

BLACKROCK CREDIT ALLOCATION INCOME TRUST II

Form N-Q

April 01, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21286

Name of Fund: BlackRock Credit Allocation Income Trust II, Inc. (PSY)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Credit Allocation Income Trust II, Inc., 55 East 52nd Street, New York, NY 10055

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

Date of fiscal year end: 10/31/2011

Date of reporting period: 01/31/2011

Item 1 Schedule of Investments

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Schedule of Investments January 31, 2011 (Unaudited)

BlackRock Credit Allocation Income Trust II, Inc. (PSY)
(Percentages shown are based on Net Assets)

| Corporate Bonds | Par (000) | Value |
|--|--------------|--------------|
| Aerospace & Defense 4.0% | | |
| BE Aerospace, Inc., 8.50%, 7/01/18 | \$ 2,500 | \$ 2,725,000 |
| Bombardier, Inc., 7.75%, 3/15/20 (a) | 3,205 | 3,509,475 |
| Goodrich Corp., 3.60%, 2/01/21 | 5,850 | 5,492,892 |
| United Technologies Corp., 5.70%, 4/15/40 (b) | 6,250 | 6,578,394 |
| | | 18,305,761 |
| Airlines 0.9% | | |
| American Airlines Pass-Through Trust, Series 2011-1, Class A, 5.25%, 7/31/22 | 1,410 | 1,413,525 |
| Continental Airlines Pass-Through Certificates, Series 2009-2, Class B, 9.25%, 5/10/17 | 1,544 | 1,690,159 |
| Delta Air Lines, Inc., Series 02G1, 6.72%, 7/02/24 | 1,146 | 1,169,217 |
| | | 4,272,901 |
| Auto Components 0.8% | | |
| Dana Holding Corp.: 6.50%, 2/15/19 | 460 | 468,050 |
| 6.75%, 2/15/21 | 310 | 314,650 |
| Icahn Enterprises LP: 7.75%, 1/15/16 | 880 | 907,500 |
| 8.00%, 1/15/18 | 2,000 | 2,055,000 |
| | | 3,745,200 |
| Beverages 0.4% | | |
| Constellation Brands, Inc., 7.25%, 5/15/17 | 1,970 | 2,107,900 |
| Building Products 0.1% | | |
| Building Materials Corp. of America, 7.00%, 2/15/20 (a) | 525 | 551,250 |
| Capital Markets 2.1% | | |
| Ameriprise Financial, Inc., 5.30%, 3/15/20 | 3,250 | 3,423,921 |
| Morgan Stanley, 5.75%, 1/25/21 (b) | 4,450 | 4,497,495 |
| UBS AG, 2.25%, 1/28/14 | 1,627 | 1,631,787 |
| | | 9,553,203 |

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| | | |
|---|----------------------|-------------------|
| Chemicals 0.3% | | |
| CF Industries, Inc., 7.13%, 5/01/20 | 1,125 | 1,250,156 |
| Commercial Banks 3.2% | | |
| City National Corp., 5.25%, 9/15/20 | 2,350 | 2,327,165 |
| Comerica, Inc., 3.00%, 9/16/15 | 2,300 | 2,291,479 |
| Discover Bank, 8.70%, 11/18/19 | 1,200 | 1,436,884 |
| Fifth Third Bancorp, 3.63%, 1/25/16 | 2,775 | 2,796,187 |
| Corporate Bonds | Par (000) | Value |
| Commercial Banks (concluded) | | |
| Lloyds TSB Bank Plc, 4.88%, 1/21/16 | \$ 2,025 | \$ 2,026,731 |
| Regions Financial Corp., 4.88%, 4/26/13 | 1,475 | 1,452,875 |
| SVB Financial Group, 5.38%, 9/15/20 | 2,300 | 2,273,545 |
| | | <u>14,604,866</u> |
| Commercial Services & Supplies 5.2% | | |
| Aviation Capital Group, 7.13%, 10/15/20 (a) | 9,300 | 9,523,715 |
| Browning-Ferris Industries, Inc., 7.40%, 9/15/35 | 3,742 | 4,451,895 |
| Casella Waste Systems, Inc., 7.75%, 2/15/19 (a)(c) | 621 | 634,973 |
| Clean Harbors, Inc., 7.63%, 8/15/16 | 1,314 | 1,392,840 |
| Corrections Corp. of America, 7.75%, 6/01/17 | 3,375 | 3,687,187 |
| Waste Management, Inc., 6.13%, 11/30/39 | 4,000 | 4,250,628 |
| | | <u>23,941,238</u> |
| Communications Equipment 0.9% | | |
| Brocade Communications Systems, Inc., 6.88%, 1/15/20 | 2,965 | 3,157,725 |
| CC Holdings GS V LLC, 7.75%, 5/01/17 (a) | 935 | 1,028,500 |
| | | <u>4,186,225</u> |
| Construction Materials 0.2% | | |
| Inversiones CMPC SA, 4.75%, 1/19/18 (a) | 825 | 812,745 |
| Consumer Finance 5.9% | | |
| American Express Credit Corp., 2.75%, 9/15/15 | 5,850 | 5,744,337 |
| Capital One Bank USA NA, 8.80%, 7/15/19 | 3,325 | 4,127,170 |

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| | | |
|--|--------|------------|
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a) | 2,135 | 2,268,437 |
| SLM Corp., 6.25%, 1/25/16 | 15,000 | 15,028,230 |
| | | 27,168,174 |

Containers & Packaging 1.3%

| | | |
|--|-------|-----------|
| Ball Corp.: | | |
| 7.13%, 9/01/16 | 1,750 | 1,903,125 |
| 6.75%, 9/15/20 | 2,210 | 2,331,550 |
| Crown Americas LLC, 6.25%, 2/01/21 (a) | 825 | 831,187 |
| Owens-Brockway Glass Container, Inc., 6.75%, 12/01/14 | 570 | 585,675 |
| Rock-Tenn Co., 9.25%, 3/15/16 | 325 | 356,688 |
| | | 6,008,225 |

Portfolio Abbreviations

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

GO General Obligation Bonds
RB Revenue Bonds

Schedule of Investments (continued)

BlackRock Credit Allocation Income Trust II, Inc. (PSY)
(Percentages shown are based on Net Assets)

| Corporate Bonds | Par (000) | Value |
|--|--------------|--------------|
| Diversified Financial Services 2.5% | | |
| Ally Financial, Inc., 8.30%, 2/12/15 | \$ 2,500 | \$ 2,825,000 |
| Citigroup, Inc., 4.59%, 12/15/15 | 975 | 1,018,118 |
| Moody's Corp., 6.06%, 9/07/17 | 6,000 | 6,069,318 |
| Reynolds Group Issuer, Inc. (a)(c): 6.88%, 2/15/21 | 660 | 665,775 |
| 8.25%, 2/15/21 | 815 | 822,131 |
| | | 11,400,342 |
| Diversified Telecommunication Services 4.1% | | |
| AT&T Inc., 6.30%, 1/15/38 (b) | 4,000 | 4,123,844 |
| Frontier Communications Corp., 8.50%, 4/15/20 | 3,100 | 3,495,250 |
| Qwest Corp., 8.38%, 5/01/16 | 2,795 | 3,347,013 |
| Verizon Communications, Inc., 7.35%, 4/01/39 (b) | 4,025 | 4,793,038 |
| Windstream Corp.: 8.63%, 8/01/16 | 1,000 | 1,060,000 |
| 7.88%, 11/01/17 | 1,900 | 2,035,375 |
| | | 18,854,520 |
| Electric Utilities 1.6% | | |
| Progress Energy, Inc., 7.00%, 10/30/31 | 4,000 | 4,587,492 |
| Southern California Edison Co., 5.50%, 3/15/40 | 2,850 | 2,880,922 |
| | | 7,468,414 |
| Electronic Equipment, Instruments & Components 0.2% | | |
| Jabil Circuit, Inc., 8.25%, 3/15/18 | 800 | 916,000 |
| Energy Equipment & Services 0.9% | | |
| Halliburton Co., 7.45%, 9/15/39 (b) | 3,220 | 4,048,113 |
| Food & Staples Retailing 3.4% | | |
| CVS Caremark Corp., 6.30%, 6/01/62 (d) | 6,600 | 6,360,750 |
| Wal-Mart Stores, Inc. (b): 5.25%, 9/01/35 | 2,500 | 2,461,170 |
| 6.20%, 4/15/38 | 6,250 | 6,891,275 |

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| | | |
|---|----------------------|--------------|
| | | 15,713,195 |
| Food Products 1.0% | | |
| Kraft Foods, Inc.: | | |
| 6.50%, 8/11/17 | 1,665 | 1,933,971 |
| 6.13%, 8/23/18 | 1,660 | 1,884,415 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 | 700 | 823,375 |
| | | 4,641,761 |
| Gas Utilities 1.1% | | |
| Nisource Finance Corp., 6.13%, 3/01/22 | | |
| | 4,000 | 4,414,876 |
| Targa Resources Partners LP, 6.88%, 2/01/21 (a)(c) | 495 | 495,000 |
| | | 4,909,876 |
| Health Care Equipment & Supplies 1.5% | | |
| Boston Scientific Corp., 7.38%, 1/15/40 | | |
| | 2,935 | 3,135,525 |
| Fresenius US Finance II, Inc., 9.00%, 7/15/15 (a) | 2,250 | 2,584,688 |
| | | |
| Corporate Bonds | Par (000) | Value |
| Health Care Equipment & Supplies (concluded) | | |
| Medtronic, Inc.: | | |
| 6.50%, 3/15/39 | \$ 650 | \$ 744,475 |
| 5.55%, 3/15/40 | 412 | 425,302 |
| | | 6,889,990 |
| Health Care Providers & Services 3.5% | | |
| Aetna, Inc., 6.75%, 12/15/37 | | |
| | 3,400 | 3,818,557 |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 (a)(c) | 460 | 472,650 |
| HCA, Inc.: | | |
| 8.50%, 4/15/19 | 1,800 | 2,007,000 |
| 7.25%, 9/15/20 | 2,550 | 2,728,500 |
| Tenet Healthcare Corp.: | | |
| 10.00%, 5/01/18 | 1,530 | 1,795,838 |
| 8.88%, 7/01/19 | 1,125 | 1,288,125 |
| UnitedHealth Group, Inc., 6.88%, 2/15/38 (b) | 3,400 | 3,880,430 |
| | | 15,991,100 |
| Household Durables 0.3% | | |
| Cemex Espana Luxembourg, 9.25%, 5/12/20 (a) | | |
| | 1,462 | 1,489,412 |
| IT Services 0.1% | | |
| First Data Corp., 8.25%, 1/15/21 (a) | | |
| | 475 | 457,188 |

Independent Power Producers & Energy Traders 0.3%

| | | |
|--|-------|-----------|
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | 1,475 | 1,564,392 |
|--|-------|-----------|

Insurance 6.6%

| | | |
|--|-------|-----------|
| The Allstate Corp., 7.45%, 5/16/19 (b) | 5,600 | 6,781,398 |
| American International Group, Inc., 6.40%, 12/15/20 | 1,690 | 1,803,167 |
| Aon Corp., 5.00%, 9/30/20 | 4,600 | 4,648,843 |
| Lincoln National Corp., 6.25%, 2/15/20 | 3,400 | 3,738,178 |
| Manulife Financial Corp., 4.90%, 9/17/20 (b) | 4,700 | 4,614,944 |
| Northwestern Mutual Life Insurance, 6.06%, 3/30/40 (a)(b) | 3,800 | 4,082,602 |
| Principal Financial Group, Inc., 8.88%, 5/15/19 | 980 | 1,244,029 |
| Prudential Financial, Inc., 6.63%, 12/01/37 | 3,400 | 3,729,627 |
| Structured Asset Receivables Trust, Series 2004-1A, Class A1A, 0.79%, 4/21/11 (a)(d) | 55 | 49,381 |

30,692,169

Life Sciences Tools & Services 1.9%

| | | |
|--|-------|-----------|
| Bio-Rad Laboratories, Inc., 8.00%, 9/15/16 | 3,825 | 4,217,063 |
| Life Technologies Corp., 6.00%, 3/01/20 | 4,200 | 4,500,115 |

8,717,178

Schedule of Investments (continued)

BlackRock Credit Allocation Income Trust II, Inc. (PSY)
(Percentages shown are based on Net Assets)

| Corporate Bonds | Par (000) | Value |
|---|--------------|-------------------|
| Machinery 1.5% | | |
| Ingersoll-Rand Global Holding Co., Ltd., 9.50%, 4/15/14 | \$ 3,400 | \$ 4,091,485 |
| Navistar International Corp., 8.25%, 11/01/21 | 2,550 | 2,811,375 |
| | | <u>6,902,860</u> |
| Media 7.1% | | |
| CSC Holdings LLC: 8.50%, 6/15/15 | 1,500 | 1,642,500 |
| 8.63%, 2/15/19 | 1,200 | 1,377,000 |
| Cengage Learning Acquisitions, Inc., 10.50%, 1/15/15 (a) | 350 | 364,000 |
| Comcast Corp., 6.30%, 11/15/17 | 3,400 | 3,891,810 |
| Cox Communications, Inc., 8.38%, 3/01/39 (a) | 3,400 | 4,361,255 |
| DISH DBS Corp., 7.00%, 10/01/13 | 1,750 | 1,872,500 |
| Gannett Co., Inc., 9.38%, 11/15/17 | 1,800 | 2,025,000 |
| News America, Inc., 6.15%, 3/01/37 | 4,200 | 4,293,462 |
| Time Warner Cable, Inc., 6.75%, 6/15/39 | 4,050 | 4,342,463 |
| Time Warner, Inc., 7.70%, 5/01/32 | 4,150 | 4,964,981 |
| UPC Germany GmbH, 8.13%, 12/01/17 (a) | 1,030 | 1,112,400 |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 | 2,675 | 2,835,500 |
| | | <u>33,082,871</u> |
| Metals & Mining 1.2% | | |
| Freeport-McMoRan Corp., 7.13%, 11/01/27 | 2,900 | 3,060,054 |
| Teck Resources Ltd., 10.75%, 5/15/19 | 1,750 | 2,275,000 |
| United States Steel Corp., 7.38%, 4/01/20 | 200 | 207,500 |
| | | <u>5,542,554</u> |
| Multi-Utilities 1.6% | | |
| CenterPoint Energy, Inc.: 5.95%, 2/01/17 | 3,150 | 3,438,584 |
| 6.50%, 5/01/18 | 3,350 | 3,775,447 |

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| | | |
|--|----------------------|--------------|
| | | 7,214,031 |
| Multiline Retail 2.6% | | |
| Dollar General Corp., 10.63%, 7/15/15 | 3,275 | 3,541,094 |
| JC Penney Co., Inc., 5.65%, 6/01/20 | 9,000 | 8,685,000 |
| | | 12,226,094 |
| Oil, Gas & Consumable Fuels 5.2% | | |
| BP Capital Markets Plc, 3.88%, 3/10/15 (b) | 1,500 | 1,571,259 |
| Buckeye Partners LP, 4.88%, 2/01/21 | 1,000 | 997,982 |
| Enbridge Energy Partners LP, 9.88%, 3/01/19 | 2,100 | 2,776,666 |
| Enterprise Products Operating LLC, 6.65%, 4/15/18 | 4,200 | 4,846,288 |
| Kinder Morgan Energy Partners LP, 6.85%, 2/15/20 | 4,200 | 4,838,324 |
| | Par (000) | Value |
| Corporate Bonds | | |
| Oil, Gas & Consumable Fuels (concluded) | | |
| Marathon Petroleum Corp., 3.50%, 3/01/16 (a)(c) | \$ 1,375 | \$ 1,387,660 |
| ONEOK Partners LP, 8.63%, 3/01/19 | 3,400 | 4,254,369 |
| Oasis Petroleum, Inc., 7.25%, 2/01/19 (a)(c) | 380 | 387,600 |
| Petrobras International Finance Co., 3.88%, 1/27/16 | 1,475 | 1,488,983 |
| Range Resources Corp., 6.75%, 8/01/20 | 855 | 897,750 |
| SM Energy Co., 3.50%, 4/01/27 (c) | 480 | 480,000 |
| | | 23,926,881 |
| Paper & Forest Products 2.5% | | |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (a) | 3,400 | 3,825,000 |
| International Paper Co.: 7.50%, 8/15/21 | 3,325 | 3,930,263 |
| 7.30%, 11/15/39 | 3,400 | 3,833,874 |
| | | 11,589,137 |
| Pharmaceuticals 6.2% | | |
| Abbott Laboratories, 6.15%, 11/30/37 | 588 | 653,638 |
| Bristol-Myers Squibb Co.: 5.88%, 11/15/36 | 2,214 | 2,388,372 |
| 6.13%, 5/01/38 | 74 | 82,857 |
| Eli Lilly & Co., 5.95%, 11/15/37 | 1,471 | 1,589,569 |
| GlaxoSmithKline Capital, Inc., 6.38%, 5/15/38 (b) | 7,250 | 8,241,046 |

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| | | |
|----------------------------------|-------|------------|
| Merck & Co., Inc.: | | |
| 6.50%, 12/01/33 | 2,070 | 2,459,620 |
| 6.55%, 9/15/37 (b) | 4,572 | 5,429,867 |
| Pfizer, Inc., 7.20%, 3/15/39 (b) | 6,250 | 7,782,119 |
| | | 28,627,088 |

**Real Estate Investment Trusts
(REITs) 1.9%**

| | | |
|------------------------------|-------|-----------|
| AvalonBay Communities, Inc., | | |
| 6.10%, 3/15/20 | 3,400 | 3,825,367 |
| ERP Operating LP, 5.75%, | | |
| 6/15/17 | 3,405 | 3,763,655 |
| HCP, Inc., 5.38%, 2/01/21 | 1,025 | 1,032,444 |
| | | 8,621,466 |

**Real Estate Management &
Development 0.1%**

| | | |
|-----------------------|-----|---------|
| Realogy Corp., 7.88%, | | |
| 2/15/19 (a)(c) | 670 | 670,837 |

Road & Rail 1.0%

| | | |
|-----------------------------------|-------|-----------|
| Florida East Coast Railway Corp., | | |
| 8.13%, 2/01/17 (a) | 200 | 207,500 |
| Norfolk Southern Corp., 6.00%, | | |
| 3/15/2105 | 5,000 | 4,491,625 |
| | | 4,699,125 |

**Semiconductors & Semiconductor
Equipment 1.2%**

| | | |
|----------------------------------|-------|-----------|
| Advanced Micro Devices, Inc., | | |
| 7.75%, 8/01/20 | 775 | 794,375 |
| KLA-Tencor Corp., 6.90%, 5/01/18 | 1,928 | 2,129,574 |

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JANUARY 31, 2011

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Schedule of Investments (continued)

BlackRock Credit Allocation Income Trust II, Inc. (PSY)
(Percentages shown are based on Net Assets)

| Corporate Bonds | Par (000) | Value |
|---|--------------|--------------|
| Semiconductors & Semiconductor Equipment (concluded) | | |
| National Semiconductor Corp., 6.60%, 6/15/17 | \$ 2,334 | \$ 2,571,235 |
| | | 5,495,184 |
| Specialty Retail 1.0% | | |
| AutoNation, Inc., 6.75%, 4/15/18 | 1,965 | 2,028,863 |
| AutoZone, Inc., 7.13%, 8/01/18 | 1,350 | 1,566,402 |
| Limited Brands, Inc., 7.00%, 5/01/20 | 980 | 1,033,900 |
| | | 4,629,165 |
| Tobacco 1.3% | | |
| Altria Group, Inc., 10.20%, 2/06/39 | 4,400 | 5,973,660 |
| Wireless Telecommunication Services 1.8% | | |
| American Tower Corp., 4.50%, 1/15/18 | 1,925 | 1,911,891 |
| Clearwire Communications LLC, 12.00%, 12/01/17 (a) | 640 | 691,200 |
| Cricket Communications, Inc., 7.75%, 5/15/16 | 670 | 705,175 |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13 | 840 | 845,250 |
| SBA Tower Trust, 5.10%, 4/15/42 (a) | 4,225 | 4,437,267 |
| | | 8,590,783 |
| Total Corporate Bonds 90.5% | | 418,053,230 |
| Preferred Securities | | |
| Capital Trusts | | |
| Capital Markets 4.3% | | |
| | 2,500 | 2,637,500 |

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|--|--------|-------------------|
| Ameriprise Financial, Inc., 7.52%, 6/01/66 (d) | | |
| State Street Capital Trust III, 8.25% (d)(e) | 2,920 | 2,947,419 |
| State Street Capital Trust IV, 1.29%, 6/01/67 (d) | 18,235 | 14,047,332 |
| | | <u>19,632,251</u> |

Commercial Banks 5.9%

| | | |
|---|--------|-------------------|
| Bank One Capital III, 8.75%, 9/01/30 | 2,000 | 2,363,812 |
| HSBC Capital Funding LP/Jersey Channel Islands, 10.18% (a)(b)(d)(e) | 4,835 | 6,478,900 |
| M&T Capital Trust II, 8.28%, 6/01/27 | 3,630 | 3,547,595 |
| National City Preferred Capital Trust I, 12.00% (d)(e) | 1,100 | 1,238,006 |
| NationsBank Capital Trust III, 0.84%, 1/15/27 (d) | 13,470 | 9,844,900 |
| SunTrust Preferred Capital I, 5.85% (d)(e) | 307 | 231,018 |
| USB Capital XIII Trust, 6.63%, 12/15/39 | 3,500 | 3,640,525 |
| | | <u>27,344,756</u> |

| Capital Trusts | Par (000) | Value |
|--|--------------|--------------|
| Consumer Finance 0.8% | | |
| Capital One Capital V, 10.25%, 8/15/39 | \$ 3,190 | \$ 3,449,188 |
| Diversified Financial Services 1.3% | | |
| JPMorgan Chase Capital XXIII, 1.29%, 5/15/77 (d) | 7,500 | 5,766,637 |
| Electric Utilities 0.6% | | |
| PPL Capital Funding, 6.70%, 3/30/67 (d) | 3,000 | 2,947,500 |
| Insurance 8.8% | | |
| AXA SA, 6.38% (a)(d)(e) | 3,000 | 2,677,500 |
| Ace Capital Trust II, 9.70%, 4/01/30 | 2,500 | 3,062,462 |
| The Allstate Corp., 6.50%, 5/15/67 (d) | 5,000 | 5,143,750 |
| American General Capital II, 8.50%, 7/01/30 | 100 | 109,000 |
| American General Institutional Capital A, 7.57%, 12/01/45 (a) | 500 | 515,000 |
| Aon Corp., 8.21%, 1/01/27 | 2,500 | 2,755,303 |
| Chubb Corp., 6.38%, 3/29/67 (d) | 2,000 | 2,120,000 |
| Farmers Exchange Capital, 7.05%, 7/15/28 (a) | 2,500 | 2,418,405 |
| Liberty Mutual Group, Inc., 10.75%, 6/15/88 (a)(d) | 2,925 | 3,758,625 |

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| | | |
|--|-------|-------------|
| Lincoln National Corp., 7.00%, 5/17/66 (d) | 3,350 | 3,316,500 |
| MetLife, Inc., 6.40%, 12/15/66 | 3,325 | 3,138,135 |
| Nationwide Life Global Funding I, 6.75%, 5/15/67 | 3,500 | 3,290,000 |
| Principal Life Insurance Co., 8.00%, 3/01/44 (a) | 2,500 | 2,692,320 |
| Reinsurance Group of America, 6.75%, 12/15/65 (d) | 3,000 | 2,901,615 |
| Swiss Re Solutions Holding Corp., 7.75%, 6/15/30 | 2,000 | 2,200,088 |
| ZFS Finance (USA) Trust IV, 5.88%, 5/09/32 (a)(d) | 379 | 370,484 |
| | | 40,469,187 |
| Multi-Utilities 1.4% | | |
| Dominion Resources Capital Trust I, 7.83%, 12/01/27 | 2,500 | 2,500,735 |
| Dominion Resources, Inc., 7.50%, 6/30/66 (d) | 3,900 | 4,085,250 |
| | | 6,585,985 |
| Oil, Gas & Consumable Fuels 1.3% | | |
| Enterprise Products Operating LLC, 8.38%, 8/01/66 (d) | 2,000 | 2,160,000 |
| TransCanada PipeLines Ltd., 6.35%, 5/15/67 (d) | 4,000 | 4,012,844 |
| | | 6,172,844 |
| Road & Rail 0.8% | | |
| BNSF Funding Trust I, 6.61%, 12/15/55 (d) | 3,750 | 3,900,000 |
| | | 116,268,348 |

Schedule of Investments (continued)

BlackRock Credit Allocation Income Trust II, Inc. (PSY)
(Percentages shown are based on Net Assets)

| Preferred Stocks | Shares | Value |
|---|--------|--------------|
| Commercial Banks 0.4% | | |
| SG Preferred Capital II, 6.30% | 2,000 | \$ 1,853,750 |
| Wireless Telecommunication Services 0.6% | | |
| Centaur Funding Corp., 9.08% | 2,423 | 2,654,699 |
| Total Preferred Stocks 1.0% | | 4,508,449 |
| Total Preferred Securities 26.2% | | 120,776,797 |

| Taxable Municipal Bonds | Par (000) | Value |
|---|--------------|-----------|
| Metropolitan Transportation Authority, RB, Build America Bonds, 6.55%, 11/15/31 | \$ 3,450 | 3,423,090 |
| State of California, GO, Build America Bonds, 7.35%, 11/01/39 | 1,725 | 1,741,267 |
| Total Taxable Municipal Bonds 1.1% | | 5,164,357 |

| U.S. Treasury Obligations | Shares | Value |
|--|--------|-------------|
| U.S. Treasury Notes, 1.75%, 7/31/15 (b) | 43,390 | 43,454,217 |
| Total U.S. Treasury Obligations 9.4% | | 43,454,217 |
| Total Long-Term Investments (Cost \$577,004,326) 127.2% | | 587,448,601 |

| Short-Term Securities | Shares | Value |
|-----------------------|-----------|-----------|
| | 1,574,122 | 1,574,122 |

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BlackRock Liquidity Funds,
TempFund, Institutional Class,
0.18% (f)(g)

| | |
|---|----------------|
| Total Short-Term Securities (Cost \$1,574,122) 0.3% | 1,574,122 |
| Total Investments (Cost \$578,497,596*) 127.5% | 589,022,723 |
| Liabilities in Excess of Other Assets (27.5)% | (126,969,527) |
| Net Assets Applicable to Common Shares 100.0% | \$ 462,053,196 |

* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2011, as computed for federal income tax purposes were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 578,497,596 |
| Gross unrealized appreciation | \$ 19,496,450 |
| Gross unrealized depreciation | (8,971,323) |
| Net unrealized appreciation | \$ 10,525,127 |

- (a) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (b) All or a portion of security has been pledged as collateral in connection with open reverse repurchase agreements.
- (c) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty | Value | Unrealized Appreciation |
|---|--------------|----------------------------|
| Bank of America, NA | \$ 856,410 | \$ 11,417 |
| Credit Suisse International | \$ 1,487,906 | \$ 12,906 |
| Deutsche Bank Securities, Inc. | \$ 495,000 | \$ |
| JPMorgan Securities, Inc. | \$ 888,225 | \$ 7,516 |
| Morgan Stanley Capital Services, Inc | \$ 1,387,660 | \$ 12,770 |
| Pershing LLC | \$ 421,425 | \$ 3,727 |

- (d) Variable rate security. Rate shown is as of report date.
- (e) Security is perpetual in nature and has no stated maturity date.
- (f) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at October 31, 2010 | Net Activity | Shares Held at January 31, 2011 | Income |
|--|--|-----------------|--|----------|
| BlackRock Liquidity Funds,TempFund, Institutional Class | 1,483,567 | 90,555 | 1,574,122 | \$ 5,354 |

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

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Schedule of Investments (continued)

BlackRock Credit Allocation Income Trust II, Inc. (PSY)

Financial futures contracts sold as of January 31, 2011 were as follows:

| Contracts | Issue | Exchange | Expiration | Notional Value | Unrealized Appreciation (Depreciation) |
|--------------|----------------------------|------------------------|------------|----------------|--|
| 400 | 10-Year U.S. Treasury Note | Chicago Board of Trade | March 2011 | \$ 48,318,750 | \$ (6,910) |
| 133 | 30-Year U.S. Treasury Bond | Chicago Board of Trade | March 2011 | \$ 16,043,125 | 8,060 |
| Total | | | | | \$ 1,150 |

Credit default swaps on single-name issuers - sold protection outstanding as of January 31, 2011 were as follows:

| Issuer | Receive Fixed Rate | Counterparty | Expiration Date | Credit Rating ¹ | Notional Amount (000) ² | Unrealized Appreciation (Depreciation) |
|------------------------|--------------------|------------------|-----------------|----------------------------|------------------------------------|--|
| MBIA Insurance Corp. | 5.00% | Citibank NA | 3/20/12 | CCC | \$ 1,500 | \$ 44,374 |
| Assured Guaranty Corp. | 5.00% | Deutsche Bank AG | 3/20/16 | A- | \$ 1,525 | (24,843) |
| Total | | | | | | \$ 19,531 |

¹ Using Standard and Poor's rating.

² The maximum potential amount the Fund may pay should a negative event take place as defined under the terms of agreement.

Reverse repurchase agreements outstanding as of January 31, 2011 were as follows:

| Counterparty | Interest Rate | Trade Date | Maturity Date | Net Closing Amount | Face Amount |
|------------------------------------|---------------|------------|---------------|--------------------|--------------|
| BNP Paribas SA | 0.39% | 1/05/11 | Open | \$ 1,537,416 | \$ 1,537,000 |
| Deutsche Bank Securities, Inc. | 0.40% | 1/05/11 | Open | 6,573,987 | 6,572,160 |
| Credit Suisse Securities (USA) LLC | 0.40% | 1/12/11 | Open | 12,456,304 | 12,453,538 |
| UBS Securities | 0.38% | 1/12/11 | Open | 18,020,679 | 18,016,875 |
| Deutsche Bank Securities, Inc. | 0.18% | 1/26/11 | Open | 43,608,258 | 43,606,950 |
| UBS Securities | 0.38% | 1/26/11 | Open | 12,228,934 | 12,228,160 |
| UBS Securities | 0.38% | 1/27/11 | Open | 32,896,436 | 32,894,700 |

| | | |
|--------------|----------------|----------------|
| Total | \$ 127,322,014 | \$ 127,309,383 |
|--------------|----------------|----------------|

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

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

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

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

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent financial statements as contained in its annual report.

Schedule of Investments (concluded)

BlackRock Credit Allocation Income Trust II, Inc. (PSY)

The following tables summarize the inputs used as of January 31, 2011 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|--------------|----------------|-----------|----------------|
| Assets: | | | | |
| Investments in Securities: | | | | |
| Long-Term Investments: | | | | |
| Corporate Bonds | | \$ 418,003,849 | \$ 49,381 | \$ 418,053,230 |
| Preferred Securities | | 120,776,797 | | 120,776,797 |
| Taxable Municipal Bonds | | 5,164,357 | | 5,164,357 |
| U.S. Treasury Obligations | | 43,454,217 | | 43,454,217 |
| Short-Term Securities | \$ 1,574,122 | | | 1,574,122 |
| Total | \$ 1,574,122 | \$ 587,399,220 | \$ 49,381 | \$ 589,022,723 |

Derivative Financial Instruments¹

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|----------|-----------|---------|-----------|
| Assets: | | | | |
| Credit contracts | | \$ 44,374 | | \$ 44,374 |
| Interest rate contracts | \$ 8,060 | | | 8,060 |
| Liabilities: | | | | |
| Credit contracts | | (24,843) | | (24,843) |
| Interest rate contracts | (6,910) | | | (6,910) |
| Total | \$ 1,150 | \$ 19,531 | | \$ 20,681 |

¹ Derivative financial instruments are financial futures contracts and swaps, which are shown at the unrealized appreciation/depreciation on the instrument.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

| | Corporate Bonds |
|---------------------------------|-----------------|
| Assets | |
| Balance, as of October 31, 2010 | \$ 103,025 |
| Accrued discounts/premiums | |

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| | |
|---|------------------|
| Net realized gain (loss) | 17 |
| Net change in unrealized appreciation/depreciation ² | (81) |
| Purchases | |
| Sales | (53,580) |
| Transfers in ³ | |
| Transfers out ³ | |
| <hr/> | |
| Balance, as of January 31, 2011 | \$ 49,381 |

² The net change in unrealized appreciation/depreciation on securities still held at January 31, 2011 was \$(81).

³ The Fund's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JANUARY 31, 2011

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Item 2 Controls and Procedures

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

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

Item 3 Exhibits

Certifications Attached hereto

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

BlackRock Credit Allocation Income Trust II, Inc.

By: /s/ John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of
BlackRock Credit Allocation Income Trust II, Inc.

Date: March 25, 2011

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 Credit Allocation Income Trust II, Inc.

Date: March 25, 2011

By: /s/ Neal J. Andrews
Neal J. Andrews
Chief Financial Officer (principal financial officer) of
BlackRock Credit Allocation Income Trust II, Inc.

Date: March 25, 2011