities (Russell 2000 Index)	0.86	(6.71)
International equities (MSCI Europe, Australasia, Far East Index)	(5.04)	(12.19)
Fixed income (Lehman Brothers U.S. Aggregate Index)	(0.63)	6.15
Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)	(0.85)	2.83
High yield bonds (Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index)	(0.80)	0.52

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

Shortly before this shareholder report mailing, the investment landscape was dramatically altered as the ongoing

credit crisis intensified, resulting in a widespread breakdown in the financial services sector and unprecedented government intervention. Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For our most current views on the economy and financial markets, we invite you to visit [www.blackrock.com/funds](http://www.blackrock.com/funds). As always, we thank you for entrusting BlackRock with your investment assets, and we look forward to continuing to serve you in the months and years ahead.

THIS PAGE NOT PART OF YOUR FUND REPORT

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## Fund Summary as of July 31, 2008

### BlackRock Muni New York Intermediate Duration Fund, Inc.

#### Investment Objective

**BlackRock Muni New York Intermediate Duration Fund, Inc. (MNE) (the Fund)** seeks to provide shareholders with high current income exempt from federal income taxes and New York State and New York City personal income taxes by investing primarily in a portfolio of municipal obligations, the interest on which, in the opinion of bond counsel to the issuer, is exempt from federal income taxes and New York State and New York City personal income taxes.

#### Performance

For the 12 months ended July 31, 2008, the Fund returned (5.61)% based on market price and (3.58)% based on net asset value (NAV). For the same period, the closed-end Lipper Intermediate Municipal Debt Funds category posted an average return of 0.55% on a NAV basis. All returns reflect reinvestment of dividends. Detracting from the Fund's yearly performance was its below-average distribution rate. Our desire to improve income to the Fund led to significantly more investments in longer-dated issues, which proved more volatile as risk spreads increased and the municipal yield curve steepened.

In addition, the Fund's lower-quality holdings hampered results due to credit spread widening and the lack of liquidity. Looking ahead, we believe the Fund is well positioned to benefit from a recovering high yield market, a reversion to historical valuations versus U.S. Treasury issues and a continued slowing economy.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions.

These views are not intended to be a forecast of future events and are no guarantee of future results.

#### Fund Information

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Symbol on New York Stock Exchange	MNE
Initial Offering Date	August 1, 2003
Yield on Closing Market Price as of July 31, 2008 (\$12.12) <sup>1</sup>	5.25%
Tax Equivalent Yield <sup>2</sup>	8.08%
Current Monthly Distribution per Common Share <sup>3</sup>	\$0.053
Current Annualized Distribution per Common Share <sup>3</sup>	\$0.636
Leverage as of July 31, 2008 <sup>4</sup>	35%

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

Past performance does not guarantee future results.

<sup>2</sup> Tax equivalent yield assumes the maximum federal tax rate of 35%.

<sup>3</sup> The distribution is not constant and is subject to change.

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

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

	7/31/08	5/31/08	Change	High	Low
Market Price	\$12.12	\$12.81	(5.39)%	\$12.81	\$11.86
Net Asset Value	\$13.51	\$14.05	(3.84)%	\$14.11	\$13.47

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

**Portfolio Composition**

Sector	7/31/08	5/31/08
City/County/State	23%	25%
Hospital	18	17
Education	17	16
Housing	13	13
Transportation	12	12
Power	10	9
Industrial & Pollution Control	3	4
Tobacco	2	2
Water & Sewer	2	2

**Credit Quality Allocations<sup>5</sup>**

Credit Rating	7/31/08	5/31/08
AAA/Aaa	6%	20%
AA/Aa	43	29
A/A	21	17
BBB/Baa	15	20
BB/Ba	9	7

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CCC/Caa	2	2
Not Rated	46	5

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

<sup>6</sup> The investment advisor has deemed certain of these non-rated securities to be investment grade quality. As of July 31, 2008, the market value of these securities was \$1,927,760 representing 2% of the Fund's long-term investments.

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### Fund Summary as of July 31, 2008

#### BlackRock MuniYield Arizona Fund, Inc.

##### Investment Objective

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

##### Performance

For the 12 months ended July 31, 2008, the Fund returned 7.31% based on market price and (3.14)% based on NAV. For the same period, the Lipper Other States Municipal Debt Funds category posted an average return of (1.16)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund benefited from its above-average yield, but performance was negatively impacted by two factors: above-average exposure to the longer end of the yield curve, which underperformed as rates increased at the longer end of the yield curve more than in the shorter end; and, above-average exposure to housing credits and other spread sectors (e.g., housing), which underperformed amid dramatic credit spread widening over the annual period.

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##### Fund Information

Symbol on American Stock Exchange	MZA
Initial Offering Date	October 29, 1993
Yield on Closing Market Price as of July 31, 2008 (\$13.94) <sup>1</sup>	4.91%
Tax Equivalent Yield <sup>2</sup>	7.55%
Current Monthly Distribution per Common Share <sup>3</sup>	\$0.057
Current Annualized Distribution per Common Share <sup>3</sup>	\$0.684
Leverage as of July 31, 2008 <sup>4</sup>	43%

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

<sup>2</sup> Tax equivalent yield assumes the maximum federal tax rate of 35%.

<sup>3</sup> The distribution is not constant and is subject to change.

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

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

	7/31/08	10/31/07	Change	High	Low
Market Price	\$13.94	\$13.66	2.05%	\$15.65	\$12.27
Net Asset Value	\$12.81	\$13.96	(8.24)%	\$14.01	\$12.41

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

### Portfolio Composition

Sector	7/31/08	10/31/07
Education	25%	29%
City, County & State	19	21
Hospital	12	13
Housing	11	10
Lease Revenue	9	7
Power	8	6
Water & Sewer	7	4
Tax Revenue	3	3
Transportation	3	3
Industrial & Pollution Control	3	4

### Credit Quality Allocations<sup>5</sup>

Credit Rating	7/31/08	10/31/07
AAA/Aaa	11%	49%
AA/Aa	36	9
A/A	27	17
BBB/Baa	20	19
BB/Ba	1	2
B/B	1	
Not Rated <sup>6</sup>	4	4

<sup>5</sup> Using the higher of S&P's or Moody's ratings.

<sup>6</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2008

and October 31, 2007, the market value of these securities was \$2,300,385 representing 2% and \$1,004,490 representing 1%, respectively, of the Fund's long-term investments.

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## Fund Summary as of July 31, 2008

### BlackRock MuniYield California Fund, Inc.

#### Investment Objective

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

#### Performance

For the 12 months ended July 31, 2008, the Fund returned 3.26% based on market price and (1.74)% based on NAV. For the same period, the closed-end Lipper California Municipal Debt Funds category posted an average return of (2.54)% on a NAV basis. All returns reflect reinvested dividends. A neutral duration posture and a relatively higher cash equivalent reserve position versus its Lipper peers provided the Fund's NAV cushion against volatility from widening credit spreads and rising long-term investment rates. Management's strategy is to balance total return opportunistically improving current yield. Higher absolute rates could be in the offering should credit-related concerns and higher issuance weigh on the market next year. Management would expect to use an improvement in valuation to extend duration.

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#### Fund Information

Symbol on New York Stock Exchange	MYC
Initial Offering Date	February 28, 1992
Yield on Closing Market Price as of July 31, 2008 (\$13.07) <sup>1</sup>	5.05%
Tax Equivalent Yield <sup>2</sup>	7.77%
Current Monthly Distribution per Common Share <sup>3</sup>	\$0.055
Current Annualized Distribution per Common Share <sup>3</sup>	\$0.660
Leverage as of July 31, 2008 <sup>4</sup>	42%

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

<sup>2</sup> Tax equivalent yield assumes the maximum federal tax rate of 35%.

<sup>3</sup> The distribution is not constant and is subject to change.

<sup>4</sup> As a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to Preferred Shares and

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TOBs) minus the sum of accrued liabilities.

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

	7/31/08	10/31/07	Change	High	Low
Market Price	\$13.07	\$13.25	(1.36)%	\$14.00	\$12.33
Net Asset Value	\$13.71	\$14.60	(6.10)%	\$14.85	\$13.18

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

<b>Portfolio Composition</b>			<b>Credit Quality Allocations<sup>5</sup></b>		
Sector	7/31/08	10/31/07	Credit Rating	7/31/08	10/31/07
City, County & State	23%	18%	AAA/Aaa	43%	79%
Education	18	15	AA/Aa	39	3
Lease Revenue	12	12	A/A	14	12
Water & Sewer	11	12	BBB/Baa	4	6
Hospital	9	9			
Tax Revenue	8	11			
Power	7	8			
Transportation	4	6			
Housing	4	2			
Industrial & Pollution Control	2	4			
Resource Recovery	2	2			
Tobacco		1			

<sup>5</sup> Using the higher of S&P's or Moody's ratings.

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## Fund Summary as of July 31, 2008

### BlackRock MuniYield Florida Fund

#### Investment Objective

**BlackRock MuniYield Florida Fund (MYF) (the Fund)** seeks to provide shareholders with as high a level of current income exempt from federal income taxes as is consistent with its investment policies and prudent investment management by investing primarily in a portfolio of long-term municipal bonds, the interest on which, in the opinion of bond counsel to the issuers, is exempt from federal income taxes and which enables shares of the Fund to be exempt from Florida intangible personal property taxes.

#### Performance

For the 12 months ended July 31, 2008, the Fund returned (5.00)% based on market price and (1.70)% based on NAV. For the same period,

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end Lipper Florida Municipal Debt Funds category posted an average return of (1.84)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund's significant overweight in pre-refunded bonds in the one- to five-year maturity range aided comparative results, as the yield curve steepened. Short- and intermediate-maturity issues outperformed the rest of the market. Conversely, problems within the monoline insurance industry had a negative impact on the entire insured municipal market and accordingly, detracted from the Fund's performance, as well as that of its peers. Exposure to hospital bonds and single-family housing bonds also hampered results as these two sectors underperformed over the annual period.

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### Fund Information

Symbol on New York Stock Exchange	MYF
Initial Offering Date	February 28, 1992
Yield on Closing Market Price as of July 31, 2008 (\$11.91) <sup>1</sup>	5.84%
Tax Equivalent Yield <sup>2</sup>	8.98%
Current Monthly Distribution per Common Share <sup>3</sup>	\$0.058
Current Annualized Distribution per Common Share <sup>3</sup>	\$0.696
Leverage as of July 31, 2008 <sup>4</sup>	39%

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

<sup>2</sup> Tax equivalent yield assumes the maximum federal tax rate of 35%.

<sup>3</sup> The distribution is not constant and is subject to change.

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

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

	7/31/08	10/31/07	Change	High	Low
Market Price	\$11.91	\$12.86	(7.39)%	\$13.40	\$11.86
Net Asset Value	\$13.59	\$14.53	(6.47)%	\$14.79	\$13.26

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

### Portfolio Composition

Sector	7/31/08	10/31/07
Transportation	24%	21%
Hospital	21	19
Lease Revenue	14	15
Water & Sewer	11	10
City, County & State	11	11
Tax Revenue	5	8
Education	5	7
Housing	4	5

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Industrial & Pollution Control	4	2
Power	1	2

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### Credit Quality Allocations<sup>5</sup>

Credit Rating	7/31/08	10/31/07
AAA/Aaa	34%	80%
AA/Aa	34	2
A/A	16	7
BBB/Baa	8	9
Not Rated <sup>6</sup>	8	2

<sup>5</sup> Using the higher of S&P's or Moody's ratings.

<sup>6</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2008 and October 31, 2007, the market value of these securities was \$13,599,832 representing 5% and \$7,574,838 representing 2%, respectively, of the Fund's long-term investments.

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## Fund Summary as of July 31, 2008

### BlackRock MuniYield New Jersey Fund, Inc.

#### Investment Objective

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

#### Performance

For the 12 months ended July 31, 2008, the Fund returned (1.02)% based on market price and (0.81)% based on NAV. For the same period, the Lipper New Jersey Municipal Debt Funds category posted an average return of (3.42)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund's short duration position benefited performance during a period of rising tax-exempt bond yields. An underweight position in municipal bonds subject to the alternative minimum tax (AMT) also enhanced results, as these issues significantly underperformed over the last year.

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**Fund Information**