

BLACKROCK CREDIT ALLOCATION INCOME TRUST II

Form N-Q

September 29, 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 52<sup>nd</sup> 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: 07/31/2011

Item 1 – Schedule of Investments

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Schedule of Investments July 31, 2011 (Unaudited)

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

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Asset-Backed Securities</b>  |              |              |
| Atrium CDO Corp., Series 5A,<br>Class A4, 0.65%, 7/20/20 (a)(b) USD       | 2,650        | \$ 2,186,250 |
| SLM Student Loan Trust,<br>Series 2004-B, Class A2, 0.45%,<br>6/15/21 (b) | 2,284        | 2,222,270    |
| <b>Total Asset-Backed Securities 0.9%</b>                                 |              | 4,408,520    |

**Corporate Bonds**

**Aerospace & Defense 1.9%**

|  |       |           |
|--|-------|-----------|
| BE Aerospace, Inc., 8.50%,<br>7/01/18                            | 2,500 | 2,759,375 |
| Bombardier, Inc., 7.75%, 3/15/20 (a)                             | 3,205 | 3,605,625 |
| Huntington Ingalls Industries, Inc. (a):<br>6.88%, 3/15/18       | 610   | 628,300   |
| 7.13%, 3/15/21   | 600   | 619,500   |
| Kratos Defense & Security<br>Solutions, Inc., 10.00%,<br>6/01/17 | 1,254 | 1,338,645 |
|  |       | 8,951,445 |

**Airlines 0.9%**

|  |       |           |
|--|-------|-----------|
| American Airlines Pass-Through<br>Trust, Series 2011-1, Class A,<br>5.25%, 7/31/22           | 1,410 | 1,385,325 |
| Continental Airlines Pass-Through<br>Certificates, Series 2009-2,<br>Class B, 9.25%, 5/10/17 | 1,453 | 1,527,943 |
| Delta Air Lines, Inc., Series 02G1,<br>6.72%, 7/02/24  | 1,146 | 1,154,889 |
|  |       | 4,068,157 |

**Auto Components 0.8%**

|   |       |           |
|---|-------|-----------|
| Delphi Corp., 6.13%, 5/15/21 (a)        | 570   | 575,700   |
| Icahn Enterprises LP:<br>7.75%, 1/15/16 | 880   | 913,000   |
| 8.00%, 1/15/18                          | 2,000 | 2,065,000 |
|   |       | 3,553,700 |

**Beverages 0.5%**

|   |       |           |
|---|-------|-----------|
| Constellation Brands, Inc., 7.25%,<br>5/15/17 | 1,970 | 2,157,150 |
|---|-------|-----------|

**Building Products 0.3%**

|  |       |           |
|--|-------|-----------|
| Building Materials Corp. of America (a):<br>7.00%, 2/15/20 | 375   | 392,813   |
| 6.75%, 5/01/21   | 1,160 | 1,175,950 |
|  |       | 1,568,763 |

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Corporate Bonds</b>                            |              |              |
| <b>Capital Markets 4.3%</b>                       |              |              |
| Ameriprise Financial, Inc., 5.30%,<br>3/15/20 (c) | USD 3,250    | \$ 3,579,381 |
|   | 1,480        | 1,768,600    |

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|  |       |            |
|--|-------|------------|
| E*Trade Financial Corp., 12.50%,<br>11/30/17 (d)     |       |            |
| The Goldman Sachs Group, Inc.,<br>6.25%, 2/01/41 (c) | 4,450 | 4,475,725  |
| Macquarie Bank Ltd., 6.63%,<br>4/07/21 (a)(c)        | 1,745 | 1,801,629  |
| Morgan Stanley, 5.75%, 1/25/21 (c)                   | 3,915 | 4,121,461  |
| UBS AG (c):  |       |            |
| 2.25%, 1/28/14                                       | 1,627 | 1,647,499  |
| 5.88%, 7/15/16                                       | 2,800 | 3,084,004  |
|  |       | 20,478,299 |
| <b>Chemicals 0.5%</b>                                |       |            |
| CF Industries, Inc., 7.13%,<br>5/01/20               | 945   | 1,108,013  |
| Celanese US Holdings LLC, 5.88%,<br>6/15/21          | 585   | 620,100    |
| Omnova Solutions, Inc., 7.88%,<br>11/01/18 (a)       | 680   | 661,300    |
|  |       | 2,389,413  |
| <b>Commercial Banks 6.8%</b>                         |       |            |
| Amsouth Bank, 4.85%, 4/01/13                         | 1,050 | 1,041,621  |
| Asciano Finance, 5.00%, 4/07/18 (a)                  | 900   | 939,844    |
| Associated Banc-Corp., 5.13%,<br>3/28/16             | 2,200 | 2,331,780  |
| BNP Paribas (c):                                     |       |            |
| 3.60%, 2/23/16                                       | 4,380 | 4,450,282  |
| 7.20% (a)(b)(e)                                      | 1,500 | 1,402,500  |
| Branch Banking & Trust Co. (b):                      |       |            |
| 0.66%, 9/13/16 (c)                                   | 1,100 | 1,018,711  |
| 0.60%, 5/23/17                                       | 675   | 618,014    |
| CIT Group, Inc.:                                     |       |            |
| 7.00%, 5/01/17                                       | 2,550 | 2,556,375  |
| 6.63%, 4/01/18 (a)                                   | 337   | 355,535    |
| City National Corp., 5.25%,<br>9/15/20               | 2,350 | 2,453,149  |
| Comerica, Inc., 3.00%, 9/16/15 (c)                   | 2,300 | 2,331,358  |
| Credit Agricole SA (a)(b)(c)(e):                     |       |            |
| 6.64%  | 1,475 | 1,261,125  |
| 8.38%  | 1,475 | 1,519,250  |
| Discover Bank, 8.70%, 11/18/19                       | 1,200 | 1,485,043  |
| HSBC Holdings Plc, 5.10%,<br>4/05/21 (c)             | 1,625 | 1,706,794  |
| Regions Financial Corp.:                             |       |            |
| 4.88%, 4/26/13                                       | 2,525 | 2,527,406  |
| 5.75%, 6/15/15                                       | 1,800 | 1,788,750  |

**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:

|       |                               |
|-------|-------------------------------|
| EUR   | Euro                          |
| GO    | General Obligation Bonds      |
| LIBOR | London InterBank Offered Rate |
| RB    | Revenue Bonds                 |
| USD   | US Dollar                     |



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Schedule of Investments (continued)

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

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Corporate Bonds</b>                                   |              |              |
| <b>Commercial Banks (concluded)</b>                      |              |              |
| SVB Financial Group, 5.38%,<br>9/15/20                   | USD 2,300    | \$ 2,370,559 |
|  |              | 32,158,096   |
| <b>Commercial Services &amp; Supplies 3.8%</b>           |              |              |
| Aviation Capital Group Corp. (a):                        |              |              |
| 7.13%, 10/15/20 (c)                                      | 9,300        | 9,660,569    |
| 6.75%, 4/06/21   | 2,325        | 2,336,160    |
| Casella Waste Systems, Inc.,<br>7.75%, 2/15/19 (a)       | 721          | 713,790      |
| Clean Harbors, Inc., 7.63%,<br>8/15/16                   | 1,314        | 1,396,125    |
| Corrections Corp. of America,<br>7.75%, 6/01/17          | 3,375        | 3,666,094    |
| Mobile Mini, Inc., 7.88%,<br>12/01/20                    | 275          | 286,687      |
|  |              | 18,059,425   |
| <b>Communications Equipment 1.1%</b>                     |              |              |
| Avaya, Inc.:   |              |              |
| 9.75%, 11/01/15  | 900          | 915,750      |
| 7.00%, 4/01/19 (a)                                       | 500          | 483,750      |
| Brocade Communications<br>Systems, Inc., 6.88%, 1/15/20  | 2,965        | 3,220,731    |
| EH Holding Corp., 6.50%,<br>6/15/19 (a)                  | 420          | 432,075      |
|  |              | 5,052,306    |
| <b>Construction Materials 0.2%</b>                       |              |              |
| Inversiones CMPC SA, 4.75%,<br>1/19/18 (a)               | 825          | 846,297      |
| <b>Consumer Finance 4.0%</b>                             |              |              |
| American Express Credit Corp.,<br>2.75%, 9/15/15 (c)(f)  | 5,850        | 5,929,636    |
| Capital One Bank USA NA, 8.80%,<br>7/15/19               | 3,325        | 4,181,995    |
| Ford Motor Credit Co. LLC, 7.00%,<br>4/15/15             | 1,380        | 1,511,100    |
| Inmarsat Finance Plc, 7.38%,<br>12/01/17 (a)             | 2,135        | 2,265,769    |
| SLM Corp., 6.25%, 1/25/16                                | 4,870        | 5,095,978    |
|  |              | 18,984,478   |
| <b>Containers &amp; Packaging 1.3%</b>                   |              |              |
| Ball Corp.:  |              |              |
| 7.13%, 9/01/16   | 1,750        | 1,918,437    |
| 6.75%, 9/15/20   | 2,210        | 2,364,700    |
| Crown Americas LLC, 6.25%,<br>2/01/21 (a)                | 825          | 843,563      |
| Graphic Packaging International,<br>Inc., 9.50%, 6/15/17 | 665          | 736,488      |
| Rock-Tenn Co., 9.25%, 3/15/16                            | 325          | 351,406      |
|  |              | 6,214,594    |

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|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Corporate Bonds</b>                                    |              |              |
| <b>Diversified Financial Services 9.3%</b>                |              |              |
| Ally Financial, Inc.:                                     |              |              |
| 4.50%, 2/11/14  | USD 1,775    | \$ 1,766,125 |
| 8.30%, 2/12/15  | 1,230        | 1,346,850    |
| 8.00%, 11/01/31   | 1,680        | 1,799,700    |
| Bank of America Corp.:                                    |              |              |
| 5.30%, 3/15/17  | 3,640        | 3,759,578    |
| 5.00%, 5/13/21 (c)(f)                                     | 2,950        | 2,919,901    |
| Citigroup, Inc. (c):                                      |              |              |
| 4.59%, 12/15/15   | 975          | 1,040,408    |
| 3.95%, 6/15/16  | 1,300        | 1,351,011    |
| Dresdner Funding Trust I, 8.15%,<br>6/30/31 (a)           | 2,240        | 2,027,200    |
| Forethought Financial Group, Inc.,<br>8.63%, 4/15/21 (a)  | 1,000        | 1,040,611    |
| General Electric Capital Corp.,<br>5.30%, 2/11/21 (c)     | 4,600        | 4,903,329    |
| General Motors Financial Co., Inc.,<br>6.75%, 6/01/18 (a) | 1,230        | 1,254,600    |
| ING Bank NV, 5.00%, 6/09/21 (a)(c)                        | 2,350        | 2,408,104    |
| Intesa Sanpaolo SpA:                                      |              |              |
| 2.38%, 12/21/12   | 3,500        | 3,384,468    |
| 6.50%, 2/24/21 (a)(c)                                     | 600          | 620,981      |
| JPMorgan Chase & Co., 3.15%,<br>7/05/16 (c)               | 4,075        | 4,117,971    |
| Moody's Corp., 6.06%, 9/07/17                             | 6,000        | 6,312,888    |
| Morgan Stanley, 5.50%, 7/28/21                            | 1,910        | 1,968,736    |
| Reynolds Group Issuer, Inc. (a):                          |              |              |
| 7.88%, 8/15/19 (g)  | 170          | 171,912      |
| 6.88%, 2/15/21  | 660          | 633,600      |
| 8.25%, 2/15/21  | 815          | 751,837      |
| WMG Acquisition Corp., 9.50%,<br>6/15/16 (a)              | 205          | 217,556      |
|   |              | 43,797,366   |
| <b>Diversified Telecommunication<br/>Services 5.2%</b>    |              |              |
| AT&T, Inc., 6.30%, 1/15/38 (c)                            | 4,000        | 4,427,008    |
| Level 3 Financing, Inc.:                                  |              |              |
| 8.75%, 2/15/17  | 895          | 910,662      |
| 10.00%, 2/01/18   | 190          | 204,725      |
| 8.13%, 7/01/19 (a)(g)                                     | 2,589        | 2,608,417    |
| Qwest Corp., 8.38%, 5/01/16                               | 2,795        | 3,312,075    |
| Telecom Italia Capital SA, 6.18%,<br>6/18/14              | 975          | 1,015,852    |
| Telefonica Emisiones SAU, 5.46%,<br>2/16/21 (c)           | 1,360        | 1,363,876    |
| Verizon Communications, Inc. (c):                         |              |              |
| 1.95%, 3/28/14  | 3,650        | 3,742,469    |
| 7.35%, 4/01/39  | 4,025        | 5,105,898    |
| Windstream Corp., 7.88%,<br>11/01/17                      | 1,900        | 2,030,625    |
|   |              | 24,721,607   |
| <b>Electric Utilities 1.0%</b>                            |              |              |
| Progress Energy, Inc., 7.00%,<br>10/30/31                 | 4,000        | 4,856,176    |



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Schedule of Investments (continued)

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

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Corporate Bonds</b>   |              |            |
| <b>Electronic Equipment, Instruments &amp; Components 0.8%</b> |              |            |
| Jabil Circuit, Inc., 8.25%, 3/15/18                            | USD 800      | \$ 918,000 |
| NXP BV, 3.00%, 10/15/13 (b)                                    | 2,950        | 2,948,156  |
|  |              | 3,866,156  |
| <b>Energy Equipment &amp; Services 1.2%</b>                    |              |            |
| EnSCO Plc, 4.70%, 3/15/21 (c)                                  | 1,965        | 2,063,743  |
| Frac Tech Services LLC, 7.13%, 11/15/18 (a)                    | 1,085        | 1,131,112  |
| Key Energy Services, Inc., 6.75%, 3/01/21                      | 745          | 769,213    |
| MEG Energy Corp., 6.50%, 3/15/21 (a)                           | 955          | 993,200    |
| Oil States International, Inc., 6.50%, 6/01/19 (a)             | 505          | 515,100    |
| SunCoke Energy, Inc., 7.63%, 8/01/19 (a)                       | 190          | 194,750    |
|  |              | 5,667,118  |
| <b>Food &amp; Staples Retailing 2.1%</b>                       |              |            |
| CVS Caremark Corp., 6.30%, 6/01/62 (b)                         | 3,650        | 3,558,750  |
| Wal-Mart Stores, Inc. (c): 5.25%, 9/01/35                      | 2,500        | 2,616,635  |
| 6.20%, 4/15/38   | 3,375        | 3,980,840  |
|  |              | 10,156,225 |
| <b>Food Products 1.1%</b>                                      |              |            |
| Blue Merger Sub, Inc., 7.63%, 2/15/19 (a)                      | 430          | 442,362    |
| JBS USA LLC, 7.25%, 6/01/21 (a)                                | 155          | 153,063    |
| Kraft Foods, Inc.: 6.50%, 8/11/17                              | 1,665        | 2,000,331  |
| 6.13%, 8/23/18   | 1,660        | 1,961,813  |
| Smithfield Foods, Inc., 10.00%, 7/15/14                        | 374          | 437,112    |
|  |              | 4,994,681  |
| <b>Gas Utilities 0.1%</b>                                      |              |            |
| Targa Resources Partners LP, 6.88%, 2/01/21 (a)                | 495          | 495,000    |
| <b>Health Care Equipment &amp; Supplies 0.6%</b>               |              |            |
| Fresenius US Finance II, Inc., 9.00%, 7/15/15 (a)              | 2,250        | 2,553,750  |
| Teleflex, Inc., 6.88%, 6/01/19                                 | 490          | 504,700    |
|  |              | 3,058,450  |
| <b>Health Care Providers &amp; Services 4.4%</b>               |              |            |
| Aetna, Inc., 6.75%, 12/15/37 (c)                               | 3,400        | 4,080,860  |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 (a)              | 460          | 468,625    |
| HCA, Inc.: 8.50%, 4/15/19                                      | 545          | 600,863    |
| 6.50%, 2/15/20 (g)   | 1,950        | 1,979,250  |
| 7.25%, 9/15/20   | 3,435        | 3,623,925  |



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7.50%, 2/15/22 (g) 2,310 2,344,650

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Corporate Bonds</b>   |              |            |
| <b>Health Care Providers &amp; Services (concluded)</b>            |              |            |
| inVentiv Health, Inc., 10.00%,<br>8/15/18 (a)                      | USD 510      | \$ 497,250 |
| Tenet Healthcare Corp.:  |              |            |
| 10.00%, 5/01/18  | 1,530        | 1,740,375  |
| 8.88%, 7/01/19   | 1,125        | 1,243,125  |
| UnitedHealth Group, Inc., 6.88%,<br>2/15/38 (c)                    | 3,400        | 4,115,370  |
|  |              | 20,694,293 |
| <b>Household Durables 0.3%</b>                                     |              |            |
| Cemex Espana Luxembourg,<br>9.25%, 5/12/20 (a)                     | 1,462        | 1,348,695  |
| <b>IT Services 0.7%</b>  |              |            |
| Eagle Parent Canada, Inc., 8.63%,<br>5/01/19 (a)                   | 1,170        | 1,123,200  |
| First Data Corp. (a):  |              |            |
| 7.38%, 6/15/19   | 725          | 730,438    |
| 12.63%, 1/15/21  | 1,390        | 1,473,400  |
|  |              | 3,327,038  |
| <b>Independent Power Producers &amp;<br/>Energy Traders 0.8%</b>   |              |            |
| AES Corp.:   |              |            |
| 9.75%, 4/15/16   | 985          | 1,127,825  |
| 7.38%, 7/01/21 (a)   | 425          | 439,875    |
| Calpine Corp., 7.25%, 10/15/17 (a)                                 | 440          | 451,000    |
| Energy Future Intermediate<br>Holding Co. LLC, 10.00%,<br>12/01/20 | 1,475        | 1,556,337  |
|  |              | 3,575,037  |
| <b>Insurance 9.2%</b>  |              |            |
| Ace Capital Trust II, 9.70%,<br>4/01/30                            | 2,500        | 3,328,535  |
| The Allstate Corp., 7.45%, 5/16/19 (c)                             | 5,600        | 6,863,086  |
| American International Group, Inc.:                                |              |            |
| 6.40%, 12/15/20 (c)  | 1,690        | 1,854,114  |
| 8.18%, 5/15/68   | 900          | 981,000    |
| Aon Corp.:   |              |            |
| 5.00%, 9/30/20 (c)   | 4,600        | 4,876,060  |
| 8.21%, 1/01/27   | 2,500        | 2,910,050  |
| The Dai-ichi Life Insurance Co. Ltd,<br>7.25% (a)(b)(e)            | 677          | 714,550    |
| Fairfax Financial Holdings Ltd.,<br>5.80%, 5/15/21 (a)             | 2,800        | 2,768,240  |
| Genworth Financial, Inc., 7.63%,<br>9/24/21                        | 970          | 926,350    |
| Lincoln National Corp., 6.25%,<br>2/15/20 (c)                      | 3,400        | 3,871,162  |
| MPL 2 Acquisition Canco, Inc.,<br>9.88%, 8/15/18 (a)               | 475          | 476,187    |

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Schedule of Investments (continued)

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

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Corporate Bonds</b>                                       |              |              |
| <b>Insurance (concluded)</b>                                 |              |              |
| Manulife Financial Corp., 4.90%,<br>9/17/20 (c)              | USD 4,700    | \$ 4,820,405 |
| Northwestern Mutual Life Insurance,<br>6.06%, 3/30/40 (a)(c) | 3,800        | 4,172,582    |
| Principal Financial Group, Inc.,<br>8.88%, 5/15/19           | 980          | 1,270,851    |
| Prudential Financial, Inc., 6.63%,<br>12/01/37 (c)           | 3,400        | 3,817,217    |
|  |              | 43,650,389   |
| <b>Life Sciences Tools &amp; Services 2.0%</b>               |              |              |
| Bio-Rad Laboratories, Inc., 8.00%,<br>9/15/16                | 3,825        | 4,279,219    |
| INC Research LLC, 11.50%,<br>7/15/19 (a)                     | 695          | 695,000      |
| Life Technologies Corp., 6.00%,<br>3/01/20                   | 4,200        | 4,725,806    |
|  |              | 9,700,025    |
| <b>Machinery 1.1%</b>  |              |              |
| Ingersoll-Rand Global Holding Co.,<br>Ltd., 9.50%, 4/15/14   | 3,400        | 4,088,554    |
| Navistar International Corp.,<br>8.25%, 11/01/21             | 980          | 1,065,750    |
|  |              | 5,154,304    |
| <b>Media 9.2%</b>  |              |              |
| AMC Networks, Inc., 7.75%,<br>7/15/21 (a)                    | 830          | 873,575      |
| CCH II LLC, 13.50%, 11/30/16                                 | 2,317        | 2,734,060    |
| CSC Holdings LLC:<br>8.50%, 6/15/15                          | 1,500        | 1,620,000    |
| 8.63%, 2/15/19   | 1,200        | 1,374,000    |
| Cengage Learning Acquisitions,<br>Inc., 10.50%, 1/15/15 (a)  | 1,585        | 1,355,175    |
| Comcast Corp., 6.30%, 11/15/17                               | 3,400        | 4,025,597    |
| Cox Communications, Inc., 8.38%,<br>3/01/39 (a)              | 3,400        | 4,676,520    |
| DIRECTV Holdings LLC, 5.00%,<br>3/01/21                      | 2,575        | 2,747,932    |
| DISH DBS Corp., 7.00%,<br>10/01/13                           | 1,750        | 1,885,625    |
| Gannett Co., Inc., 9.38%,<br>11/15/17                        | 1,800        | 2,002,500    |
| Intelsat Bermuda Ltd.:<br>11.25%, 2/04/17                    | 350          | 374,500      |
| 11.50%, 2/04/17 (a)(d)                                       | 260          | 279,500      |
| 11.50%, 2/04/17 (d)  | 340          | 365,500      |
| Kabel BW Erste Beteiligungs<br>GmbH, 7.50%, 3/15/19 (a)      | 1,040        | 1,071,200    |
| News America, Inc., 6.15%,<br>3/01/37 (c)                    | 4,200        | 4,217,552    |
|  | 4,050        | 4,641,741    |

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Time Warner Cable, Inc., 6.75%,  
6/15/39

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Corporate Bonds</b>                                   |              |              |
| <b>Media (concluded)</b>                                 |              |              |
| Time Warner, Inc., 7.70%,<br>5/01/32                     | USD 4,150    | \$ 5,194,787 |
| Unitymedia Hessen GmbH & Co.<br>KG, 8.13%, 12/01/17 (a)  | 1,030        | 1,107,250    |
| Virgin Media Secured Finance Plc,<br>6.50%, 1/15/18      | 2,675        | 2,942,500    |
|  |              | 43,489,514   |
| <b>Metals &amp; Mining 2.5%</b>                          |              |              |
| Alcoa, Inc., 5.40%, 4/15/21 (c)                          | 2,455        | 2,551,970    |
| Barrick Gold Corp., 2.90%,<br>5/30/16 (a)(c)             | 1,150        | 1,184,615    |
| Barrick North America Finance<br>LLC, 5.70%, 5/30/41 (a) | 1,325        | 1,362,136    |
| Freeport-McMoRan Corp., 7.13%,<br>11/01/27               | 2,900        | 3,191,601    |
| JMC Steel Group, 8.25%, 3/15/18 (a)                      | 170          | 176,375      |
| Novelis, Inc., 8.75%, 12/15/20                           | 1,035        | 1,151,437    |
| Teck Resources Ltd., 10.75%,<br>5/15/19                  | 1,750        | 2,226,875    |
| United States Steel Corp., 7.38%,<br>4/01/20             | 200          | 207,750      |
|  |              | 12,052,759   |
| <b>Multi-Utilities 1.6%</b>                              |              |              |
| CenterPoint Energy, Inc.:<br>5.95%, 2/01/17              | 3,150        | 3,602,393    |
| 6.50%, 5/01/18   | 3,350        | 3,939,426    |
|  |              | 7,541,819    |
| <b>Multiline Retail 1.3%</b>                             |              |              |
| JC Penney Co., Inc., 5.65%,<br>6/01/20                   | 6,300        | 6,237,000    |
| <b>Oil, Gas &amp; Consumable Fuels 10.9%</b>             |              |              |
| Alpha Natural Resources, Inc.:<br>6.00%, 6/01/19         | 325          | 335,156      |
| 6.25%, 6/01/21   | 755          | 781,425      |
| Anadarko Petroleum Corp.:<br>5.95%, 9/15/16              | 994          | 1,145,948    |
| 6.38%, 9/15/17   | 23           | 27,113       |
| Arch Coal, Inc. (a):<br>7.00%, 6/15/19                   | 220          | 230,450      |
| 7.25%, 6/15/21   | 720          | 756,000      |
| BP Capital Markets Plc (c):<br>3.88%, 3/10/15            | 1,500        | 1,614,180    |
| 3.20%, 3/11/16   | 1,875        | 1,966,074    |
| Buckeye Partners LP, 4.88%,<br>2/01/21                   | 1,000        | 1,048,170    |
| Chesapeake Energy Corp., 6.13%,<br>2/15/21               | 3,445        | 3,600,025    |
| Consol Energy, Inc., 6.38%,<br>3/01/21 (a)               | 835          | 843,350      |
| Copano Energy LLC, 7.13%,<br>4/01/21                     | 560          | 574,000      |



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Schedule of Investments (continued)

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

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Corporate Bonds</b>                                     |              |            |
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>         |              |            |
| Denbury Resources, Inc., 6.38%,<br>8/15/21                 | USD 575      | \$ 592,250 |
| Enbridge Energy Partners LP,<br>9.88%, 3/01/19             | 2,100        | 2,833,475  |
| Energy XXI Gulf Coast, Inc., 7.75%,<br>6/15/19             | 1,025        | 1,033,969  |
| Enterprise Products Operating<br>LLC, 6.65%, 4/15/18       | 4,200        | 4,969,272  |
| Forest Oil Corp.:<br>8.50%, 2/15/14                        | 185          | 201,188    |
| 7.25%, 6/15/19   | 310          | 322,400    |
| Hilcorp Energy I LP, 7.75%,<br>11/01/15 (a)                | 710          | 733,075    |
| Kinder Morgan Energy Partners<br>LP, 6.85%, 2/15/20        | 4,200        | 5,016,837  |
| Linn Energy LLC, 7.75%, 2/01/21 (a)                        | 1,050        | 1,118,250  |
| Marathon Petroleum Corp.,<br>3.50%, 3/01/16 (a)            | 1,375        | 1,431,734  |
| OGX Petroleo e Gas Participacoes<br>SA, 8.50%, 6/01/18 (a) | 1,200        | 1,264,800  |
| ONEOK Partners LP, 8.63%,<br>3/01/19                       | 3,400        | 4,418,290  |
| Oasis Petroleum, Inc., 7.25%,<br>2/01/19 (a)               | 380          | 391,400    |
| Petrobras International Finance<br>Co., 3.88%, 1/27/16     | 3,725        | 3,862,665  |
| Petrohawk Energy Corp.:<br>10.50%, 8/01/14                 | 615          | 699,563    |
| 6.25%, 6/01/19 (a)   | 715          | 828,506    |
| Plains Exploration & Production Co.:<br>7.75%, 6/15/15     | 785          | 814,438    |
| 10.00%, 3/01/16  | 405          | 457,650    |
| Precision Drilling Corp., 6.50%,<br>12/15/21 (a)           | 270          | 275,400    |
| Premier Oil, 5.00%, 5/10/18                                | 3,400        | 3,493,500  |
| Range Resources Corp., 6.75%,<br>8/01/20                   | 855          | 934,087    |
| SM Energy Co., 6.63%, 2/15/19 (a)                          | 480          | 494,400    |
| SandRidge Energy, Inc., 7.50%,<br>3/15/21 (a)              | 720          | 756,000    |
| Western Gas Partners LP, 5.38%,<br>6/01/21                 | 1,525        | 1,623,713  |
|  |              | 51,488,753 |
| <b>Paper &amp; Forest Products 2.7%</b>                    |              |            |
| Georgia-Pacific LLC, 8.25%,<br>5/01/16 (a)                 | 3,400        | 3,869,979  |
| International Paper Co.:<br>7.50%, 8/15/21                 | 3,325        | 4,062,003  |
| 7.30%, 11/15/39  | 3,400        | 3,907,052  |
|  | 330          | 338,250    |

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|  |     |  |            |
|--|-----|--|------------|
| Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (a) |     |  |            |
| Verso Paper Holdings LLC, 11.50%, 7/01/14                  | 355 |  | 377,187    |
|  |     |  | 12,554,471 |

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Corporate Bonds</b>                                    |              |              |
| <b>Pharmaceuticals 6.5%</b>                               |              |              |
| Bristol-Myers Squibb Co., 5.88%, 11/15/36 (c)             | USD 2,214    | \$ 2,551,631 |
| Capsugel Finance Co. SCA, 9.88%, 8/01/19 (a)              | EUR 300      | 438,613      |
| GlaxoSmithKline Capital, Inc., 6.38%, 5/15/38 (c)         | USD 7,250    | 8,776,763    |
| Merck & Co., Inc.: 6.50%, 12/01/33                        | 2,070        | 2,546,433    |
| 6.55%, 9/15/37 (c)  | 4,572        | 5,655,281    |
| Pfizer, Inc., 7.20%, 3/15/39 (c)                          | 6,250        | 8,299,856    |
| Valeant Pharmaceuticals International, 6.50%, 7/15/16 (a) | 250          | 245,000      |
| Watson Pharmaceuticals, Inc., 6.13%, 8/15/19              | 2,075        | 2,413,603    |
|   |              | 30,927,180   |
| <b>Real Estate Investment Trusts (REITs) 2.8%</b>         |              |              |
| AvalonBay Communities, Inc., 6.10%, 3/15/20               | 3,400        | 3,888,464    |
| Developers Diversified Realty Corp.: 4.75%, 4/15/18       | 645          | 654,057      |
| 7.88%, 9/01/20  | 775          | 917,103      |
| ERP Operating LP, 5.75%, 6/15/17 (c)                      | 3,405        | 3,858,709    |
| HCP, Inc., 5.38%, 2/01/21                                 | 1,025        | 1,097,523    |
| UDR, Inc., 4.25%, 6/01/18                                 | 1,475        | 1,498,072    |
| Ventas Realty LP, 4.75%, 6/01/21                          | 1,135        | 1,152,460    |
|   |              | 13,066,388   |
| <b>Real Estate Management &amp; Development 0.2%</b>      |              |              |
| Realogy Corp., 7.88%, 2/15/19 (a)                         | 595          | 586,075      |
| Shea Homes LP, 8.63%, 5/15/19 (a)                         | 250          | 249,375      |
|   |              | 835,450      |
| <b>Road &amp; Rail 1.5%</b>                               |              |              |
| Avis Budget Car Rental LLC, 8.25%, 1/15/19                | 650          | 670,313      |
| Florida East Coast Railway Corp., 8.13%, 2/01/17 (a)      | 200          | 210,000      |
| The Hertz Corp., 6.75%, 4/15/19 (a)                       | 933          | 933,000      |
| Norfolk Southern Corp., 6.00%, 3/15/05 (c)                | 5,000        | 5,138,600    |
|   |              | 6,951,913    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.6%</b>  |              |              |
| Advanced Micro Devices, Inc., 7.75%, 8/01/20              | 775          | 815,687      |
| KLA-Tencor Corp., 6.90%, 5/01/18                          | 1,928        | 2,218,249    |
|   |              | 3,033,936    |



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Schedule of Investments (continued)

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

|  | Par<br>(000) | Value              |
|--|--------------|--------------------|
| <b>Corporate Bonds</b>   |              |                    |
| <b>Specialty Retail 1.2%</b>   |              |                    |
| Academy Ltd., 9.25%,<br>8/01/19 (a)(g)                                 | USD 670      | \$ 680,050         |
| AutoNation, Inc., 6.75%, 4/15/18                                       | 1,965        | 2,112,375          |
| Best Buy Co., Inc., 5.50%,<br>3/15/21                                  | 1,300        | 1,309,272          |
| Claire s Escrow Corp., 8.88%,<br>3/15/19 (a)                           | 465          | 437,100            |
| Limited Brands, Inc., 7.00%,<br>5/01/20                                | 980          | 1,041,250          |
|  |              | 5,580,047          |
| <b>Tobacco 1.4%</b>  |              |                    |
| Altria Group, Inc.:  |              |                    |
| 9.25%, 8/06/19   | 485          | 647,253            |
| 10.20%, 2/06/39  | 3,929        | 5,872,456          |
|  |              | 6,519,709          |
| <b>Wireless Telecommunication Services 2.4%</b>                        |              |                    |
| American Tower Corp., 4.50%,<br>1/15/18                                | 1,925        | 2,003,530          |
| Cricket Communications, Inc.,<br>7.75%, 5/15/16                        | 670          | 714,388            |
| Crown Castle Towers LLC (a):   |              |                    |
| 5.50%, 1/15/37   | 1,175        | 1,284,371          |
| 6.11%, 1/15/40   | 1,300        | 1,451,732          |
| Intelsat Jackson Holdings SA (a):                                      |              |                    |
| 7.25%, 4/01/19   | 190          | 192,375            |
| 7.50%, 4/01/21   | 620          | 629,300            |
| Nextel Communications, Inc.,<br>Series E, 6.88%, 10/31/13              | 840          | 843,675            |
| SBA Tower Trust, 5.10%, 4/15/17 (a)                                    | 4,225        | 4,383,438          |
|  |              | 11,502,809         |
| <b>Total Corporate Bonds 111.1%</b>                                    |              | <b>525,326,431</b> |
| <b>Preferred Securities</b>  |              |                    |
| <b>Capital Trusts</b>  |              |                    |
| <b>Capital Markets 4.4%</b>  |              |                    |
| Ameriprise Financial, Inc., 7.52%,<br>6/01/66 (b)                      | 2,500        | 2,625,000          |
| State Street Capital Trust III,<br>5.24% (b)(e)                        | 2,920        | 2,919,036          |
| State Street Capital Trust IV,<br>1.25%, 6/01/77 (b)                   | 18,235       | 14,980,253         |
|  |              | 20,524,289         |
| <b>Commercial Banks 5.3%</b>   |              |                    |
| Barclays Bank Plc, 7.43% (a)(b)(c)(e)                                  | 650          | 651,625            |
| HSBC Capital Funding LP/Jersey<br>Channel Islands, 10.18% (a)(b)(c)(e) | 4,835        | 6,285,500          |



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|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Capital Trusts</b>                                     |              |              |
| <b>Commercial Banks (concluded)</b>                       |              |              |
| M&T Capital Trust II, 8.28%,<br>6/01/27                   | USD 3,630    | \$ 3,729,571 |
| National City Preferred Capital<br>Trust I, 12.00% (b)(e) | 1,100        | 1,201,475    |
| NationsBank Capital Trust III,<br>0.80%, 1/15/27          | 13,470       | 9,888,354    |
| Nationwide Life Global Funding I,<br>6.75%, 5/15/37       | 3,500        | 3,272,500    |
|   |              | 25,029,025   |
| <b>Diversified Financial Services 1.8%</b>                |              |              |
| ING Capital Funding Trust III,<br>3.85% (b)(e)            | 1,800        | 1,683,621    |
| JPMorgan Chase Capital XXIII,<br>1.26%, 5/15/77 (b)(c)    | 8,775        | 6,854,846    |
|   |              | 8,538,467    |
| <b>Electric Utilities 0.6%</b>                            |              |              |
| PPL Capital Funding, 6.70%,<br>3/30/67 (b)                | 3,000        | 2,956,500    |
| <b>Insurance 7.2%</b>                                     |              |              |
| AXA SA, 6.38% (a)(b)(e)                                   | 3,000        | 2,520,000    |
| The Allstate Corp., 6.50%, 5/15/57 (b)                    | 5,000        | 4,900,000    |
| American General Capital II,<br>8.50%, 7/01/30            | 100          | 110,000      |
| Bank One Capital III, 8.75%,<br>9/01/30                   | 2,000        | 2,561,274    |
| Chubb Corp., 6.38%, 3/29/67 (b)                           | 2,000        | 2,065,000    |
| Farmers Exchange Capital, 7.05%,<br>7/15/28 (a)           | 2,500        | 2,640,348    |
| Liberty Mutual Group, Inc.,<br>10.75%, 6/15/88 (a)(b)     | 2,925        | 3,868,312    |
| Lincoln National Corp., 7.00%,<br>5/17/66 (b)             | 3,350        | 3,383,500    |
| MetLife, Inc., 6.40%, 12/15/66                            | 3,325        | 3,295,195    |
| Principal Life Insurance Co.,<br>8.00%, 3/01/44 (a)       | 2,500        | 2,848,482    |
| Reinsurance Group of America,<br>6.75%, 12/15/65 (b)      | 3,000        | 2,914,125    |
| Swiss Re Solutions Holding Corp.,<br>7.75%, 6/15/30 (c)   | 2,000        | 2,410,568    |
| ZFS Finance (USA) Trust IV, 5.88%,<br>5/09/62 (a)(b)      | 379          | 382,271      |
|   |              | 33,899,075   |
| <b>Multi-Utilities 1.4%</b>                               |              |              |
| Dominion Resources Capital Trust I,<br>7.83%, 12/01/27    | 2,500        | 2,573,490    |
| Dominion Resources, Inc., 7.50%,<br>6/30/66 (b)           | 3,900        | 4,126,200    |
|   |              | 6,699,690    |

## Schedule of Investments (continued)

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

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Capital Trusts</b>                                |              |              |
| <b>Oil, Gas &amp; Consumable Fuels 1.3%</b>          |              |              |
| Enterprise Products Operating<br>LLC, 8.38%, 8/01/66 | USD 2,000    | \$ 2,175,000 |
| TransCanada PipeLines Ltd.,<br>6.35%, 5/15/67 (b)    | 4,000        | 4,097,212    |
|  |              | 6,272,212    |
| <b>Road &amp; Rail 0.8%</b>                          |              |              |
| BNSF Funding Trust I, 6.61%,<br>12/15/55             | 3,750        | 3,871,875    |
| <b>Total Capital Trusts 22.8%</b>                    |              | 107,791,133  |

|   | Shares |           |
|---|--------|-----------|
| <b>Preferred Stocks</b>                             |        |           |
| <b>Auto Components 0.1%</b>                         |        |           |
| Dana Holding Corp., 4.00% (a)                       | 4,000  | 576,000   |
| <b>Commercial Banks 0.2%</b>                        |        |           |
| SG Preferred Capital I, 6.30% (a)                   | 1,000  | 984,063   |
| <b>Diversified Financial Services 0.4%</b>          |        |           |
| Ally Financial, Inc., 7.00% (a)                     | 1,880  | 1,707,980 |
| <b>Thriffs &amp; Mortgage Finance 0.0%</b>          |        |           |
| Fannie Mae, Series S, 8.25% (h)                     | 14,000 | 33,320    |
| Freddie Mac, Series Z, 8.38% (h)                    | 14,000 | 40,600    |
|   |        | 73,920    |
| <b>Wireless Telecommunication<br/>Services 0.6%</b> |        |           |
| Centaur Funding Corp., 9.08%                        | 2,423  | 2,827,338 |
| <b>Total Preferred Stocks 1.3%</b>                  |        | 6,169,301 |

|   | Par<br>(000) |             |
|---|--------------|-------------|
| <b>Trust Preferreds</b>                               |              |             |
| <b>Diversified Financial Services 0.4%</b>            |              |             |
| GMAC Capital Trust I, Series 2,<br>8.13%, 2/15/40 (b) | USD 1,818    | 1,862,830   |
| <b>Total Trust Preferreds 0.4%</b>                    |              | 1,862,830   |
| <b>Total Preferred Securities 24.5%</b>               |              | 115,823,264 |

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Taxable Municipal Bonds</b>  |              |              |
| <b>California 1.0%</b>  |              |              |
| Metropolitan Transportation<br>Authority, RB, Build America<br>Bonds, 6.55%, 11/15/31 | USD 3,450    | \$ 3,879,353 |
| State of California, GO, Build<br>America Bonds, 7.35%,<br>11/01/39                   | 870          | 1,051,995    |
| <b>Total Taxable Municipal Bonds 1.0%</b>   |              | 4,931,348    |

U.S. Government Sponsored  
Agency Securities

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|  |             |       |           |
|--|-------------|-------|-----------|
| <b>Agency Obligations</b>              | <b>0.3%</b> |       |           |
| Fannie Mae, 4.32%, 10/09/19 (i)        |             | 1,670 | 1,207,148 |
| <b>Total U.S. Government Sponsored</b> |             |       |           |
| <b>Agency Securities</b>               | <b>0.3%</b> |       | 1,207,148 |

|   |               |       |             |
|---|---------------|-------|-------------|
| <b>U.S. Treasury Obligations</b>          |               |       |             |
| U.S. Treasury Note, 4.75%,<br>2/15/41 (c) |               | 2,670 | 2,957,441   |
| <b>Total U.S. Treasury Obligations</b>    | <b>0.6%</b>   |       | 2,957,441   |
| <b>Total Long-Term Investments</b>        |               |       |             |
| <b>(Cost \$630,108,292)</b>               | <b>138.4%</b> |       | 654,654,152 |

|  |             |               |       |
|--|-------------|---------------|-------|
| <b>Short-Term Securities</b>   |             | <b>Shares</b> |       |
| BlackRock Liquidity Funds,<br>TempFund, Institutional Class,<br>0.06% (j)(k) |             | 2,107         | 2,107 |
| <b>Total Short-Term Securities</b>   |             |               |       |
| <b>(Cost \$2,107)</b>  | <b>0.0%</b> |               | 2,107 |

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JULY 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)

| Options Purchased   | Contracts                            | Value                  |
|---|--------------------------------------|------------------------|
| <b>Over the-Counter Put Options 0.1%</b>  |                                      |                        |
| S&P 500 Index, Strike Price USD<br>1,250, Expires 9/17/11, Broker<br>Credit Suisse International  | 118                                  | \$ 307,980             |
| <b>Total Options Purchased</b><br>(Cost \$569,940) 0.1%   |                                      | 307,980                |
| <b>Total Investments Before Outstanding Options Written</b><br>(Cost \$630,680,339*) 138.5%   |                                      | 654,964,239            |
|   | <b>Notional<br/>Amount<br/>(000)</b> |                        |
| <b>Options Written</b>  |                                      |                        |
| <b>Over-the-Counter Call Swaptions (0.1)%</b>   |                                      |                        |
| Pay a fixed rate of 4.03% and<br>receive a floating rate based on<br>3-month LIBOR, Expires 4/16/12,<br>Broker UBS AG   | USD 7,700                            | (611,578)              |
| <b>Over-the-Counter Put Swaptions (0.1)%</b>  |                                      |                        |
| Receive a fixed rate of 4.03% and pay<br>a floating rate based on 3-month<br>LIBOR, Expires 4/16/12, Broker<br>UBS AG   | 7,700                                | (80,242)               |
| Sold credit default protection on Dow<br>Jones CDX North America<br>Investment Grade Series 16, Strike<br>Price USD 120, Expires 9/21/11,<br>Broker Credit Suisse International | 148,000                              | (224,495)<br>(304,737) |
| <b>Total Options Written</b><br>(Premiums Received \$1,087,200) (0.2)%  |                                      | (916,315)              |
| <b>Total Investments, Net of Options Written 138.3%</b>   |                                      | 654,047,924            |
| <b>Liabilities in Excess of Other Assets (38.3)%</b>  |                                      | (181,034,768)          |
| <b>Net Assets 100.0%</b>  |                                      | \$ 473,013,156         |

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

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 629,199,459 |
| Gross unrealized appreciation | \$ 32,558,002  |
| Gross unrealized depreciation | (7,709,537)    |
| Net unrealized appreciation   | \$ 24,848,465  |

- (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) Variable rate security. Rate shown is as of report date.

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- (c) All or a portion of security has been pledged as collateral in connection with open reverse repurchase agreements.
- (d) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (e) Security is perpetual in nature and has no stated maturity date.
- (f) All or portion of security has been pledged as collateral in connection with swaps.
- (g) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty                       | Value        | Unrealized<br>Appreciation |
|------------------------------------|--------------|----------------------------|
| Credit Suisse Securities (USA) LLC | \$ 171,912   | \$ 3,157                   |
| JPMorgan Securities                | \$ 5,003,950 | \$ 69,213                  |
| Pershing LLC                       | \$ 2,608,417 | \$ 24,718                  |

- (h) Non-income producing security.
- (i) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (j) Investments in companies considered to be an affiliate of the Trust during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate   | Shares<br>Held at<br>October 31,<br>2010 | Net<br>Activity | Shares<br>Held at<br>July 31, 2011 | Income   |
|---|--|-----------------|------------------------------------|----------|
| BlackRock<br>Liquidity<br>Funds,<br>TempFund,<br>Institutional<br>Class | 1,483,567                                | (1,481,460)     | 2,107                              | \$ 7,104 |

- (k) Represents the current yield as of report date.

For Trust compliance purposes, the Trust'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 Trust management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

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Schedule of Investments (continued)

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

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

| Counterparty                       | Interest Rate | Trade Date | Maturity Date <sup>1</sup> | Net Closing Amount | Face Amount  |
|------------------------------------|---------------|------------|----------------------------|--------------------|--------------|
| Credit Suisse Securities (USA) LLC | 0.35%         | 4/11/2011  | Open                       | \$ 3,852,190       | \$ 3,848,000 |
| Credit Suisse Securities (USA) LLC | 0.35%         | 4/12/2011  | Open                       | 3,536,093          | 3,532,282    |
| UBS Securities LLC                 | 0.40%         | 4/13/2011  | Open                       | 9,469,660          | 9,458,100    |
| Barclays Capital, Inc.             | 0.35%         | 4/14/2011  | Open                       | 2,831,309          | 2,828,312    |
| UBS Securities LLC                 | 0.38%         | 4/18/2011  | Open                       | 3,547,678          | 3,543,750    |
| Deutsche Bank Securities, Inc.     | 0.35%         | 4/20/2011  | Open                       | 1,366,367          | 1,365,000    |
| Deutsche Bank Securities, Inc.     | 0.35%         | 4/28/2011  | Open                       | 4,489,142          | 4,485,000    |
| Credit Suisse Securities (USA) LLC | 0.35%         | 5/10/2011  | Open                       | 1,737,676          | 1,736,275    |
| BNP Paribas Securities             | 0.39%         | 5/10/2011  | Open                       | 1,551,644          | 1,550,250    |
| UBS Securities LLC                 | 0.38%         | 5/16/2011  | Open                       | 15,570,520         | 15,557,875   |
| Credit Suisse Securities (USA) LLC | 0.40%         | 5/16/2011  | Open                       | 6,387,660          | 6,382,200    |
| UBS Securities LLC                 | 0.38%         | 5/18/2011  | Open                       | 33,259,269         | 33,232,960   |
| UBS Securities LLC                 | 0.38%         | 5/19/2011  | Open                       | 2,181,703          | 2,180,000    |
| Credit Suisse Securities (USA) LLC | 0.40%         | 5/19/2011  | Open                       | 4,641,313          | 4,637,500    |
| Credit Suisse Securities (USA) LLC | 0.40%         | 5/20/2011  | Open                       | 3,394,939          | 3,392,187    |
| UBS Securities LLC                 | 0.38%         | 5/31/2011  | Open                       | 2,433,842          | 2,432,250    |
| Barclays Capital, Inc.             | 0.40%         | 5/31/2011  | Open                       | 5,652,441          | 5,648,550    |
| UBS Securities LLC                 | 0.40%         | 5/31/2011  | Open                       | 1,792,634          | 1,791,400    |
| Credit Suisse Securities (USA) LLC | 0.35%         | 6/01/2011  | Open                       | 6,947,337          | 6,943,219    |
| UBS Securities LLC                 | 0.35%         | 6/08/2011  | Open                       | 4,832,536          | 4,830,000    |
| Credit Suisse Securities (USA) LLC | 0.35%         | 6/10/2011  | Open                       | 1,100,244          | 1,099,688    |
| UBS Securities LLC                 | 0.38%         | 6/10/2011  | Open                       | 11,102,966         | 11,096,875   |
| UBS Securities LLC                 | 0.38%         | 6/14/2011  | Open                       | 10,736,637         | 10,731,200   |
| UBS Securities LLC                 | 0.38%         | 6/15/2011  | Open                       | 5,578,890          | 5,576,124    |
| Credit Suisse Securities (USA) LLC | 0.45%         | 6/15/2011  | Open                       | 1,577,082          | 1,576,156    |
| BNP Paribas Securities             | 0.35%         | 6/17/2011  | Open                       | 2,178,558          | 2,177,605    |
| BNP Paribas Securities             | 0.35%         | 6/20/2011  | Open                       | 1,918,623          | 1,917,840    |
| UBS Securities LLC                 | 0.37%         | 6/22/2011  | Open                       | 3,532,827          | 3,531,375    |
| UBS Securities LLC                 | 0.37%         | 6/27/2011  | Open                       | 1,847,539          | 1,846,875    |
| Deutsche Bank Securities, Inc.     | 0.35%         | 6/29/2011  | Open                       | 3,933,637          | 3,932,375    |
| Deutsche Bank Securities, Inc.     | 0.35%         | 6/30/2011  | Open                       | 3,712,605          | 3,711,450    |
| Credit Suisse Securities (USA) LLC | 0.35%         | 7/05/2011  | Open                       | 1,611,204          | 1,610,781    |
| UBS Securities LLC                 | 0.31%         | 7/07/2011  | Open                       | 1,277,525          | 1,277,250    |
| UBS Securities LLC                 | 0.35%         | 7/11/2011  | Open                       | 2,406,391          | 2,405,900    |

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|                                   |       |           |      |                       |                       |
|-----------------------------------|-------|-----------|------|-----------------------|-----------------------|
| UBS Securities LLC                | 0.32% | 7/12/2011 | Open | 2,245,824             | 2,245,425             |
| UBS Securities LLC                | 0.28% | 7/13/2011 | Open | 588,087               | 588,000               |
| Deutsche Bank Securities,<br>Inc. | 0.35% | 7/20/2011 | Open | 9,130,940             | 9,129,875             |
| Deutsche Bank Securities,<br>Inc. | 0.17% | 7/29/2011 | Open | 2,970,417             | 2,970,375             |
| <b>Total</b>                      |       |           |      | <b>\$ 186,925,949</b> | <b>\$ 186,800,279</b> |

<sup>1</sup> Certain agreements have no stated maturity and can be terminated by either party at any time.

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JULY 31, 2011

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## Schedule of Investments (continued)

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

Foreign currency exchange contracts as of July 31, 2011 were as follows:

| Currency Purchased | Currency Sold | Counterparty     | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|---------------|------------------|-----------------|--|
| EUR 285,000        | USD 409,651   | Deutsche Bank AG | 8/01/11         | \$ (135)                               |
| EUR 1,000          | USD 1,438     | Citibank NA      | 8/03/11         | (1)                                    |
| USD 1,435          | EUR 1,000     | Citibank NA      | 10/26/11        | 1                                      |
| USD 408,705        | EUR 285,000   | Deutsche Bank AG | 10/26/11        | 37                                     |
| <b>Total</b>       |               |                  |                 | \$ (98)                                |

Financial futures contracts purchased as of July 31, 2011 were as follows:

| Contracts | Issue                     | Exchange               | Expiration     | Notional Value | Unrealized Appreciation |
|-----------|---------------------------|------------------------|----------------|----------------|-------------------------|
| 298       | 2-Year U.S. Treasury Note | Chicago Board of Trade | September 2011 | \$ 65,459,367  | \$ 77,353               |

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

| Contracts    | Issue                      | Exchange               | Expiration     | Notional Value | Unrealized Depreciation |
|--------------|----------------------------|------------------------|----------------|----------------|-------------------------|
| 226          | 5-Year U.S. Treasury Note  | Chicago Board of Trade | September 2011 | \$ 26,739,579  | \$ (707,062)            |
| 845          | 10-Year U.S. Treasury Note | Chicago Board of Trade | September 2011 | 103,576,514    | (2,629,424)             |
| 145          | 30-Year U.S. Treasury Bond | Chicago Board of Trade | September 2011 | 18,048,444     | (529,681)               |
| 35           | Ultra U.S. Treasury Bond   | Chicago Board of Trade | September 2011 | 4,486,559      | (131,254)               |
| <b>Total</b> |                            |                        |                |                | \$ (3,997,421)          |

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

| Issuer                    | Pay Fixed Rate | Counterparty                       | Expiration | Notional Amount (000) | Unrealized Appreciation |
|---------------------------|----------------|------------------------------------|------------|-----------------------|-------------------------|
| Computer Sciences Corp.   | 1.00%          | JPMorgan Chase & Co.               | 6/20/16    | USD 1,330             | \$ 7,563                |
| Republic of Finland       | 0.25%          | Deutsche Bank AG                   | 6/20/16    | USD 7,400             | 56,899                  |
| Republic of Finland       | 0.25%          | Royal Bank of Scotland             | 6/20/16    | USD 5,900             | 45,382                  |
| Arrow Electronics Inc.    | 1.00%          | Credit Suisse Securities (USA) LLC | 9/20/16    | USD 1,430             | 1,985                   |
| Goldman Sachs Group, Inc. | 1.00%          | Credit Suisse Securities (USA) LLC | 9/20/16    | USD 8,875             | 13,959                  |
| <b>Total</b>              |                |                                    |            |                       | \$ 125,788              |

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

| Issuer | Counterparty | Expiration |
|--------|--------------|------------|
|--------|--------------|------------|



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|                 | Receive<br>Fixed<br>Rate |                                    |         | Credit<br>Rating <sup>2</sup> | Notional<br>Amount<br>(000) <sup>3</sup> | Unrealized<br>Appreciation<br>(Depreciation) |
|-----------------|--------------------------|------------------------------------|---------|-------------------------------|--|--|
| Aviva USA Corp. | 1.00%                    | Deutsche Bank AG                   | 5/25/12 | A-                            | USD 2,775                                | \$ (325)                                     |
| Citigroup, Inc. | 1.00%                    | Credit Suisse Securities (USA) LLC | 9/20/16 | A                             | USD 8,875                                | (27,255)                                     |
| MetLife, Inc.   | 1.00%                    | Deutsche Bank AG                   | 3/20/18 | A-                            | USD 900                                  | 7,494  |
| <b>Total</b>    |                          |                                    |         |                               |  | \$ (20,086)                                  |

<sup>2</sup> Using S&P's rating of the underlying securities.

<sup>3</sup> The maximum potential amount the Trust may pay should a negative credit event take place as defined under the terms of the agreement.

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JULY 31, 2011

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## Schedule of Investments (continued)

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

Interest rate swaps outstanding as of July 31, 2011 were as follows:

| Fixed Rate           | Floating Rate | Counterparty                | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|----------------------|---------------|-----------------------------|-----------------|-----------------------|--|
| 0.98% <sup>(a)</sup> | 3-month LIBOR | Citibank NA                 | 3/30/13         | USD 59,200            | \$ (423,507)                           |
| 0.65% <sup>(a)</sup> | 3-month LIBOR | Deutsche Bank AG            | 7/21/13         | USD 29,500            | (38,198)                               |
| 0.65% <sup>(a)</sup> | 3-month LIBOR | Deutsche Bank AG            | 7/22/13         | USD 27,100            | (30,674)                               |
| 4.38% <sup>(a)</sup> | 3-month LIBOR | Citibank NA                 | 4/14/41         | USD 1,700             | (166,829)                              |
| 4.34% <sup>(a)</sup> | 3-month LIBOR | Goldman Sachs International | 4/14/41         | USD 2,400             | (251,288)                              |
| 4.35% <sup>(a)</sup> | 3-month LIBOR | Deutsche Bank AG            | 4/15/41         | USD 3,000             | (301,348)                              |
| 3.96% <sup>(a)</sup> | 3-month LIBOR | Citibank NA                 | 5/19/41         | USD 1,200             | (34,584)                               |
| 3.93% <sup>(a)</sup> | 3-month LIBOR | Citibank NA                 | 7/21/41         | USD 8,400             | (195,440)                              |
| 3.97% <sup>(b)</sup> | 3-month LIBOR | Citibank NA                 | 7/25/41         | USD 3,300             | 98,096                                 |
| <b>Total</b>         |               |                             |                 |                       | \$ (1,343,772)                         |

(a) Pays fixed interest rate and receives floating rate.

(b) Pays floating interest rate and receives fixed rate.

Fair Value Measurements - Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial reporting purposes 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 Trust's own assumptions used in determining the fair value of investments and derivative financial instruments)

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Trust's perceived risk of investing in those securities. For information about the Trust's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to the Trust's most recent financial statements as contained in its semi-annual report.

## Schedule of Investments (concluded)

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

The following tables summarize the inputs used as of July 31, 2011 in determining the fair valuation of the Trust's investments and derivative financial instruments:

| Valuation Inputs                            | Level 1      | Level 2        | Level 3      | Total          |
|---|--------------|----------------|--------------|----------------|
| <b>Assets:</b>                              |              |                |              |                |
| Investments:                                |              |                |              |                |
| Long-Term Investments:                      |              |                |              |                |
| Asset-Backed Securities                     |              | \$ 2,222,270   | \$ 2,186,250 | \$ 4,408,520   |
| Corporate Bonds                             |              | 525,326,431    |              | 525,326,431    |
| Preferred Securities                        | \$ 1,936,750 | 113,886,514    |              | 115,823,264    |
| Taxable Municipal Bonds                     |              | 4,931,348      |              | 4,931,348      |
| U.S. Government Sponsored Agency Securities |              | 1,207,148      |              | 1,207,148      |
| U.S. Treasury Obligations                   |              | 2,957,441      |              | 2,957,441      |
| Short-Term Securities                       | 2,107        |                |              | 2,107          |
| <b>Total</b>                                | \$ 1,938,857 | \$ 650,531,152 | \$ 2,186,250 | \$ 654,656,259 |

| Valuation Inputs                              | Level 1        | Level 2        | Level 3  | Total          |
|---|----------------|----------------|----------|----------------|
| Derivative Financial Instruments <sup>1</sup> |                |                |          |                |
| <b>Assets:</b>                                |                |                |          |                |
| Equity contracts                              | \$ 307,980     |                |          | \$ 307,980     |
| Credit contracts                              |                | 133,282        |          | 133,282        |
| Foreign currency exchange contracts           |                | 38             |          | 38             |
| Interest rate contracts                       | \$ 77,353      | 98,096         |          | 175,449        |
| <b>Liabilities:</b>                           |                |                |          |                |
| Credit contracts                              |                | (251,750)      | \$ (325) | (252,075)      |
| Foreign currency exchange contracts           |                | (136)          |          | (136)          |
| Interest rate contracts                       | (3,997,421)    | (2,133,688)    |          | (6,355,604)    |
| <b>Total</b>                                  | \$ (3,612,088) | \$ (2,154,158) | \$ (325) | \$ (5,766,571) |

<sup>1</sup> Derivative financial instruments are swaps, financial futures contracts, foreign currency contracts, and options. Swaps, foreign currency exchange contracts and financial futures contracts are valued at the unrealized appreciation/depreciation on the instrument and options are shown at value.

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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: September 26, 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: September 26, 2011

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

Date: September 26, 2011

