

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

Form N-CSR

January 07, 2013

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT**

**INVESTMENT COMPANIES**

Investment Company Act file number 811-21286

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: 10/31/2012

Date of reporting period: 10/31/2012

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Item 1 Report to Stockholders

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October 31, 2012

## Annual Report

BlackRock Credit Allocation Income Trust I, Inc. (PSW)

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

BlackRock Credit Allocation Income Trust III (BPP)

BlackRock Credit Allocation Income Trust IV (BTZ)

BlackRock Floating Rate Income Trust (BGT)

**Not FDIC Insured No Bank Guarantee May Lose Value**

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### Dear Shareholder

In the final months of 2011, financial markets were highly volatile but were in a mode of gradual improvement. Global central bank actions and better-than-expected economic data tempered investors' anxiety after markets had been upended in the previous quarter by sovereign debt turmoil in the United States and Europe. Improving sentiment carried over into early 2012 as investors felt some relief from the world's financial woes. Volatility was low and risk assets (including stocks, commodities and high yield bonds) moved boldly higher through the first two months of 2012, while climbing Treasury yields pressured higher-quality fixed income assets.

Markets reversed course in the spring when Europe's debt problems boiled over once again. High levels of volatility returned as political instability threatened Greece's membership in the eurozone and debt problems in Spain grew increasingly severe. Sovereign debt yields in peripheral European countries continued to rise while finance leaders deliberated over the fiscal integration of the currency bloc. Alongside the drama in Europe, investors were discouraged by gloomy economic reports from various parts of the world. A slowdown in China, a key powerhouse for global growth, emerged as a particular concern. In the United States, disappointing jobs reports dealt a crushing blow to investor sentiment. Risk assets sold off in the second quarter as investors retreated to safe haven assets.

Despite ongoing concerns about the health of the global economy and the debt crisis in Europe, most asset classes enjoyed a robust summer rally powered mainly by expectations for policy stimulus from central banks in Europe and the United States. Global economic data continued to be mixed, but the spate of downside surprises seen in the second quarter had receded and, outside of some areas of Europe, the risk of recession largely subsided. Additionally, in response to mounting debt pressures, the European Central Bank allayed fears by affirming its conviction to preserve the euro bloc. Early in September, the European Central Bank announced its plan to purchase sovereign debt in the eurozone's most troubled nations. Later that month, the US Federal Reserve announced its long-awaited and surprisingly aggressive stimulus program, committing to purchase \$40 billion of agency mortgage-backed securities per month until the US economy exhibits enough strength to sustain real growth and the labor market shows solid improvement. These central bank actions boosted investor confidence and risk assets rallied globally.

European stocks continued their advance in the final month of the reporting period as progress toward fiscal integration created a more positive atmosphere for investors. However, as corporate earnings season got underway in the United States, lackluster results pointed to the fragility of global growth and pushed US equity markets down for the month of October. The period ended with increasing concern about how and when US politicians would resolve the nation's looming fiscal crisis, known as the fiscal cliff.

All asset classes performed well for the 12-month period ended October 31, 2012, with the strongest returns coming from US stocks and high yield bonds. For the six-month period ended October 31, 2012, equities underperformed fixed income investments, where high yield was the leading sector. US and international stocks finished the six-month period with modest gains, while emerging market stocks lagged other asset classes amid ongoing uncertainty. Near-zero short term interest rates continued to keep yields on money market securities near their all-time lows.

Although the financial world remains highly uncertain, we believe there are new avenues of opportunity—new ways to invest and new markets to consider. We believe it's our responsibility to help investors adapt to today's new world of investing and build the portfolios these times require. We encourage you to visit [www.blackrock.com/newworld](http://www.blackrock.com/newworld) for more information.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

*Although the financial world remains highly uncertain, we believe there are new avenues of opportunity.*

Rob Kapito

President, BlackRock Advisors, LLC

**Total Returns as of October 31, 2012**

|   | <b>6-month</b> | <b>12-month</b> |
|---|----------------|-----------------|
| US large cap equities (S&P 500® Index)  | 2.16%          | 15.21%          |
| US small cap equities (Russell 2000® Index)                                   | 0.95           | 12.08           |
| International equities (MSCI Europe, Australasia, Far East Index)             | 2.12           | 4.61            |
| Emerging market equities (MSCI Emerging Markets Index)                        | (1.25)         | 2.63            |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month US Treasury Bill Index)     | 0.06           | 0.08            |
| US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index)         | 3.49           | 7.46            |
| US investment grade bonds (Barclays US Aggregate Bond Index)                  | 2.75           | 5.25            |
| Tax-exempt municipal bonds (S&P Municipal Bond Index)                         | 3.65           | 9.57            |
| US high yield bonds (Barclays US Corporate High Yield 2% Issuer Capped Index) | 6.24           | 13.58           |

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

THIS PAGE NOT PART OF YOUR FUND REPORT

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### **Fund Summary** as of October 31, 2012

**BlackRock Credit Allocation Income Trust I, Inc.**

#### **Fund Overview**

BlackRock Credit Allocation Income Trust I, Inc.'s (PSW) (the Fund) primary investment objective is to provide holders of common shares (Common Shareholders) with high current income. The secondary investment objective of the Fund is to provide Common Shareholders with capital appreciation. The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its assets in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds (commonly referred to as junk bonds), bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

#### **Portfolio Management Commentary**

On July 27, 2012, the Board of Directors of PSW approved a plan of reorganization whereby BlackRock Credit Allocation Income Trust IV (BTZ) would acquire all of the assets and assume all of the liabilities of PSW in exchange for newly issued shares of BTZ in a merger transaction. At a shareholder meeting on November 2, 2012, PSW shareholders approved the plan of reorganization and BTZ shareholders approved the issuance of BTZ shares in connection with the reorganization. The reorganization took place on December 10, 2012.

#### **How did the Fund perform?**

For the 12-month period ended October 31, 2012, the Fund returned 24.59% based on market price and 17.95% based on net asset value (NAV). For the same period, the closed-end Lipper Corporate BBB-Rated Debt Funds (Leveraged) category posted an average return of 21.64% based on market price and 15.80% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

#### **What factors influenced performance?**

The largest contributor to performance for the period was the Fund's allocation to the financials sector, which has seen very strong performance in 2012, especially in the first quarter. The rally in financials was driven mainly by the completion of the widely anticipated Greek sovereign debt restructuring and the launch of a second allotment of long-term refinancing operations (LTROs) from the European Central Bank (ECB). Risk assets broadly moved higher through the first quarter due to the reduction of systemic risk stemming from the eurozone's sovereign debt crisis coupled with improving economic data in the United States. The Fund has held a long position in financials since the latter half of 2011 when valuations became attractive and credit fundamentals began to improve due to heightened industry regulation following the 2008 financial crisis. Another source of positive performance was the Fund's allocation to capital trust securities, which have experienced significant price appreciation due to banking and financial industry regulatory reform under Basel III and the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). Positioning within industrials aided performance as the Fund was selectively overweight in higher-beta names (i.e., those with greater sensitivity to market movements) early in 2012, particularly in the technology, media and telecommunications space. The Fund's exposure to high yield corporate bonds drove strong returns and supported the Fund's overall yield.

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Detracting modestly from the Fund's performance was an allocation to the metals and mining space. As China has shown signs of slowing economic growth and a move away from its investment-based economy, the metals and mining sector has struggled given its close ties to the Chinese growth story.

### **Describe recent portfolio activity.**

Early in the 12-month period, the Fund reduced its overall risk profile by favoring high quality companies with strong balance sheets and by decreasing leverage and portfolio duration (sensitivity to interest rate movements). However, following an important step by the ECB to alleviate liquidity strains in the financial markets through its LTROs, the Fund increased risk significantly in early 2012 as the market appeared to be poised for a strong rally. Improving credit fundamentals coupled with the reduction of major liquidity risks proved the right formula for a rally in the credit space. The Fund expressed this view largely by increasing exposure to the financials sector, where valuations were attractive. The Fund reduced risk again at the end of the first quarter as the positive effect of the ECB's LTROs began to fade and the market was growing impatient with the stalling global economic growth. Accordingly, the Fund positioned itself away from sectors directly tied to growth, and instead focused on companies that derive cash flows from the United States and are less sensitive to slowing global growth. In particular, the Fund increased exposure to US pipelines and electric companies as they tend to generate stable cash flows despite the slowing growth dynamic.

### **Describe portfolio positioning at period end.**

As of period end, the Fund maintained diversified exposure across investment grade and high yield corporate credits. While investment grade credit has experienced dramatic spread tightening in the past year, Fund management continued to find value in this space. The Fund continued to generate additional yield from its sizeable allocation to high yield debt. Within the credit space, the Fund retained a strong allocation to financials, although to a lesser extent than earlier in 2012. The Fund's holdings at period end reflected a slightly more defensive bias, with a focus on the US growth story, which remained relatively benign as compared to the rest of the world. To this end, the Fund favored companies with cash flows derived from the United States and a lower sensitivity to recession in Europe.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.



**Table of Contents****BlackRock Credit Allocation Income Trust I, Inc.****Fund Information**

|   |                |
|---|----------------|
| Symbol on New York Stock Exchange ( NYSE )                                  | PSW            |
| Initial Offering Date   | August 1, 2003 |
| Yield on Closing Market Price as of October 31, 2012 (\$10.70) <sup>1</sup> | 6.67%          |
| Current Monthly Distribution per Common Share <sup>2</sup>                  | \$0.0595       |
| Current Annualized Distribution per Common Share <sup>2</sup>               | \$0.7140       |
| Economic Leverage as of October 31, 2012 <sup>3</sup>                       | 33%            |

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

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

|                 | 10/31/12 | 10/31/11 | Change | High     | Low      |
|-----------------|----------|----------|--------|----------|----------|
| Market Price    | \$ 10.70 | \$ 9.25  | 15.68% | \$ 10.80 | \$ 8.86  |
| Net Asset Value | \$ 11.52 | \$ 10.52 | 9.51%  | \$ 11.52 | \$ 10.06 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond and US government securities investments:

**Portfolio Composition**

|                         | 10/31/12 | 10/31/11 |
|-------------------------|----------|----------|
| Corporate Bonds         | 80%      | 82%      |
| Preferred Securities    | 16       | 15       |
| US Treasury Obligations | 2        | 1        |
| Asset-Backed Securities | 1        | 1        |
| Taxable Municipal Bonds | 1        | 1        |

**Credit Quality Allocations<sup>4</sup>**

|                      | 10/31/12 | 10/31/11 |
|----------------------|----------|----------|
| AAA/Aaa <sup>5</sup> | 2%       | 1%       |
| AA/Aa                | 3        | 7        |
| A.                   | 21       | 28       |
| BBB/Baa.             | 43       | 38       |
| BB/Ba.               | 17       | 15       |
| B.                   | 10       | 8        |
| CCC/Caa.             | 1        | 1        |
| Not Rated            | 3        | 2        |

<sup>4</sup> Using the higher of Standard & Poor's ( S&P's ) or Moody's Investors Service ( Moody's ) ratings.

<sup>5</sup> Includes US Treasury obligations that are deemed AAA by the investment advisor.

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**Table of Contents****Fund Summary** as of October 31, 2012**BlackRock Credit Allocation Income Trust II, Inc.****Fund Overview**

BlackRock Credit Allocation Income Trust II, Inc.'s (PSY) (the Fund) primary investment objective is to provide Common Shareholders with current income. The secondary investment objective of the Fund is to provide Common Shareholders with capital appreciation. The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its assets in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds (commonly referred to as junk bonds), bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

**Portfolio Management Commentary**

On July 27, 2012, the Board of Directors of PSY approved a plan of reorganization whereby BTZ would acquire all of the assets and assume all of the liabilities of PSY in exchange for newly issued shares of BTZ in a merger transaction. At a shareholder meeting on November 2, 2012, PSY shareholders approved the plan of reorganization and BTZ shareholders approved the issuance of BTZ shares in connection with the reorganization. The reorganization took place on December 10, 2012.

**How did the Fund perform?**

For the 12-month period ended October 31, 2012, the Fund returned 26.84% based on market price and 18.28% based on NAV. For the same period, the closed-end Lipper Corporate BBB-Rated Debt Funds (Leveraged) category posted an average return of 21.64% based on market price and 15.80% based on NAV. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

**What factors influenced performance?**

The largest contributor to performance for the period was the Fund's allocation to the financials sector, which has seen very strong performance in 2012, especially in the first quarter. The rally in financials was driven mainly by the completion of the widely anticipated Greek sovereign debt restructuring and the launch of a second allotment of LTROs from the ECB. Risk assets broadly moved higher through the first quarter due to the reduction of systemic risk stemming from the eurozone's sovereign debt crisis coupled with improving economic data in the United States. The Fund has held a long position in financials since the latter half of 2011 when valuations became attractive and credit fundamentals began to improve due to heightened industry regulation following the 2008 financial crisis. Another source of positive performance was the Fund's allocation to capital trust securities, which have experienced significant price appreciation due to banking and financial industry regulatory reform under Basel III and the Dodd-Frank Act. Positioning within industrials aided performance as the Fund was selectively overweight in higher-beta names (i.e., those with greater sensitivity to market movements) early in 2012, particularly in the technology, media and telecommunications space. The Fund's exposure to high yield corporate bonds drove strong returns and supported the Fund's overall yield.

Detracting modestly from the Fund's performance was an allocation to the metals and mining space. As China has shown signs of slowing economic growth and a move away from its investment-based economy, the metals and mining sector has struggled given its close ties to the Chinese growth story.

**Describe recent portfolio activity.**

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Early in the 12-month period, the Fund reduced its overall risk profile by favoring high quality companies with strong balance sheets and by decreasing leverage and portfolio duration (sensitivity to interest rate movements). However, following an important step by the ECB to alleviate liquidity strains in the financial markets through its LTROs, the Fund increased risk significantly in early 2012 as the market appeared to be poised for a strong rally. Improving credit fundamentals coupled with the reduction of major liquidity risks proved the right formula for a rally in the credit space. The Fund expressed this view largely by increasing exposure to the financials sector, where valuations were attractive. The Fund reduced risk again at the end of the first quarter as the positive effect of the ECB's LTROs began to fade and the market was growing impatient with the stalling global economic growth. Accordingly, the Fund positioned itself away from sectors directly tied to growth, and instead focused on companies that derive cash flows from the United States and are less sensitive to slowing global growth. In particular, the Fund increased exposure to US pipelines and electric companies as they tend to generate stable cash flows despite the slowing growth dynamic.

### **Describe portfolio positioning at period end.**

As of period end, the Fund maintained diversified exposure across investment grade and high yield corporate credits. While investment grade credit has experienced dramatic spread tightening in the past year, Fund management continued to find value in this space. The Fund continued to generate additional yield from its sizeable allocation to high yield debt. Within the credit space, the Fund retained a strong allocation to financials, although to a lesser extent than earlier in 2012. The Fund's holdings at period end reflected a slightly more defensive bias, with a focus on the US growth story, which remained relatively benign as compared to the rest of the world. To this end, the Fund favored companies with cash flows derived from the United States and a lower sensitivity to recession in Europe.

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**Table of Contents****BlackRock Credit Allocation Income Trust II, Inc.****Fund Information**

|   |                |
|---|----------------|
| Symbol on NYSE  | PSY            |
| Initial Offering Date   | March 28, 2003 |
| Yield on Closing Market Price as of October 31, 2012 (\$11.54) <sup>1</sup> | 6.34%          |
| Current Monthly Distribution per Common Share <sup>2</sup>                  | \$0.061        |
| Current Annualized Distribution per Common Share <sup>2</sup>               | \$0.732        |
| Economic Leverage as of October 31, 2012 <sup>3</sup>                       | 32%            |

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

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

|                 | 10/31/12 | 10/31/11 | Change | High     | Low      |
|-----------------|----------|----------|--------|----------|----------|
| Market Price    | \$ 11.54 | \$ 9.74  | 18.48% | \$ 11.65 | \$ 9.42  |
| Net Asset Value | \$ 12.43 | \$ 11.25 | 10.49% | \$ 12.43 | \$ 10.84 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond and US government securities investments:

**Portfolio Composition**

|                         | 10/31/12 | 10/31/11 |
|-------------------------|----------|----------|
| Corporate Bonds         | 79%      | 80%      |
| Preferred Securities    | 16       | 17       |
| US Treasury Obligations | 3        | 1        |
| Asset-Backed Securities | 1        | 1        |
| Taxable Municipal Bonds | 1        | 1        |

**Credit Quality Allocations<sup>4</sup>**

|                      | 10/31/12 | 10/31/11 |
|----------------------|----------|----------|
| AAA/Aaa <sup>5</sup> | 4%       | 1%       |
| AA/Aa                | 2        | 7        |
| A.                   | 22       | 26       |
| BBB/Baa.             | 42       | 39       |
| BB/Ba.               | 18       | 17       |
| B.                   | 9        | 7        |
| CCC/Caa.             | 1        | 1        |
| Not Rated            | 2        | 2        |

<sup>4</sup> Using the higher of S&P's or Moody's ratings.

<sup>5</sup> Includes US Treasury obligations that are deemed AAA by the investment advisor.

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### **Fund Summary** as of October 31, 2012

### **BlackRock Credit Allocation Income Trust III**

#### **Fund Overview**

BlackRock Credit Allocation Income Trust III's (BPP) (the Fund) investment objective is to provide high current income consistent with capital preservation. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds (commonly referred to as junk bonds), bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

#### **Portfolio Management Commentary**

On July 27, 2012, the Board of Directors of BPP approved a plan of reorganization whereby BTZ would acquire all of the assets and assume all of the liabilities of BPP in exchange for newly issued shares of BTZ in a merger transaction. At a shareholder meeting on November 2, 2012, BPP shareholders approved the plan of reorganization and BTZ shareholders approved the issuance of BTZ shares in connection with the reorganization. The reorganization took place on December 10, 2012.

#### **How did the Fund perform?**

For the 12-month period ended October 31, 2012, the Fund returned 24.67% based on market price and 17.53% based on NAV. For the same period, the closed-end Lipper Corporate BBB-Rated Debt Funds (Leveraged) category posted an average return of 21.64% based on market price and 15.80% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

#### **What factors influenced performance?**

The largest contributor to performance for the period was the Fund's allocation to the financials sector, which has seen very strong performance in 2012, especially in the first quarter. The rally in financials was driven mainly by the completion of the widely anticipated Greek sovereign debt restructuring and the launch of a second allotment of LTROs from the ECB. Risk assets broadly moved higher through the first quarter due to the reduction of systemic risk stemming from the eurozone's sovereign debt crisis coupled with improving economic data in the United States. The Fund has held a long position in financials since the latter half of 2011 when valuations became attractive and credit fundamentals began to improve due to heightened industry regulation following the 2008 financial crisis. Another source of positive performance was the Fund's allocation to capital trust securities, which have experienced significant price appreciation due to banking and financial industry regulatory reform under Basel III and the Dodd-Frank Act. Positioning within industrials aided performance as the Fund was selectively overweight in higher-beta names (i.e., those with greater sensitivity to market movements) early in 2012, particularly in the technology, media and telecommunications space. The Fund's exposure to high yield corporate bonds drove strong returns and supported the Fund's overall yield.

Detracting modestly from the Fund's performance was an allocation to the metals and mining space. As China has shown signs of slowing economic growth and a move away from its investment-based economy, the metals and mining sector has struggled given its close ties to the Chinese growth story.

#### **Describe recent portfolio activity.**

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Early in the 12-month period, the Fund reduced its overall risk profile by favoring high quality companies with strong balance sheets and by decreasing leverage and portfolio duration (sensitivity to interest rate movements). However, following an important step by the ECB to alleviate liquidity strains in the financial markets through its LTROs, the Fund increased risk significantly in early 2012 as the market appeared to be poised for a strong rally. Improving credit fundamentals coupled with the reduction of major liquidity risks proved the right formula for a rally in the credit space. The Fund expressed this view largely by increasing exposure to the financials sector, where valuations were attractive. The Fund reduced risk again at the end of the first quarter as the positive effect of the ECB's LTROs began to fade and the market was growing impatient with the stalling global economic growth. Accordingly, the Fund positioned itself away from sectors directly tied to growth, and instead focused on companies that derive cash flows from the United States and are less sensitive to slowing global growth. In particular, the Fund increased exposure to US pipelines and electric companies as they tend to generate stable cash flows despite the slowing growth dynamic.

### **Describe portfolio positioning at period end.**

As of period end, the Fund maintained diversified exposure across investment grade and high yield corporate credits. While investment grade credit has experienced dramatic spread tightening in the past year, Fund management continued to find value in this space. The Fund continued to generate additional yield from its sizeable allocation to high yield debt. Within the credit space, the Fund retained a strong allocation to financials, although to a lesser extent than earlier in 2012. The Fund's holdings at period end reflected a slightly more defensive bias, with a focus on the US growth story, which remained relatively benign as compared to the rest of the world. To this end, the Fund favored companies with cash flows derived from the United States and a lower sensitivity to recession in Europe.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.



**Table of Contents****BlackRock Credit Allocation Income Trust III****Fund Information**

|   |                   |
|---|-------------------|
| Symbol on NYSE  | BPP               |
| Initial Offering Date   | February 28, 2003 |
| Yield on Closing Market Price as of October 31, 2012 (\$12.28) <sup>1</sup> | 6.21%             |
| Current Monthly Distribution per Common Share <sup>2</sup>                  | \$0.0635          |
| Current Annualized Distribution per Common Share <sup>2</sup>               | \$0.7620          |
| Economic Leverage as of October 31, 2012 <sup>3</sup>                       | 32%               |

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

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

|                 | 10/31/12 | 10/31/11 | Change | High     | Low      |
|-----------------|----------|----------|--------|----------|----------|
| Market Price    | \$ 12.28 | \$ 10.53 | 16.62% | \$ 12.40 | \$ 10.05 |
| Net Asset Value | \$ 13.27 | \$ 12.07 | 9.94%  | \$ 13.27 | \$ 11.58 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond and US government securities investments:

**Portfolio Composition**

|                         | 10/31/12 | 10/31/11 |
|-------------------------|----------|----------|
| Corporate Bonds         | 80%      | 83%      |
| Preferred Securities    | 14       | 15       |
| US Treasury Obligations | 5        | 1        |
| Taxable Municipal Bonds | 1        | 1        |

**Credit Quality Allocations<sup>4</sup>**

|                      | 10/31/12 | 10/31/11 |
|----------------------|----------|----------|
| AAA/Aaa <sup>5</sup> | 5%       | 1%       |
| AA/Aa                | 1        | 6        |
| A.                   | 23       | 31       |
| BBB/Baa.             | 41       | 37       |
| BB/Ba.               | 17       | 15       |
| B.                   | 10       | 8        |
| CCC/Caa.             | 1        | 1        |
| Not Rated            | 2        | 1        |

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<sup>4</sup> Using the higher of S&P's or Moody's ratings.

<sup>5</sup> Includes US Treasury obligations that are deemed AAA by the investment advisor.

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**Table of Contents****Fund Summary** as of October 31, 2012**BlackRock Credit Allocation Income Trust IV****Fund Overview**

BlackRock Credit Allocation Income Trust IV's (BTZ) (the Fund) investment objective is to provide current income, current gains and capital appreciation. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds (commonly referred to as junk bonds), bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

**Portfolio Management Commentary**

On July 27, 2012, the Board of Directors of BTZ approved separate plans of reorganization whereby BTZ would acquire all of the assets and assume all of the liabilities of PSW, PSY and BPP (PSW, PSY and BPP, each a Target Fund) in exchange for newly issued shares of BTZ in a merger transaction. At a shareholder meeting on November 2, 2012, each Target Fund's shareholders approved their respective plan of reorganization and BTZ shareholders approved the issuance of BTZ shares in connection with the reorganization. The reorganization took place on December 10, 2012.

**How did the Fund perform?**

For the 12-month period ended October 31, 2012, the Fund returned 26.44% based on market price and 18.35% based on NAV. For the same period, the closed-end Lipper Corporate BBB-Rated Debt Funds (Leveraged) category posted an average return of 21.64% based on market price and 15.80% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

**What factors influenced performance?**

The largest contributor to performance for the period was the Fund's allocation to the financials sector, which has seen very strong performance in 2012, especially in the first quarter. The rally in financials was driven mainly by the completion of the widely anticipated Greek sovereign debt restructuring and the launch of a second allotment of LTROs from the ECB. Risk assets broadly moved higher through the first quarter due to the reduction of systemic risk stemming from the eurozone's sovereign debt crisis coupled with improving economic data in the United States. The Fund has held a long position in financials since the latter half of 2011 when valuations became attractive and credit fundamentals began to improve due to heightened industry regulation following the 2008 financial crisis. Another source of positive performance was the Fund's allocation to capital trust securities, which have experienced significant price appreciation due to banking and financial industry regulatory reform under Basel III and the Dodd-Frank Act. Positioning within industrials aided performance as the Fund was selectively overweight in higher-beta names (i.e., those with greater sensitivity to market movements) early in 2012, particularly in the technology, media and telecommunications space. The Fund's exposure to high yield corporate bonds drove strong returns and supported the Fund's overall yield.

Detracting modestly from the Fund's performance was an allocation to the metals and mining space. As China has shown signs of slowing economic growth and a move away from its investment-based economy, the metals and mining sector has struggled given its close ties to the Chinese growth story.

**Describe recent portfolio activity.**

Early in the 12-month period, the Fund reduced its overall risk profile by favoring high quality companies with strong balance sheets and by decreasing leverage and portfolio duration (sensitivity to interest rate movements). However, following an important step by the ECB to

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alleviate liquidity strains in the financial markets through its LTROs, the Fund increased risk significantly in early 2012 as the market appeared to be poised for a strong rally. Improving credit fundamentals coupled with the reduction of major liquidity risks proved the right formula for a rally in the credit space. The Fund expressed this view largely by increasing exposure to the financials sector, where valuations were attractive. The Fund reduced risk again at the end of the first quarter as the positive effect of the ECB's LTROs began to fade and the market was growing impatient with the stalling global economic growth. Accordingly, the Fund positioned itself away from sectors directly tied to growth, and instead focused on companies that derive cash flows from the United States and are less sensitive to slowing global growth. In particular, the Fund increased exposure to US pipelines and electric companies as they tend to generate stable cash flows despite the slowing growth dynamic.

### **Describe portfolio positioning at period end.**

As of period end, the Fund maintained diversified exposure across investment grade and high yield corporate credits. While investment grade credit has experienced dramatic spread tightening in the past year, Fund management continued to find value in this space. The Fund continued to generate additional yield from its sizeable allocation to high yield debt. Within the credit space, the Fund retained a strong allocation to financials, although to a lesser extent than earlier in 2012. The Fund's holdings at period end reflected a slightly more defensive bias, with a focus on the US growth story, which remained relatively benign as compared to the rest of the world. To this end, the Fund favored companies with cash flows derived from the United States and a lower sensitivity to recession in Europe.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

**Table of Contents****BlackRock Credit Allocation Income Trust IV****Fund Information**

|   |                   |
|---|-------------------|
| Symbol on NYSE  | BTZ               |
| Initial Offering Date   | December 27, 2006 |
| Yield on Closing Market Price as of October 31, 2012 (\$14.23) <sup>1</sup> | 6.62%             |
| Current Monthly Distribution per Common Share <sup>2</sup>                  | \$0.0785          |
| Current Annualized Distribution per Common Share <sup>2</sup>               | \$0.9420          |
| Economic Leverage as of October 31, 2012 <sup>3</sup>                       | 32%               |

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

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

|                 | 10/31/12 | 10/31/11 | Change | High     | Low      |
|-----------------|----------|----------|--------|----------|----------|
| Market Price    | \$ 14.23 | \$ 12.08 | 17.80% | \$ 14.32 | \$ 11.76 |
| Net Asset Value | \$ 15.37 | \$ 13.94 | 10.26% | \$ 15.37 | \$ 13.37 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond and US government securities investments:

**Portfolio Composition**

|                         | 10/31/12 | 10/31/11 |
|-------------------------|----------|----------|
| Corporate Bonds         | 80%      | 80%      |
| Preferred Securities    | 16       | 17       |
| US Treasury Obligations | 2        | 1        |
| Asset-Backed Securities | 1        | 1        |
| Taxable Municipal Bonds | 1        | 1        |

**Credit Quality Allocations<sup>4</sup>**

|                      | 10/31/12 | 10/31/11 |
|----------------------|----------|----------|
| AAA/Aaa <sup>5</sup> | 3%       | 1%       |
| AA/Aa                | 2        | 7        |
| A.                   | 25       | 29       |
| BBB/Baa.             | 39       | 37       |
| BB/Ba.               | 18       | 16       |
| B.                   | 10       | 8        |
| CCC/Caa.             | 1        |          |
| Not Rated            | 2        | 2        |

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<sup>4</sup> Using the higher of S&P's or Moody's ratings.

<sup>5</sup> Includes US Treasury obligations that are deemed AAA by the investment advisor.

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## **Table of Contents**

### **Fund Summary** as of October 31, 2012

### **BlackRock Floating Rate Income Trust**

#### **Fund Overview**

BlackRock Floating Rate Income Trust's (BGT) (the Fund) primary investment objective is to provide a high level of current income. The Fund's secondary investment objective is to seek the preservation of capital. The Fund seeks to achieve its investment objectives by investing primarily, under normal conditions, at least 80% of its assets in floating and variable rate instruments of US and non-US issuers, including a substantial portion of its assets in global floating and variable rate securities including senior secured floating rate loans made to corporate and other business entities. Under normal market conditions, the Fund expects that the average effective duration of its portfolio will be no more than 1.5 years. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objectives will be achieved.

#### **Portfolio Management Commentary**

##### **How did the Fund perform?**

For the 12-month period ended October 31, 2012, the Fund returned 25.33% based on market price and 12.37% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 21.76% based on market price and 12.63% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

##### **What factors influenced performance?**

Security selection in the gaming, diversified manufacturing, electric and consumer services industries contributed positively to results, as did the Fund's tactical allocation to fixed-rate high yield corporate bonds, which outperformed floating rate loan interests (bank loans) over the period.

Conversely, security selection in the media non-cable industry detracted from performance, along with exposure to the media cable and independent energy industries. The Fund's limited exposure to emerging market securities hindered returns as this segment of the fixed income universe outperformed both high yield and bank loans.

##### **Describe recent portfolio activity.**

During the 12-month period, the Fund maintained its focus on the higher quality portions of the loan market in terms of loan structure, liquidity and overall credit quality. The Fund sought issuers with attractive risk-reward characteristics and superior fundamentals. Given mixed economic data along with global policy uncertainty and an overall weak outlook for global growth, the Fund remained cautious of lower-rated, less-liquid loans.

Financial markets improved during the period due to the long-term refinancing operations introduced by the European Central Bank (ECB) in December 2011 and additional monetary stimulus from both the ECB and the US Federal Reserve in September 2012. These global central bank actions were supportive of risk markets, but did not have a significant influence on the Fund's view on risk within the loan market. More specifically, the Fund continued to adhere to a strict investment discipline with the goal of pursuing yield while minimizing exposure to macro risks.

**Describe portfolio positioning at period end.**

At period end, the Fund held 80% of its total portfolio in floating rate loan interests and 16% in corporate bonds, with the remainder invested in a mix of asset-backed securities, foreign agency obligations and common stocks. The Fund's largest sector exposures included health care, media cable and chemicals. The Fund ended the period with leverage at 30% of its total managed assets.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.



**Table of Contents****BlackRock Floating Rate Income Trust****Fund Information**

|   |                 |
|---|-----------------|
| Symbol on NYSE  | BGT             |
| Initial Offering Date   | August 30, 2004 |
| Yield on Closing Market Price as of October 31, 2012 (\$15.07) <sup>1</sup> | 6.17%           |
| Current Monthly Distribution per Common Share <sup>2</sup>                  | \$0.0775        |
| Current Annualized Distribution per Common Share <sup>2</sup>               | \$0.9300        |
| Economic Leverage as of October 31, 2012 <sup>3</sup>                       | 30%             |

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

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents the loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

|                 | 10/31/12 | 10/31/11 | Change | High     | Low      |
|-----------------|----------|----------|--------|----------|----------|
| Market Price    | \$ 15.07 | \$ 13.00 | 15.92% | \$ 15.80 | \$ 12.55 |
| Net Asset Value | \$ 14.52 | \$ 13.97 | 3.94%  | \$ 14.54 | \$ 13.53 |

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

**Portfolio Composition**

|                              | 10/31/12 | 10/31/11 |
|------------------------------|----------|----------|
| Floating Rate Loan Interests | 80%      | 78%      |
| Corporate Bonds              | 16       | 18       |
| Asset-Backed Securities      | 2        | 2        |
| Foreign Agency Obligations   | 1        | 1        |
| Common Stocks                | 1        |          |
| Other Interests              |          | 1        |

**Credit Quality Allocations<sup>4</sup>**

|           | 10/31/12 | 10/31/11 |
|-----------|----------|----------|
| AA/Aa     |          | 9%       |
| A.        |          | 2        |
| BBB/Baa.  | 19%      | 25       |
| BB/Ba.    | 36       | 27       |
| B.        | 42       | 34       |
| CCC/Caa.  | 2        | 1        |
| Not Rated | 1        | 2        |

<sup>4</sup> Using the higher of S&P's or Moody's ratings.

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### The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the yield and NAV of their common shares ( Common Shares ). However, these objectives cannot be achieved in all interest rate environments.

The Funds may utilize leverage by borrowing through a credit facility and/or entering into reverse repurchase agreements. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's shareholders will benefit from the incremental net income.

The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV. However, in order to benefit shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. If the yield curve becomes negatively sloped, meaning short-term interest rates exceed long-term interest rates, income to shareholders will be lower than if the Funds had not used leverage.

To illustrate these concepts, assume a Fund's capitalization is \$100 million and it borrows for an additional \$30 million, creating a total value of \$130 million available for investment in long-term securities. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays borrowing costs and interest expense on the \$30 million of borrowings based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with assets received from the borrowings earn income based on long-term interest rates. In this case, the borrowing costs and interest expense of the borrowings is significantly lower than the income earned on the Fund's long-term investments, and therefore the Fund's shareholders are the beneficiaries of the incremental net income.

If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental net income pickup will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates, the yield curve has a negative slope. In this case, the Fund pays higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates.

Furthermore, the value of the Funds' portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the

redemption value of the Funds' borrowings does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds' NAV positively or negatively in addition to the impact on Fund performance from borrowings discussed above.

The use of leverage may enhance opportunities for increased income to the Funds, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Funds' NAVs, market prices and dividend rates than comparable portfolios without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Funds' net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, each Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced. Each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause a Fund to incur losses. The use of leverage may limit each Fund's ability to invest in certain types of securities or use certain types of hedging strategies. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income.

Under the Investment Company Act of 1940, as amended (the 1940 Act ), the Funds are permitted to issue senior securities representing indebtedness up to 33 1/3% of their total managed assets (each Fund's net assets plus the proceeds of any outstanding borrowings). If the Funds segregate liquid assets having a value not less than the repurchase price (including accrued interest), a reverse repurchase agreement will not be considered a senior security and therefore will not be subject to this limitation. In addition, each Fund voluntarily limits its aggregate economic leverage to 50% of its managed assets. As of October 31, 2012, the Funds had aggregate economic leverage from reverse repurchase agreements and/or borrowings through a credit facility as a percentage of their total managed assets as follows:

|     | <b>Percent of<br/>Economic<br/>Leverage</b> |
|-----|---|
| PSW | 33%   |
| PSY | 32%   |
| BPP | 32%   |
| BTZ | 32%   |
| BGT | 30%   |

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## Derivative Financial Instruments

The Funds may invest in various derivative financial instruments, including financial futures contracts, foreign currency exchange contracts, options and swaps, as specified in Note 2 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a security, index and/or market without owning or taking physical custody of securities or to hedge market, equity, credit, interest rate and/or foreign currency exchange rate risks. Derivative financial instruments involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Funds' ability to use a

derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require a Fund to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause a Fund to hold an investment that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

**Table of Contents****Schedule of Investments** October 31, 2012**BlackRock Credit Allocation Income Trust I, Inc. (PSW)**

(Percentages shown are based on Net Assets)

|   | Par     | Value            |
|---|---------|------------------|
|   | (000)   |                  |
| <b>Asset-Backed Securities</b>  |         |                  |
| 321 Henderson Receivables I LLC, Series 2012-1A, Class A, 4.21%, 2/16/65 (a)    | USD 246 | \$ 258,216       |
| Atrium CDO Corp., Series 5A, Class A4,<br>0.82%, 7/20/20 (a)(b)                 | 650     | 588,250          |
| SLM Student Loan Trust, Series 2004-B, Class A2, 0.59%, 6/15/21 (b)             | 417     | 407,522          |
| <b>Total Asset-Backed Securities 1.1%</b>                                       |         | <b>1,253,988</b> |
| <b>Corporate Bonds</b>  |         |                  |
| <b>Aerospace &amp; Defense 0.9%</b>   |         |                  |
| BE Aerospace, Inc., 5.25%, 4/01/22  | 400     | 417,000          |
| Huntington Ingalls Industries, Inc.:<br>6.88%, 3/15/18                          | 150     | 162,000          |
| 7.13%, 3/15/21  | 140     | 150,500          |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17                   | 282     | 304,560          |
|   |         | <b>1,034,060</b> |
| <b>Airlines 0.6%</b>  |         |                  |
| American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 10/15/21   | 52      | 54,034           |
| Continental Airlines Pass-Through Trust, Series 2009-2, Class B, 9.25%, 5/10/17 | 293     | 320,369          |
| Delta Air Lines Pass-Through Trust, Series 2002-1, Class G-1, 6.72%, 1/02/23    | 260     | 285,918          |
|   |         | <b>660,321</b>   |
| <b>Auto Components 1.0%</b>   |         |                  |
| Delphi Corp., 6.13%, 5/15/21  | 130     | 143,650          |
| Ford Motor Co., 7.45%, 7/16/31  | 260     | 328,900          |
| Icahn Enterprises LP:<br>7.75%, 1/15/16   | 140     | 146,300          |
| 8.00%, 1/15/18  | 560     | 602,000          |
|   |         | <b>1,220,850</b> |
| <b>Beverages 0.6%</b>   |         |                  |
| Anheuser-Busch InBev Worldwide, Inc.,<br>1.38%, 7/15/17 (c)                     | 225     | 228,392          |
| Constellation Brands, Inc., 7.25%, 5/15/17                                      | 460     | 541,650          |
|   |         | <b>770,042</b>   |
| <b>Building Products 0.3%</b>   |         |                  |
| Building Materials Corp. of America (a):<br>7.00%, 2/15/20                      | 85      | 92,225           |
| 6.75%, 5/01/21  | 250     | 272,500          |
|   |         | <b>364,725</b>   |
| <b>Capital Markets 5.2%</b>   |         |                  |
| Ameriprise Financial, Inc., 5.30%, 3/15/20 (c)                                  | 750     | 886,720          |
| E*Trade Financial Corp., 12.50%, 11/30/17                                       | 440     | 498,300          |
| The Goldman Sachs Group, Inc. (c):<br>6.15%, 4/01/18                            | 125     | 146,380          |
| 5.75%, 1/24/22  | 385     | 446,938          |
| 6.25%, 2/01/41  | 1,050   | 1,246,598        |
| Morgan Stanley, 5.75%, 1/25/21 (c)  | 1,025   | 1,146,822        |
| <b>Corporate Bonds</b>  |         | <b>Value</b>     |

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|   | Par<br>(000) |            |
|---|--------------|------------|
| <b>Capital Markets (concluded)</b>                              |              |            |
| <b>UBS AG:</b>  |              |            |
| 2.25%, 1/28/14 (c)  | USD 375      | \$ 380,693 |
| 5.88%, 7/15/16 (c)  | 650          | 727,784    |
| 7.63%, 8/17/22  | 600          | 647,044    |
|   |              | 6,127,279  |
| <b>Chemicals 2.3%</b>   |              |            |
| Ashland, Inc., 4.75%, 8/15/22 (a)                               | 120          | 122,400    |
| Celanese US Holdings LLC, 5.88%, 6/15/21                        | 370          | 412,088    |
| Hexion US Finance Corp., 6.63%, 4/15/20                         | 110          | 109,725    |
| Huntsman International LLC, 8.63%, 3/15/21                      | 140          | 159,250    |
| <b>INEOS Finance Plc (a):</b>                                   |              |            |
| 8.38%, 2/15/19  | 100          | 105,000    |
| 7.50%, 5/01/20  | 105          | 106,313    |
| Linde Finance BV, 7.38%, 7/14/66 (b)                            | EUR 180      | 272,969    |
| LyondellBasell Industries NV, 5.75%, 4/15/24 (c)                | USD 445      | 515,087    |
| MPM Escrow LLC/MPM Finance Escrow Corp.,<br>8.88%, 10/15/20 (a) | 70           | 68,600     |
| Nufarm Australia Ltd., 6.38%, 10/15/19 (a)                      | 70           | 71,750     |
| Rockwood Specialties Group, Inc., 4.63%, 10/15/20               | 395          | 406,850    |
| Tronox Finance LLC, 6.38%, 8/15/20 (a)                          | 360          | 359,100    |
|   |              | 2,709,132  |
| <b>Commercial Banks 5.4%</b>                                    |              |            |
| Amsouth Bank, Series AI, 4.85%, 4/01/13                         | 200          | 202,750    |
| Asciano Finance Ltd., 5.00%, 4/07/18 (a)                        | 200          | 215,565    |
| Associated Banc-Corp, 5.13%, 3/28/16 (c)                        | 515          | 564,704    |
| BBVA US Senior SAU, 4.66%, 10/09/15                             | 600          | 605,932    |
| <b>Branch Banking &amp; Trust Co. (b):</b>                      |              |            |
| 0.72%, 9/13/16  | 250          | 242,971    |
| 0.73%, 5/23/17  | 150          | 144,081    |
| <b>CIT Group, Inc.:</b>   |              |            |
| 4.25%, 8/15/17  | 320          | 328,258    |
| 5.25%, 3/15/18  | 280          | 297,500    |
| 5.50%, 2/15/19 (a)  | 240          | 255,900    |
| 5.00%, 8/15/22  | 100          | 103,623    |
| City National Corp., 5.25%, 9/15/20 (c)                         | 550          | 606,245    |
| Discover Bank, 8.70%, 11/18/19                                  | 300          | 392,257    |
| HSBC Finance Corp., 6.68%, 1/15/21 (c)                          | 350          | 414,167    |
| <b>Regions Financial Corp.:</b>                                 |              |            |
| 4.88%, 4/26/13  | 600          | 609,750    |
| 5.75%, 6/15/15  | 460          | 503,700    |
| Santander Holdings USA, Inc., 3.00%, 9/24/15                    | 275          | 280,264    |
| SVB Financial Group, 5.38%, 9/15/20 (c)                         | 550          | 622,897    |
|   |              | 6,390,564  |
| <b>Commercial Services &amp; Supplies 4.0%</b>                  |              |            |
| ADS Waste Holdings, Inc., 8.25%, 10/01/20 (a)                   | 70           | 72,450     |
| The ADT Corp., 4.88%, 7/15/42 (a)                               | 295          | 314,817    |
| <b>Aviation Capital Group Corp. (a):</b>                        |              |            |
| 7.13%, 10/15/20 (c)   | 2,200        | 2,320,995  |
| 6.75%, 4/06/21  | 550          | 571,401    |
| Casella Waste Systems, Inc., 7.75%, 2/15/19                     | 84           | 82,320     |
| Clean Harbors, Inc., 5.25%, 8/01/20 (a)                         | 108          | 110,700    |
| Corrections Corp. of America, 7.75%, 6/01/17                    | 775          | 828,281    |
| Covanta Holding Corp., 6.38%, 10/01/22                          | 155          | 168,682    |

**Portfolio Abbreviations**

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

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|                |                               |
|----------------|-------------------------------|
| <b>AUD</b>     | Australian Dollar             |
| <b>CAD</b>     | Canadian Dollar               |
| <b>CHF</b>     | Swiss Franc                   |
| <b>DIP</b>     | Debtor-In-Possession          |
| <b>EUR</b>     | Euro                          |
| <b>EURIBOR</b> | EURO Interbank Offered Rate   |
| <b>FKA</b>     | Formerly Known As             |
| <b>GBP</b>     | British Pound                 |
| <b>LIBOR</b>   | London Interbank Offered Rate |
| <b>RB</b>      | Revenue Bonds                 |
| <b>USD</b>     | US Dollar                     |

See Notes to Financial Statements.



**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust I, Inc. (PSW)**

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |              |
|--|--------------|--------------|
| <b>Corporate Bonds</b>                                   | <b>(000)</b> | <b>Value</b> |
| <b>Commercial Services &amp; Supplies (concluded)</b>    |              |              |
| HDTFS, Inc. (a):   |              |              |
| 5.88%, 10/15/20  | USD 85       | \$ 85,850    |
| 6.25%, 10/15/22  | 110          | 111,513      |
| Mobile Mini, Inc., 7.88%, 12/01/20                       | 65           | 70,281       |
|  |              | 4,737,290    |
| <b>Communications Equipment 0.9%</b>                     |              |              |
| Avaya, Inc., 9.75%, 11/01/15 (c)                         | 200          | 178,000      |
| Brocade Communications Systems, Inc., 6.88%, 1/15/20 (c) | 700          | 757,750      |
| Zayo Group LLC/Zayo Capital, Inc., 8.13%, 1/01/20        | 160          | 175,200      |
|  |              | 1,110,950    |
| <b>Computers &amp; Peripherals 0.0%</b>                  |              |              |
| NCR Corp., 5.00%, 7/15/22 (a)                            | 30           | 30,638       |
| <b>Construction Materials 0.5%</b>                       |              |              |
| HD Supply, Inc. (a):                                     |              |              |
| 8.13%, 4/15/19   | 210          | 231,000      |
| 11.50%, 7/15/20  | 295          | 310,488      |
|  |              | 541,488      |
| <b>Consumer Finance 5.4%</b>                             |              |              |
| American Express Credit Corp., 2.75%, 9/15/15 (c)        | 1,400        | 1,475,837    |
| Capital One Bank USA NA, 8.80%, 7/15/19                  | 775          | 1,031,515    |
| Daimler Finance North America LLC, 2.63%, 9/15/16 (a)(c) | 800          | 834,706      |
| Experian Finance Plc, 2.38%, 6/15/17 (a)(c)              | 200          | 204,753      |
| Ford Motor Credit Co. LLC:                               |              |              |
| 8.00%, 12/15/16  | 245          | 296,702      |
| 5.88%, 8/02/21   | 690          | 794,468      |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a)                | 420          | 452,550      |
| SLM Corp., 6.25%, 1/25/16                                | 1,180        | 1,274,459    |
| Toll Brothers Finance Corp., 5.88%, 2/15/22              | 95           | 107,396      |
|  |              | 6,472,386    |
| <b>Containers &amp; Packaging 1.6%</b>                   |              |              |
| Ardagh Packaging Finance Plc, 9.13%, 10/15/20 (a)        | 200          | 209,000      |
| Ball Corp.:  |              |              |
| 7.13%, 9/01/16   | 400          | 430,000      |
| 6.75%, 9/15/20   | 505          | 554,237      |
| Bemis Co., Inc., 6.80%, 8/01/19                          | 200          | 244,190      |
| Crown Americas LLC, 6.25%, 2/01/21                       | 200          | 220,750      |
| Smurfit Kappa Acquisitions, 4.88%, 9/15/18 (a)           | 200          | 200,000      |
|  |              | 1,858,177    |
| <b>Diversified Financial Services 9.7%</b>               |              |              |
| Ally Financial, Inc.:                                    |              |              |
| 4.50%, 2/11/14   | 225          | 231,750      |
| 8.30%, 2/12/15   | 390          | 436,897      |
| 8.00%, 11/01/31  | 320          | 380,800      |
| Bank of America Corp. (c):                               |              |              |
| 3.75%, 7/12/16   | 350          | 375,070      |

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|   |            |           |
|---|------------|-----------|
| 5.30%, 3/15/17  | 855        | 959,887   |
| 5.00%, 5/13/21  | 1,325      | 1,494,705 |
| Blackstone Holdings Finance Co. LLC,<br>4.75%, 2/15/23 (a)(c) | 200        | 214,517   |
| Citigroup, Inc. (c):  |            |           |
| 6.38%, 8/12/14  | 300        | 326,899   |
| 4.59%, 12/15/15   | 225        | 245,458   |
| 4.45%, 1/10/17  | 600        | 662,849   |
| DPL, Inc., 7.25%, 10/15/21                                    | 255        | 287,512   |
| General Motors Financial Co., Inc., 6.75%, 6/01/18            | 120        | 133,038   |
| ING Bank NV, 5.00%, 6/09/21 (a)(c)                            | 550        | 621,148   |
| Intesa Sanpaolo SpA, 2.38%, 12/21/12 (c)                      | 800        | 800,005   |
| LeasePlan Corp. NV, 3.00%, 10/23/17 (a)(b)(c)                 | 475        | 480,476   |
| Moody s Corp., 6.06%, 9/07/17                                 | 2,500      | 2,740,993 |
| Reynolds American, Inc., 3.25%, 11/01/22                      | 450        | 455,141   |
|   | <b>Par</b> |           |

|                        |              |              |
|------------------------|--------------|--------------|
| <b>Corporate Bonds</b> | <b>(000)</b> | <b>Value</b> |
|------------------------|--------------|--------------|

|   |         |            |
|---|---------|------------|
| <b>Diversified Financial Services (concluded)</b> |         |            |
| Reynolds Group Issuer, Inc.:                      |         |            |
| 7.88%, 8/15/19                                    | USD 255 | \$ 276,675 |
| 9.88%, 8/15/19                                    | 100     | 104,750    |
| 5.75%, 10/15/20 (a)                               | 220     | 222,200    |
| WGM Acquisition Corp., 9.50%, 6/15/16             | 50      | 54,938     |

11,505,708

|   |             |  |
|---|-------------|--|
| <b>Diversified Telecommunication Services</b> | <b>3.5%</b> |  |
|---|-------------|--|

|  |       |           |
|--|-------|-----------|
| AT&T, Inc., 6.30%, 1/15/38 (c)                   | 1,000 | 1,338,902 |
| Level 3 Financing, Inc.:                         |       |           |
| 8.13%, 7/01/19                                   | 898   | 958,615   |
| 8.63%, 7/15/20                                   | 150   | 163,500   |
| Telecom Italia Capital SA, 6.18%, 6/18/14        | 225   | 238,645   |
| Telefonica Emisiones SAU, 5.46%, 2/16/21         | 310   | 315,038   |
| Verizon Communications, Inc., 7.35%, 4/01/39 (c) | 660   | 1,016,424 |
| Windstream Corp., 7.88%, 11/01/17                | 160   | 178,200   |

4,209,324

|                           |             |  |
|---------------------------|-------------|--|
| <b>Electric Utilities</b> | <b>2.9%</b> |  |
|---------------------------|-------------|--|

|  |       |           |
|--|-------|-----------|
| CMS Energy Corp., 5.05%, 3/15/22                                 | 275   | 307,188   |
| FirstEnergy Solutions Corp., 6.05%, 8/15/21                      | 250   | 288,887   |
| Great Plains Energy, Inc., 5.29%, 6/15/22                        | 375   | 429,893   |
| Mirant Mid Atlantic Pass Through Trust, Series B, 9.13%, 6/30/17 | 122   | 133,155   |
| Nisource Finance Corp.:  |       |           |
| 6.40%, 3/15/18   | 250   | 304,300   |
| 5.25%, 2/15/43   | 155   | 173,830   |
| Oncor Electric Delivery Co. LLC (c):                             |       |           |
| 4.10%, 6/01/22   | 300   | 321,439   |
| 5.30%, 6/01/42   | 180   | 204,889   |
| Progress Energy, Inc., 7.00%, 10/30/31 (c)                       | 1,000 | 1,334,774 |

3,498,355

|   |             |  |
|---|-------------|--|
| <b>Electronic Equipment, Instruments &amp; Components</b> | <b>0.3%</b> |  |
|---|-------------|--|

|                                     |     |         |
|-------------------------------------|-----|---------|
| Jabil Circuit, Inc., 8.25%, 3/15/18 | 200 | 236,000 |
| NXP BV, 3.09%, 10/15/13 (b)         | 95  | 94,881  |

330,881

|  |             |  |
|--|-------------|--|
| <b>Energy Equipment &amp; Services</b> | <b>3.8%</b> |  |
|--|-------------|--|

|   |     |         |
|---|-----|---------|
| Atwood Oceanics, Inc., 6.50%, 2/01/20   | 25  | 26,875  |
| Cie Générale de Géophysique-Veritas,<br>6.50%, 6/01/21                            | 200 | 211,000 |
| Energy Transfer Partners LP, 5.20%, 2/01/22                                       | 700 | 803,537 |
| EnSCO Plc, 4.70%, 3/15/21 (c)   | 460 | 529,696 |
| FTS International Services LLC/FTS International Bonds, Inc., 8.13%, 11/15/18 (a) | 182 | 190,190 |
| Hornbeck Offshore Services, Inc., 5.88%, 4/01/20                                  | 65  | 66,138  |
| Key Energy Services, Inc., 6.75%, 3/01/21   | 175 | 174,125 |
| MEG Energy Corp. (a):   |     |         |
| 6.50%, 3/15/21  | 225 | 241,312 |

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|  |     |           |
|--|-----|-----------|
| 6.38%, 1/30/23                                 | 50  | 53,500    |
| Oil States International, Inc., 6.50%, 6/01/19 | 120 | 127,500   |
| Peabody Energy Corp., 6.25%, 11/15/21 (c)      | 370 | 382,025   |
| Precision Drilling Corp., 6.50%, 12/15/21      | 95  | 100,463   |
| Seadrill Ltd., 5.63%, 9/15/17 (a)              | 570 | 570,000   |
| Transocean, Inc.:                              |     |           |
| 2.50%, 10/15/17                                | 100 | 101,278   |
| 6.50%, 11/15/20                                | 265 | 321,955   |
| 6.38%, 12/15/21                                | 320 | 389,387   |
| 6.80%, 3/15/38                                 | 225 | 279,666   |
|  |     | 4,568,647 |
| <b>Food Products 1.3%</b>                      |     |           |
| Kraft Foods Group, Inc., 5.00%, 6/04/42 (a)    | 300 | 350,361   |
| Mondelez International, Inc.:                  |     |           |
| 6.50%, 8/11/17                                 | 385 | 475,524   |
| 6.13%, 8/23/18                                 | 390 | 485,288   |
| Post Holdings, Inc., 7.38%, 2/15/22 (a)        | 213 | 226,046   |
|  |     | 1,537,219 |

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust I, Inc. (PSW)**

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Corporate Bonds</b>                                       |              |            |
| <b>Gas Utilities 0.2%</b>                                    |              |            |
| El Paso Natural Gas Co. LLC, 8.63%, 1/15/22                  | USD 165      | \$ 225,723 |
| <b>Health Care Equipment &amp; Supplies 0.6%</b>             |              |            |
| Fresenius US Finance II, Inc., 9.00%, 7/15/15 (a)            | 500          | 573,750    |
| Teleflex, Inc., 6.88%, 6/01/19                               | 115          | 123,625    |
|  |              | 697,375    |
| <b>Health Care Providers &amp; Services 3.8%</b>             |              |            |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19                | 105          | 110,644    |
| CHS/Community Health Systems, Inc., 5.13%, 8/15/18           | 115          | 119,313    |
| HCA, Inc.:   |              |            |
| 8.50%, 4/15/19   | 55           | 61,806     |
| 6.50%, 2/15/20   | 525          | 580,125    |
| 7.25%, 9/15/20   | 195          | 215,719    |
| 4.75%, 5/01/23   | 640          | 640,000    |
| INC Research LLC, 11.50%, 7/15/19 (a)                        | 165          | 165,825    |
| inVentiv Health, Inc., 10.00%, 8/15/18 (a)                   | 10           | 9,050      |
| Tenet Healthcare Corp.:                                      |              |            |
| 10.00%, 5/01/18  | 350          | 399,000    |
| 8.88%, 7/01/19   | 250          | 279,375    |
| 4.75%, 6/01/20 (a)   | 222          | 220,057    |
| UnitedHealth Group, Inc., 6.88%, 2/15/38 (c)                 | 800          | 1,133,814  |
| WellPoint, Inc. (c):   |              |            |
| 3.30%, 1/15/23   | 250          | 258,596    |
| 2.75%, 10/15/42 (a)(d)                                       | 300          | 312,750    |
|  |              | 4,506,074  |
| <b>Health Care Technology 1.3%</b>                           |              |            |
| Amgen, Inc.:   |              |            |
| 5.15%, 11/15/41 (c)  | 957          | 1,102,671  |
| 5.65%, 6/15/42   | 8            | 9,823      |
| 5.38%, 5/15/43 (c)   | 400          | 480,242    |
|  |              | 1,592,736  |
| <b>Household Durables 0.5%</b>                               |              |            |
| Beazer Homes USA, Inc., 6.63%, 4/15/18 (a)                   | 165          | 176,550    |
| DR Horton, Inc., 4.38%, 9/15/22                              | 150          | 150,375    |
| Standard Pacific Corp., 8.38%, 1/15/21                       | 210          | 243,600    |
|  |              | 570,525    |
| <b>Independent Power Producers &amp; Energy Traders 1.8%</b> |              |            |
| The AES Corp.:   |              |            |
| 9.75%, 4/15/16   | 235          | 281,119    |
| 7.38%, 7/01/21   | 30           | 33,525     |
| Calpine Corp. (a):   |              |            |
| 7.25%, 10/15/17  | 90           | 95,400     |
| 7.50%, 2/15/21   | 45           | 48,937     |
| Energy Future Intermediate Holding Co. LLC,                  |              |            |
| 10.00%, 12/01/20   | 440          | 480,700    |
| Exelon Generation Co. LLC, Series C,                         |              |            |
| 4.25%, 6/15/22 (a)   | 546          | 584,411    |
| GenOn REMA LLC, 9.68%, 7/02/26                               | 120          | 128,400    |
| Laredo Petroleum, Inc.:                                      |              |            |
| 9.50%, 2/15/19   | 70           | 79,450     |

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|                                      |     |         |
|--------------------------------------|-----|---------|
| 7.38%, 5/01/22                       | 65  | 70,850  |
| NRG Energy, Inc., 6.63%, 3/15/23 (a) | 125 | 128,750 |
| QEP Resources, Inc.:                 |     |         |
| 5.38%, 10/01/22                      | 134 | 140,700 |
| 5.25%, 5/01/23                       | 70  | 72,975  |

2,145,217

**Insurance 7.4%**

American International Group, Inc. (c):

|                 |     |         |
|-----------------|-----|---------|
| 3.80%, 3/22/17  | 345 | 372,195 |
| 8.25%, 8/15/18  | 150 | 194,857 |
| 6.40%, 12/15/20 | 610 | 749,140 |

Par

**Corporate Bonds**

(000)

Value

**Insurance (concluded)**

|   |     |       |    |           |
|---|-----|-------|----|-----------|
| Aon Corp., 5.00%, 9/30/20 (c)                         | USD | 1,600 | \$ | 1,843,549 |
| Fairfax Financial Holdings Ltd., 5.80%, 5/15/21 (a)   |     | 325   |    | 332,982   |
| Forethought Financial Group, Inc., 8.63%, 4/15/21 (a) |     | 250   |    | 317,815   |
| Genworth Financial, Inc., 7.63%, 9/24/21 (c)          |     | 225   |    | 236,653   |
| ING Verzekeringen NV, 2.09%, 6/21/21 (b)              | EUR | 110   |    | 138,342   |
| Manulife Financial Corp., 4.90%, 9/17/20 (c)          | USD | 1,000 |    | 1,111,048 |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a)     |     | 100   |    | 91,250    |
| Nippon Life Insurance Co., 5.00%, 10/18/42 (a)(b)     |     | 750   |    | 773,749   |
| Principal Financial Group, Inc., 8.88%, 5/15/19       |     | 225   |    | 298,962   |
| Prudential Financial, Inc.:                           |     |       |    |           |
| 6.63%, 12/01/37 (c)                                   |     | 800   |    | 1,027,637 |
| 5.88%, 9/15/42 (b)                                    |     | 300   |    | 315,750   |
| XL Group Ltd., 5.75%, 10/01/21 (c)                    |     | 810   |    | 959,551   |

8,763,480

**IT Services 1.2%**

|   |     |         |
|---|-----|---------|
| Ceridian Corp., 8.88%, 7/15/19 (a)          | 415 | 439,900 |
| Epicor Software Corp., 8.63%, 5/01/19       | 160 | 168,000 |
| First Data Corp.:                           |     |         |
| 7.38%, 6/15/19 (a)(c)                       | 215 | 222,525 |
| 6.75%, 11/01/20 (a)                         | 190 | 190,000 |
| 8.25%, 1/15/21 (a)                          | 20  | 20,000  |
| 12.63%, 1/15/21                             | 170 | 175,525 |
| SunGard Data Systems, Inc., 7.38%, 11/15/18 | 170 | 182,963 |

1,398,913

**Life Sciences Tools & Services 1.8%**

|   |       |           |
|---|-------|-----------|
| Bio-Rad Laboratories, Inc., 8.00%, 9/15/16  | 865   | 945,012   |
| Life Technologies Corp., 6.00%, 3/01/20 (c) | 1,000 | 1,196,869 |

2,141,881

**Machinery 1.0%**

Ingersoll-Rand Global Holding Co. Ltd.,

|                          |     |         |
|--------------------------|-----|---------|
| 9.50%, 4/15/14 (c)       | 800 | 895,842 |
| UR Merger Sub Corp. (a): |     |         |
| 5.75%, 7/15/18           | 55  | 59,125  |
| 7.38%, 5/15/20           | 140 | 151,550 |
| 7.63%, 4/15/22           | 129 | 141,255 |

1,247,772

**Media 8.6%**

|  |     |           |
|--|-----|-----------|
| A&E Television Networks LLC, 3.25%, 8/22/19  | 500 | 508,750   |
| AMC Networks, Inc., 7.75%, 7/15/21           | 90  | 101,925   |
| CCH II LLC, 13.50%, 11/30/16                 | 221 | 237,527   |
| Comcast Corp., 6.30%, 11/15/17 (c)           | 800 | 993,405   |
| Cox Communications, Inc., 8.38%, 3/01/39 (a) | 800 | 1,269,414 |
| CSC Holdings LLC, 8.63%, 2/15/19             | 275 | 325,875   |
| DIRECTV Holdings LLC, 5.00%, 3/01/21 (c)     | 600 | 682,279   |
| DISH DBS Corp., 7.00%, 10/01/13              | 450 | 470,812   |
| Intelsat Jackson Holdings SA, 7.25%, 4/01/19 | 50  | 53,625    |

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|  |     |            |
|--|-----|------------|
| Intelsat Luxembourg SA:                          |     |            |
| 11.25%, 2/04/17                                  | 210 | 220,500    |
| 11.50%, 2/04/17 (e)                              | 100 | 105,250    |
| The Interpublic Group of Cos., Inc.,             |     |            |
| 10.00%, 7/15/17                                  | 275 | 303,531    |
| News America, Inc., 6.15%, 3/01/37 (c)           | 650 | 816,061    |
| Time Warner Cable, Inc., 6.75%, 6/15/39          | 925 | 1,234,658  |
| Time Warner, Inc., 7.70%, 5/01/32 (c)            | 950 | 1,392,111  |
| Unitymedia Hessen GmbH & Co. KG (a):             |     |            |
| 8.13%, 12/01/17                                  | 363 | 392,040    |
| 7.50%, 3/15/19                                   | 230 | 251,990    |
| Virgin Media Finance Plc, 4.88%, 2/15/22         | 200 | 202,000    |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 | 600 | 651,000    |
|  |     | 10,212,753 |

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust I, Inc. (PSW)**

(Percentages shown are based on Net Assets)

|   | Par     |            |
|---|---------|------------|
|   | (000)   | Value      |
| <b>Corporate Bonds</b>                                |         |            |
| <b>Metals &amp; Mining 2.5%</b>                       |         |            |
| AngloGold Ashanti Holdings Plc, 5.13%, 8/01/22        | USD 400 | \$ 407,929 |
| ArcelorMittal, 4.25%, 3/01/16                         | 50      | 49,664     |
| Barrick Gold Corp., 2.90%, 5/30/16 (c)                | 275     | 290,149    |
| FMG Resources August 2006 Property Ltd. (a):          |         |            |
| 6.38%, 2/01/16  | 385     | 385,000    |
| 6.88%, 4/01/22 (c)                                    | 20      | 18,800     |
| Freeport-McMoRan Copper & Gold, Inc.,                 |         |            |
| 3.55%, 3/01/22  | 325     | 330,914    |
| Freeport-McMoRan Corp., 7.13%, 11/01/27               | 700     | 887,613    |
| New Gold, Inc., 7.00%, 4/15/20 (a)                    | 30      | 31,800     |
| Novelis, Inc., 8.75%, 12/15/20                        | 230     | 253,575    |
| Steel Dynamics, Inc., 6.38%, 8/15/22 (a)              | 100     | 104,500    |
| Teck Resources Ltd., 10.75%, 5/15/19                  | 200     | 240,829    |
|   |         | 3,000,773  |
| <b>Multi-Utilities 1.5%</b>                           |         |            |
| CenterPoint Energy, Inc. (c):                         |         |            |
| 5.95%, 2/01/17  | 750     | 875,954    |
| 6.50%, 5/01/18  | 775     | 943,506    |
|   |         | 1,819,460  |
| <b>Multiline Retail 0.4%</b>                          |         |            |
| Dufry Finance SCA, 5.50%, 10/15/20 (a)                | 200     | 203,492    |
| Walgreen Co., 3.10%, 9/15/22                          | 250     | 254,557    |
|   |         | 458,049    |
| <b>Oil, Gas &amp; Consumable Fuels 13.3%</b>          |         |            |
| Access Midstream Partners LP:                         |         |            |
| 5.88%, 4/15/21  | 140     | 145,600    |
| 6.13%, 7/15/22  | 110     | 116,325    |
| Berry Petroleum Co., 6.38%, 9/15/22                   | 100     | 104,250    |
| BP Capital Markets Plc, 3.88%, 3/10/15 (c)            | 350     | 375,908    |
| Carrizo Oil & Gas, Inc., 7.50%, 9/15/20               | 100     | 102,000    |
| Chesapeake Energy Corp.:                              |         |            |
| 7.25%, 12/15/18                                       | 10      | 10,650     |
| 6.63%, 8/15/20 (c)                                    | 105     | 110,250    |
| 6.13%, 2/15/21 (c)                                    | 115     | 116,438    |
| Concho Resources, Inc., 5.50%, 10/01/22               | 100     | 104,750    |
| CONSOL Energy, Inc., 6.38%, 3/01/21                   | 105     | 104,475    |
| Continental Resources, Inc., 5.00%, 9/15/22           | 110     | 115,775    |
| Copano Energy LLC, 7.13%, 4/01/21                     | 115     | 121,038    |
| DCP Midstream LLC, 4.75%, 9/30/21 (a)                 | 85      | 90,480     |
| Denbury Resources, Inc., 8.25%, 2/15/20               | 150     | 169,875    |
| El Paso Pipeline Partners Operating Co. LLC:          |         |            |
| 6.50%, 4/01/20  | 340     | 416,310    |
| 5.00%, 10/01/21                                       | 125     | 141,531    |
| Enbridge Energy Partners LP, 9.88%, 3/01/19           | 475     | 647,437    |
| Energy Transfer Partners LP, 6.50%, 2/01/42           | 215     | 270,300    |
| Energy XXI Gulf Coast, Inc., 7.75%, 6/15/19           | 240     | 260,400    |
| Enterprise Products Operating LLC, 6.65%, 4/15/18 (c) | 1,000   | 1,252,508  |
| EP Energy LLC/EP Energy Finance, Inc.,                |         |            |
| 6.88%, 5/01/19 (a)                                    | 110     | 118,800    |
| Forest Oil Corp., 8.50%, 2/15/14                      | 148     | 159,840    |

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|  |       |           |
|--|-------|-----------|
| Kinder Morgan Energy Partners LP, 6.85%, 2/15/20 | 1,000 | 1,277,352 |
| Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (a)      | 45    | 49,050    |
| Linn Energy LLC:                                 |       |           |
| 6.25%, 11/01/19 (a)                              | 260   | 260,000   |
| 7.75%, 2/01/21                                   | 110   | 117,425   |
| Marathon Petroleum Corp., 3.50%, 3/01/16         | 325   | 348,225   |
| MarkWest Energy Partners LP:                     |       |           |
| 6.25%, 6/15/22                                   | 125   | 135,312   |
| 5.50%, 2/15/23                                   | 45    | 47,250    |
| Newfield Exploration Co.:                        |       |           |
| 6.88%, 2/01/20                                   | 145   | 156,962   |
| 5.63%, 7/01/24                                   | 100   | 106,750   |
| Nexen, Inc., 6.40%, 5/15/37                      | 295   | 378,568   |

Par

| Corporate Bonds | (000) | Value |
|-----------------|-------|-------|
|-----------------|-------|-------|

**Oil, Gas & Consumable Fuels (concluded)**

|   |        |           |
|---|--------|-----------|
| Oasis Petroleum, Inc.:                              |        |           |
| 7.25%, 2/01/19                                      | USD 65 | \$ 69,550 |
| 6.50%, 11/01/21                                     | 70     | 74,025    |
| Offshore Group Investments Ltd., 11.50%, 8/01/15    | 82     | 90,098    |
| ONEOK Partners LP, 8.63%, 3/01/19                   | 800    | 1,063,538 |
| PDC Energy, Inc., 7.75%, 10/15/22 (a)               | 85     | 86,488    |
| Petrobras International Finance Co.:                |        |           |
| 3.88%, 1/27/16 (c)                                  | 875    | 929,543   |
| 5.38%, 1/27/21                                      | 525    | 595,379   |
| Petrohawk Energy Corp., 10.50%, 8/01/14             | 145    | 156,237   |
| Petroleum Geo-Services ASA, 7.38%, 12/15/18 (a)     | 150    | 159,375   |
| Pioneer Natural Resources Co., 6.88%, 5/01/18       | 115    | 141,417   |
| Plains Exploration & Production Co., 6.88%, 2/15/23 | 270    | 269,662   |
| Premier Oil Plc, 5.00%, 6/09/18                     | 825    | 845,625   |
| Range Resources Corp.:                              |        |           |
| 6.75%, 8/01/20                                      | 120    | 132,300   |
| 5.75%, 6/01/21                                      | 80     | 85,600    |
| Ruby Pipeline LLC, 6.00%, 4/01/22 (a)               | 700    | 746,557   |
| Sabine Pass Liquefied Natural Gas LP:               |        |           |
| 7.50%, 11/30/16                                     | 420    | 458,850   |
| 6.50%, 11/01/20 (a)                                 | 135    | 137,700   |
| SandRidge Energy, Inc.:                             |        |           |
| 7.50%, 3/15/21 (a)                                  | 80     | 83,200    |
| 7.50%, 3/15/21                                      | 45     | 46,800    |
| 8.13%, 10/15/22 (a)                                 | 50     | 53,750    |
| 7.50%, 2/15/23 (a)                                  | 175    | 181,125   |
| SESI LLC, 7.13%, 12/15/21                           | 100    | 111,500   |
| SM Energy Co.:                                      |        |           |
| 6.63%, 2/15/19                                      | 55     | 57,613    |
| 6.50%, 11/15/21                                     | 80     | 84,200    |
| 6.50%, 1/01/23                                      | 50     | 52,250    |
| Targa Resources Partners LP, 6.88%, 2/01/21         | 85     | 92,225    |
| Tennessee Gas Pipeline Co. LLC, 8.00%, 2/01/16      | 195    | 234,129   |
| Tesoro Corp., 5.38%, 10/01/22                       | 140    | 145,950   |
| Western Gas Partners LP, 5.38%, 6/01/21             | 350    | 403,266   |
| The Williams Cos., Inc., 8.75%, 3/15/32             | 170    | 243,508   |

15,763,294

**Paper & Forest Products 2.1%**

|   |     |           |
|---|-----|-----------|
| Boise Paper Holdings LLC:               |     |           |
| 9.00%, 11/01/17                         | 30  | 33,000    |
| 8.00%, 4/01/20                          | 115 | 125,925   |
| International Paper Co.:                |     |           |
| 7.50%, 8/15/21                          | 775 | 1,029,201 |
| 7.30%, 11/15/39 (c)                     | 800 | 1,111,174 |
| Longview Fibre Paper & Packaging, Inc., |     |           |
| 8.00%, 6/01/16 (a)                      | 80  | 83,400    |
| PH Glatfelter Co., 5.38%, 10/15/20 (a)  | 110 | 111,512   |

2,494,212



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**Pharmaceuticals 3.8%**

|   |     |       |           |
|---|-----|-------|-----------|
| Capsugel Finance Co. SCA, 9.88%, 8/01/19 (a)  | EUR | 100   | 146,789   |
| Merck & Co., Inc., 6.50%, 12/01/33            | USD | 475   | 705,990   |
| Pfizer, Inc., 7.20%, 3/15/39 (c)              |     | 1,380 | 2,206,786 |
| Roche Holdings, Inc., 7.00%, 3/01/39 (a)(c)   |     | 420   | 650,510   |
| Valeant Pharmaceuticals International (a):    |     |       |           |
| 6.50%, 7/15/16                                |     | 27    | 28,418    |
| 6.38%, 10/15/20                               |     | 165   | 173,662   |
| Watson Pharmaceuticals, Inc., 3.25%, 10/01/22 |     | 540   | 556,464   |

4,468,619

**Real Estate Investment Trusts (REITs) 2.8%**

|   |  |     |         |
|---|--|-----|---------|
| AvalonBay Communities, Inc., 6.10%, 3/15/20 (c) |  | 800 | 989,117 |
| Developers Diversified Realty Corp.:            |  |     |         |
| 4.75%, 4/15/18                                  |  | 155 | 173,947 |
| 7.88%, 9/01/20                                  |  | 175 | 227,596 |

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust I, Inc. (PSW)**

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |              |
|--|--------------|--------------|
| <b>Corporate Bonds</b>   | <b>(000)</b> | <b>Value</b> |
| <b>Real Estate Investment Trusts (REITs) (concluded)</b>   |              |              |
| ERP Operating LP, 5.75%, 6/15/17 (c)   | USD 800      | \$ 945,634   |
| HCP, Inc., 5.38%, 2/01/21  | 250          | 289,368      |
| UDR, Inc., 4.25%, 6/01/18  | 350          | 388,108      |
| Ventas Realty LP/Ventas Capital Corp.,<br>4.75%, 6/01/21   | 270          | 300,661      |
|  |              | 3,314,431    |
| <b>Real Estate Management &amp; Development 0.4%</b>   |              |              |
| Lennar Corp., 4.75%, 11/15/22 (a)  | 125          | 123,750      |
| Realogy Corp. (a)(c):<br>7.88%, 2/15/19  | 120          | 129,000      |
| 7.63%, 1/15/20   | 145          | 162,763      |
| Shea Homes LP, 8.63%, 5/15/19  | 110          | 122,375      |
|  |              | 537,888      |
| <b>Road &amp; Rail 1.3%</b>  |              |              |
| The Hertz Corp., 6.75%, 4/15/19  | 77           | 81,716       |
| Norfolk Southern Corp., 6.00%, 3/15/2105 (c)   | 1,200        | 1,501,060    |
|  |              | 1,582,776    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.5%</b>   |              |              |
| KLA-Tencor Corp., 6.90%, 5/01/18   | 461          | 555,635      |
| <b>Software 0.4%</b>   |              |              |
| Infor US, Inc., 9.38%, 4/01/19   | 140          | 154,700      |
| Nuance Communications, Inc., 5.38%, 8/15/20 (a)  | 155          | 158,100      |
| Symantec Corp., 2.75%, 6/15/17   | 150          | 155,738      |
|  |              | 468,538      |
| <b>Specialty Retail 1.4%</b>   |              |              |
| AutoNation, Inc., 6.75%, 4/15/18   | 445          | 499,512      |
| Limited Brands, Inc., 7.00%, 5/01/20   | 230          | 262,488      |
| QVC, Inc. (a):<br>7.38%, 10/15/20  | 25           | 27,706       |
| 5.13%, 7/02/22   | 330          | 345,045      |
| Sally Holdings LLC, 6.88%, 11/15/19  | 140          | 155,225      |
| VF Corp., 5.95%, 11/01/17 (c)  | 350          | 415,971      |
|  |              | 1,705,947    |
| <b>Tobacco 2.2%</b>  |              |              |
| Altria Group, Inc., 10.20%, 2/06/39  | 937          | 1,646,082    |
| BAT International Finance Plc, 3.25%, 6/07/22 (a)(c)   | 325          | 337,608      |
| Lorillard Tobacco Co., 3.50%, 8/04/16  | 600          | 637,575      |
|  |              | 2,621,265    |
| <b>Trading Companies &amp; Distributors 0.2%</b>   |              |              |
| Doric Nimrod Air Finance Alpha Ltd. Pass Through Trust, Series 2012-1, Class A, 5.13%, 11/30/24<br>(a) | 225          | 234,000      |
| <b>Transportation Infrastructure 1.0%</b>  |              |              |
| Penske Truck Leasing Co. LP/PTL Finance Corp. (a):<br>3.75%, 5/11/17                                   | 725          | 740,263      |
| 4.88%, 7/11/22   | 400          | 408,933      |

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|   |                 |              |                    |
|---|-----------------|--------------|--------------------|
|   |                 |              | 1,149,196          |
| <b>Wireless Telecommunication Services</b>                    | <b>4.9%</b>     |              |                    |
| America Movil SAB de CV (c):                                  |                 |              |                    |
| 2.38%, 9/08/16  |                 | 585          | 611,514            |
| 3.13%, 7/16/22  |                 | 250          | 257,797            |
| American Tower Corp.:   |                 |              |                    |
| 4.50%, 1/15/18  |                 | 450          | 498,314            |
| 5.90%, 11/01/21   |                 | 295          | 353,325            |
| Cricket Communications, Inc., 7.75%, 5/15/16                  |                 | 155          | 163,913            |
| Crown Castle International Corp.:                             |                 |              |                    |
| 9.00%, 1/15/15  |                 | 210          | 224,700            |
| 5.25%, 1/15/23 (a)  |                 | 130          | 134,550            |
| Crown Castle Towers LLC (a):                                  |                 |              |                    |
| 5.50%, 1/15/37  |                 | 275          | 314,054            |
| 6.11%, 1/15/40  |                 | 300          | 365,000            |
|   |                 | <b>Par</b>   |                    |
| <b>Corporate Bonds</b>  |                 | <b>(000)</b> | <b>Value</b>       |
| <b>Wireless Telecommunication Services (concluded)</b>        |                 |              |                    |
| Digicel Group Ltd. (a):                                       |                 |              |                    |
| 8.25%, 9/01/17  | USD             | 125          | \$ 134,375         |
| 8.25%, 9/30/20  |                 | 255          | 274,762            |
| SBA Tower Trust, 5.10%, 4/15/42 (a)                           |                 | 1,000        | 1,110,799          |
| Sprint Capital Corp., 6.88%, 11/15/28                         |                 | 110          | 112,475            |
| Sprint Nextel Corp. (a):                                      |                 |              |                    |
| 9.00%, 11/15/18   |                 | 450          | 555,750            |
| 7.00%, 3/01/20  |                 | 620          | 719,200            |
|   |                 |              | 5,830,528          |
| <b>Total Corporate Bonds</b>                                  | <b>117.1%</b>   |              | <b>139,185,096</b> |
| <b>Floating Rate Loan Interests</b>                           | <b>0.0% (b)</b> |              |                    |
| <b>Oil, Gas &amp; Consumable Fuels</b>                        | <b>0.0%</b>     |              |                    |
| Chesapeake Energy Corp., Unsecured Term Loan, 8.50%, 12/01/17 |                 | 41           | 41,192             |
| <b>Preferred Securities</b>                                   |                 |              |                    |
| <b>Capital Trusts</b>   |                 |              |                    |
| <b>Capital Markets</b>  | <b>4.0%</b>     |              |                    |
| Ameriprise Financial, Inc., 7.52%, 6/01/66 (b)                |                 | 500          | 552,500            |
| RBS Capital Trust II, 6.43% (b)(f)                            |                 | 625          | 525,000            |
| State Street Capital Trust IV, 1.39%, 6/01/67 (b)             |                 | 4,740        | 3,634,964          |
|   |                 |              | 4,712,464          |
| <b>Commercial Banks</b>                                       | <b>2.1%</b>     |              |                    |
| Barclays Bank Plc (a)(b)(f):                                  |                 |              |                    |
| 5.93%(c)  |                 | 425          | 416,500            |
| 7.43%   |                 | 150          | 156,000            |
| BNP Paribas SA, 7.20% (a)(b)(c)(f)                            |                 | 300          | 295,500            |
| Credit Agricole SA, 8.38% (a)(b)(c)(f)                        |                 | 350          | 356,125            |
| M&T Capital Trust II, 8.28%, 6/01/27                          |                 | 910          | 930,475            |
| National City Preferred Capital Trust I, 12.00% (b)(f)        |                 | 300          | 303,441            |
|   |                 |              | 2,458,041          |
| <b>Diversified Financial Services</b>                         | <b>2.5%</b>     |              |                    |
| General Electric Capital Corp., 6.25% (b)(c)                  |                 | 600          | 654,018            |
| JPMorgan Chase Capital XXIII, 1.43%, 12/15/67 (b)             |                 | 3,085        | 2,279,451          |
|   |                 |              | 2,933,469          |
| <b>Electric Utilities</b>                                     | <b>0.4%</b>     |              |                    |
| PPL Capital Funding, Inc., 6.70%, 3/30/67 (b)                 |                 | 500          | 526,875            |
| <b>Insurance</b>  | <b>8.4%</b>     |              |                    |
| ACE Capital Trust II, 9.70%, 4/01/30 (c)                      |                 | 500          | 730,800            |

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|   |       |            |
|---|-------|------------|
| The Allstate Corp., 6.50%, 5/15/67 (b)  | 500   | 537,500    |
| American International Group, Inc.,<br>8.18%, 5/15/68 (b)                       | 225   | 280,688    |
| AXA SA, 6.38% (a)(b)(f)   | 1,000 | 935,000    |
| The Chubb Corp., 6.38%, 3/29/67 (b)(c)  | 500   | 542,500    |
| Great-West Life & Annuity Insurance Co. Capital LP II, 7.15%, 5/16/46 (a)(b)(c) | 500   | 514,781    |
| Liberty Mutual Group, Inc., 10.75%, 6/15/88 (a)(b)                              | 500   | 745,000    |
| Lincoln National Corp., 7.00%, 5/17/66 (b)                                      | 500   | 512,500    |
| MetLife, Inc., 6.40%, 12/15/66  | 500   | 543,514    |
| Mitsui Sumitomo Insurance Co. Ltd.,<br>7.00%, 3/15/72 (a)(b)                    | 320   | 365,149    |
| Northwestern Mutual Life Insurance Co.,<br>6.06%, 3/30/40 (a)(c)                | 900   | 1,183,065  |
| Reinsurance Group of America, Inc.,<br>6.75%, 12/15/65 (b)                      | 700   | 708,224    |
| Swiss Re Capital I LP, 6.85% (a)(b)(f)  | 450   | 469,452    |
| ZFS Finance USA Trust II, 6.45%, 12/15/65 (a)(b)                                | 1,800 | 1,935,000  |
|   |       | 10,003,173 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

BlackRock Credit Allocation Income Trust I, Inc. (PSW)

(Percentages shown are based on Net Assets)

|  | Par     | Value      |
|--|---------|------------|
|  | (000)   |            |
| <b>Capital Trusts</b>  |         |            |
| <b>Multi-Utilities 0.9%</b>  |         |            |
| Dominion Resources Capital Trust I,<br>7.83%, 12/01/27             | USD 500 | \$ 507,217 |
| Dominion Resources, Inc., 7.50%, 6/30/66 (b)                       | 500     | 550,000    |
|  |         | 1,057,217  |
| <b>Oil, Gas &amp; Consumable Fuels 1.2%</b>                        |         |            |
| Enterprise Products Operating LLC, Series A,<br>8.38%, 8/01/66 (b) | 825     | 940,500    |
| TransCanada PipeLines Ltd., 6.35%, 5/15/67 (b)                     | 500     | 537,315    |
|  |         | 1,477,815  |
| <b>Total Capital Trusts 19.5%</b>                                  |         | 23,169,054 |

|   | Shares |           |
|---|--------|-----------|
| <b>Preferred Stocks</b>                         |        |           |
| <b>Auto Components 0.1%</b>                     |        |           |
| Dana Holding Corp., 4.00% (a)(d)                | 1,000  | 112,125   |
| <b>Capital Markets 0.2%</b>                     |        |           |
| RBS Capital Funding Trust V, 5.90%              | 10,000 | 183,900   |
| <b>Diversified Financial Services 0.4%</b>      |        |           |
| Ally Financial, Inc., 7.00% (a)                 | 510    | 491,449   |
| <b>Thriffs &amp; Mortgage Finance 0.0%</b>      |        |           |
| Fannie Mae, Series S, 8.25% (b)(g)              | 3,000  | 5,100     |
| Freddie Mac, Series Z, 8.38% (b)(g)             | 3,000  | 5,220     |
|   |        | 10,320    |
| <b>Wireless Telecommunication Services 2.9%</b> |        |           |
| Centaur Funding Corp., 9.08% (a)                | 2,720  | 3,450,150 |
| <b>Total Preferred Stocks 3.6%</b>              |        | 4,247,944 |

|  |        |            |
|--|--------|------------|
| <b>Trust Preferreds</b>                        |        |            |
| <b>Diversified Financial Services 0.4%</b>     |        |            |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 | 17,860 | 459,201    |
| <b>Machinery 0.3%</b>                          |        |            |
| Stanley Black & Decker, Inc., 5.75%, 7/25/52   | 15,000 | 387,750    |
| <b>Total Trust Preferreds 0.7%</b>             |        | 846,951    |
| <b>Total Preferred Securities 23.8%</b>        |        | 28,263,949 |

|   | Par     |           |
|---|---------|-----------|
|   | (000)   |           |
| <b>Taxable Municipal Bonds 0.9%</b>   |         |           |
| Metropolitan Transportation Authority, RB,<br>Build America Bonds,<br>6.55%, 11/15/31 | USD 800 | 1,007,312 |

US Government Sponsored Agency Securities 0.3%

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|                                    |     |         |
|------------------------------------|-----|---------|
| <b>Agency Obligations</b> 0.3%     |     |         |
| Fannie Mae, 1.93%, 10/09/19 (c)(h) | 390 | 341,349 |

**US Treasury Obligations**

|   |       |             |
|---|-------|-------------|
| <b>US Treasury Bonds (c):</b>             |       |             |
| 3.75%, 8/15/41                            | 236   | 281,098     |
| 3.13%, 11/15/41                           | 415   | 440,419     |
| 3.00%, 5/15/42                            | 1,180 | 1,218,903   |
| <b>US Treasury Notes (c):</b>             |       |             |
| 0.88%, 12/31/16                           | 901   | 911,910     |
| 0.63%, 5/31/17                            | 225   | 224,807     |
| 1.63%, 8/15/22                            | 340   | 338,141     |
| <b>Total US Treasury Obligations</b> 2.9% |       | 3,415,278   |
| <b>Total Long-Term Investments</b>        |       |             |
| (Cost \$157,863,895) 146.1%               |       | 173,508,164 |

|  |               |              |
|--|---------------|--------------|
| <b>Short-Term Securities</b>   | <b>Shares</b> | <b>Value</b> |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.17% (i)(j) | 883,178       | \$ 883,178   |
| <b>Total Short-Term Securities</b>                                     |               |              |
| (Cost \$883,178) 0.7%  |               | 883,178      |

**Options Purchased** **Contracts**

|   |                              |        |
|---|------------------------------|--------|
| <b>Exchange-Traded Put Options</b> 0.1%                                       |                              |        |
| Euro-Dollar 3-Year Mid-Curve Options, Strike Price USD 98.88, Expires 3/15/13 | 220                          | 90,750 |
|   | <b>Notional Amount (000)</b> |        |

|   |           |             |
|---|-----------|-------------|
| <b>Over-the-Counter Interest Rate Put Swaptions</b> 0.0%  |           |             |
| Pay a fixed rate of 0.71% and receive a floating rate based on 3-month LIBOR, Expires 6/28/13, Broker Deutsche Bank AG          | USD 8,700 | 7,290       |
| Pay a fixed rate of 4.50% and receive a floating rate based on 6-month EURIBOR, Expires 9/16/13, Broker Credit Suisse Group AG  | EUR 1,300 | 1,762       |
| Pay a fixed rate of 4.50% and receive a floating rate based on 6-month EURIBOR, Expires 10/21/13, Broker Deutsche Bank AG       | 1,300     | 2,430       |
| Pay a fixed rate of 4.50% and receive a floating rate based on 6-month EURIBOR, Expires 12/12/13, Broker Credit Suisse Group AG | 900       | 2,572       |
| Pay a fixed rate of 4.50% and receive a floating rate based on 3-month LIBOR, Expires 2/02/17, Broker Deutsche Bank AG          | USD 1,200 | 27,634      |
|   |           | 41,688      |
| <b>Total Options Purchased</b>  |           | 132,438     |
| (Cost \$260,438) 0.1%   |           |             |
| <b>Total Investments Before Options Written</b>   |           |             |
| (Cost \$159,007,511) 146.9%   |           | 174,523,780 |

**Options Written**

|   |       |          |
|---|-------|----------|
| <b>Over-the-Counter Interest Rate Call Swaptions</b> (0.0)%   |       |          |
| Pay a fixed rate of 2.34% and receive a floating rate based on 3-month LIBOR, Expires 5/07/13, Broker Morgan Stanley          | 200   | (10,241) |
| Pay a fixed rate of 2.33% and receive a floating rate based on 3-month LIBOR, Expires 10/02/14, Broker Credit Suisse Group AG | 900   | (38,685) |
|   |       | (48,926) |
| <b>Over-the-Counter Interest Rate Put Swaptions</b> (0.1)%  |       |          |
| Receive a fixed rate of 2.34% and pay a floating rate based on 3-month LIBOR, Expires 5/07/13, Broker Morgan Stanley          | 200   | (1,593)  |
| Receive a fixed rate of 2.33% and pay a floating rate based on 3-month LIBOR, Expires 10/02/14, Broker Credit Suisse Group AG | 900   | (36,359) |
| Receive a fixed rate of 6.00% and pay a floating rate based on 3-month LIBOR, Expires 2/02/17, Broker Deutsche Bank AG        | 2,400 | (24,790) |

|   |                       |
|---|-----------------------|
|   | (62,742)              |
| <b>Total Options Written</b>                            |                       |
| (Premiums Received \$137,175) (0.1)%                    | (111,668)             |
| <b>Total Investments, Net of Options Written 146.8%</b> | 174,412,112           |
| <b>Liabilities in Excess of Other Assets (46.8)%</b>    | (55,574,999)          |
| <br>  |                       |
| <b>Net Assets 100.0%.</b>                               | <b>\$ 118,837,113</b> |

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust I, Inc. (PSW)**

- (a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. 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.
- (c) All or a portion of security has been pledged as collateral in connection with open reverse repurchase agreements.
- (d) Convertible security.
- (e) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (f) Security is perpetual in nature and has no stated maturity date.
- (g) Non-income producing security.
- (h) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (i) Investments in issuers considered to be an affiliate of the Fund during the year ended October 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| <b>Affiliate</b>   | <b>Shares<br/>Held at<br/>October 31,<br/>2011</b> | <b>Net<br/>Activity</b> | <b>Shares<br/>Held at<br/>October 31,<br/>2012</b> | <b>Income</b> |
|--|--|-------------------------|--|---------------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 1,362,932  | (479,754)               | 883,178  | \$ 1,279      |

- (j) 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. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Reverse repurchase agreements outstanding as of October 31, 2012 were as follows:

| <b>Counterparty</b>    | <b>Interest<br/>Rate</b> | <b>Trade<br/>Date</b> | <b>Maturity<br/>Date</b> | <b>Face<br/>Value</b> | <b>Face Value<br/>Including<br/>Accrued<br/>Interest</b> |
|------------------------|--------------------------|-----------------------|--------------------------|-----------------------|--|
| UBS Securities LLC     | 0.32%                    | 3/13/12               | Open                     | \$ 544,500            | \$ 546,146   |
| Barclays Capital, Inc. | 0.35%                    | 4/18/12               | Open                     | 3,328,875             | 3,335,250  |



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|                                    |         |         |      |           |           |
|------------------------------------|---------|---------|------|-----------|-----------|
| Credit Suisse Securities (USA) LLC | 0.35%   | 4/23/12 | Open | 602,250   | 603,368   |
| UBS Securities LLC                 | 0.34%   | 4/23/12 | Open | 923,475   | 925,149   |
| UBS Securities LLC                 | 0.35%   | 4/23/12 | Open | 374,413   | 375,111   |
| Deutsche Bank Securities, Inc.     | 0.12%   | 4/24/12 | Open | 907,758   | 908,335   |
| UBS Securities LLC                 | 0.34%   | 4/24/12 | Open | 332,500   | 333,100   |
| Barclays Capital, Inc.             | 0.35%   | 4/25/12 | Open | 1,351,500 | 1,353,996 |
| BNP Paribas Securities Corp.       | 0.19%   | 4/25/12 | Open | 265,795   | 266,062   |
| BNP Paribas Securities Corp.       | 0.23%   | 4/25/12 | Open | 311,025   | 311,403   |
| BNP Paribas Securities Corp.       | 0.37%   | 4/25/12 | Open | 1,016,000 | 1,017,984 |
| UBS Securities LLC                 | 0.25%   | 4/26/12 | Open | 246,000   | 246,323   |
| UBS Securities LLC                 | 0.35%   | 4/26/12 | Open | 1,263,875 | 1,266,198 |
| UBS Securities LLC                 | 0.38%   | 4/26/12 | Open | 6,808,600 | 6,822,183 |
| UBS Securities LLC                 | 0.00%   | 5/07/12 | Open | 93,437    | 93,437    |
| UBS Securities LLC                 | 0.25%   | 5/10/12 | Open | 193,715   | 193,949   |
| UBS Securities LLC                 | 0.38%   | 5/10/12 | Open | 505,125   | 506,053   |
| UBS Securities LLC                 | 0.34%   | 5/11/12 | Open | 987,500   | 989,123   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 5/15/12 | Open | 389,500   | 390,144   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 5/18/12 | Open | 567,450   | 568,371   |
| Deutsche Bank Securities, Inc.     | 0.19%   | 5/29/12 | Open | 438,863   | 439,224   |
| UBS Securities LLC                 | 0.34%   | 5/31/12 | Open | 780,000   | 781,134   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 6/04/12 | Open | 402,063   | 402,649   |
| Bank of America Merrill Lynch      | 0.20%   | 6/12/12 | Open | 214,194   | 214,363   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 7/03/12 | Open | 632,500   | 633,244   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 7/13/12 | Open | 814,050   | 814,928   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 7/16/12 | Open | 863,000   | 863,906   |
| Barclays Capital, Inc.             | 0.35%   | 7/25/12 | Open | 678,015   | 678,668   |
| UBS Securities LLC                 | 0.33%   | 7/25/12 | Open | 2,183,160 | 2,185,141 |
| Credit Suisse Securities (USA) LLC | 0.30%   | 7/26/12 | Open | 1,387,750 | 1,388,872 |
| Credit Suisse Securities (USA) LLC | 0.35%   | 7/26/12 | Open | 3,041,191 | 3,044,059 |
| Credit Suisse Securities (USA) LLC | 0.38%   | 7/26/12 | Open | 5,703,369 | 5,709,209 |
| Credit Suisse Securities (USA) LLC | 0.35%   | 7/27/12 | Open | 615,938   | 616,519   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 7/31/12 | Open | 918,000   | 918,830   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 8/10/12 | Open | 215,437   | 215,611   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 8/13/12 | Open | 768,625   | 769,223   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 8/17/12 | Open | 190,500   | 190,641   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 8/20/12 | Open | 735,000   | 735,522   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 8/22/12 | Open | 859,000   | 859,593   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 8/30/12 | Open | 478,575   | 478,868   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 9/04/12 | Open | 310,375   | 310,550   |
| UBS Securities Corp.               | 0.34%   | 9/04/12 | Open | 137,500   | 137,575   |
| Barclays Capital, Inc.             | (0.25)% | 9/06/12 | Open | 16,000    | 15,994    |
| Credit Suisse Securities (USA) LLC | (0.25)% | 9/06/12 | Open | 92,006    | 91,970    |
| Deutsche Bank Securities, Inc.     | (1.00)% | 9/19/12 | Open | 149,275   | 149,101   |
| UBS Securities Corp.               | 0.34%   | 9/24/12 | Open | 607,500   | 607,718   |
| UBS Securities Corp.               | 0.36%   | 9/24/12 | Open | 545,900   | 546,107   |
| Credit Suisse Securities (USA) LLC | 0.35%   | 9/27/12 | Open | 860,781   | 861,074   |

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust I, Inc. (PSW)**

Reverse repurchase agreements outstanding as of October 31, 2012 were as follows (concluded):

| Counterparty                       | Interest | Trade Date | Maturity Date | Face Value    | Face Value Including Accrued Interest |
|------------------------------------|----------|------------|---------------|---------------|---------------------------------------|
|                                    | Rate     |            |               |               |                                       |
| Deutsche Bank Securities, Inc.     | (1.50)%  | 10/01/12   | Open          | \$ 369,750    | \$ 369,272                            |
| UBS Securities Corp.               | 0.10%    | 10/02/12   | Open          | 477,930       | 477,968                               |
| Citigroup Global Markets, Inc.     | (0.75)%  | 10/04/12   | Open          | 211,781       | 211,662                               |
| Credit Suisse Securities (USA) LLC | 0.35%    | 10/09/12   | Open          | 508,937       | 509,052                               |
| Credit Suisse Securities (USA) LLC | 0.35%    | 10/15/12   | Open          | 476,875       | 476,954                               |
| UBS Securities Corp.               | (0.50)%  | 10/16/12   | Open          | 295,975       | 295,911                               |
| UBS Securities Corp.               | 0.35%    | 10/16/12   | Open          | 2,538,000     | 2,538,395                             |
| UBS Securities Corp.               | 0.38%    | 10/16/12   | Open          | 2,387,500     | 2,387,904                             |
| BNP Paribas Securities Corp.       | 0.26%    | 10/17/12   | Open          | 1,205,075     | 1,205,206                             |
| Deutsche Bank Securities, Inc.     | (0.63)%  | 10/24/12   | 12/31/22      | 110,850       | 110,835                               |
| Credit Suisse Securities (USA) LLC | 0.35%    | 10/24/12   | Open          | 443,531       | 443,566                               |
| Deutsche Bank Securities, Inc.     | 0.14%    | 10/25/12   | Open          | 334,475       | 334,484                               |
| Credit Suisse Securities (USA) LLC | 0.35%    | 10/29/12   | Open          | 1,671,531     | 1,671,580                             |
| Credit Suisse Securities (USA) LLC | 0.35%    | 10/30/12   | Open          | 918,000       | 918,009                               |
| Deutsche Bank Securities, Inc.     | 0.00%    | 10/31/12   | Open          | 357,050       | 357,050                               |
| <b>Total</b>                       |          |            |               | \$ 57,959,120 | \$ 58,019,826                         |

Financial futures contracts purchased as of October 31, 2012 were as follows:

| Contracts    | Issue                   | Exchange               | Expiration    | Notional Value | Unrealized Appreciation (Depreciation) |
|--------------|-------------------------|------------------------|---------------|----------------|--|
| 43           | 2-Year US Treasury Note | Chicago Board of Trade | December 2012 | USD 9,474,109  | \$ (4,810)                             |
| 20           | 90-Day Euro-Dollar      | Chicago Mercantile     | March 2016    | USD 4,945,750  | 4,135                                  |
| <b>Total</b> |                         |                        |               |                | \$ (675)                               |

Financial futures contracts sold as of October 31, 2012 were as follows:

| Contracts    | Issue                       | Exchange               | Expiration    | Notional Value | Unrealized Appreciation (Depreciation) |
|--------------|-----------------------------|------------------------|---------------|----------------|--|
| 28           | 5-Year US Treasury Note     | Chicago Board of Trade | December 2012 | USD 3,479,000  | \$ (2,840)                             |
| 119          | 10-Year US Treasury Note    | Chicago Board of Trade | December 2012 | USD 15,830,719 | (38,695)                               |
| 9            | 30-Year US Treasury Bond    | Chicago Board of Trade | December 2012 | USD 1,343,813  | 3,899                                  |
| 1            | Euro-Bund                   | Eurex                  | December 2012 | USD 183,638    | (701)                                  |
| 17           | Ultra Long US Treasury Bond | Chicago Board of Trade | December 2012 | USD 2,806,594  | 34,100                                 |
| <b>Total</b> |                             |                        |               |                | \$ (4,237)                             |

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Foreign currency exchange contracts as of October 31, 2012 were as follows:

|                           |                      |                     |                        | <b>Unrealized</b>   |
|---------------------------|----------------------|---------------------|------------------------|---------------------|
| <b>Currency Purchased</b> | <b>Currency Sold</b> | <b>Counterparty</b> | <b>Settlement Date</b> | <b>Appreciation</b> |
| USD 77,900                | EUR 60,000           | UBS AG              | 1/23/13                | \$ 66               |
| USD 207,693               | EUR 160,000          | UBS AG              | 1/23/13                | 137                 |
| USD 207,202               | EUR 158,000          | UBS AG              | 1/23/13                | 2,240               |
| <b>Total</b>              |                      |                     |                        | \$ 2,443            |

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**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust I, Inc. (PSW)**

Credit default swaps on single-name issues buy protection outstanding as of October 31, 2012 were as follows:

| Issuer                 | Pay<br>Fixed<br>Rate | Counterparty               | Expiration<br>Date | Notional<br>Amount<br>(000) | Unrealized                     |
|------------------------|----------------------|----------------------------|--------------------|-----------------------------|--------------------------------|
|                        |                      |                            |                    |                             | Appreciation<br>(Depreciation) |
| Southwest Airlines Co. | 1.00%                | Goldman Sachs Group, Inc.  | 12/20/16           | USD 280                     | \$ (8,121)                     |
| Southwest Airlines Co. | 1.00%                | Royal Bank of Scotland Plc | 12/20/16           | USD 280                     | (9,091)                        |
| STMicroelectronics NV  | 1.00%                | Barclays Plc               | 6/20/17            | EUR 285                     | 2,502                          |
| Cigna Corp.            | 1.00%                | Goldman Sachs Group, Inc.  | 9/20/17            | USD 525                     | (6,460)                        |
| General Dynamic Corp.  | 1.00%                | Credit Suisse Group AG     | 9/20/17            | USD 390                     | (414)                          |
| Hewlett-Packard Co.    | 1.00%                | Citigroup, Inc.            | 9/20/17            | USD 200                     | 3,549                          |
| Hewlett-Packard Co.    | 1.00%                | Credit Suisse Group AG     | 9/20/17            | USD 190                     | 10,303                         |
| Hewlett-Packard Co.    | 1.00%                | JPMorgan Chase & Co.       | 9/20/17            | USD 600                     | 29,374                         |
| Humana, Inc.           | 1.00%                | Goldman Sachs Group, Inc.  | 9/20/17            | USD 525                     | (1,577)                        |
| Lockheed Martin Corp.  | 1.00%                | Credit Suisse Group AG     | 9/20/17            | USD 390                     | (3,835)                        |
| Northrop Grumman Corp. | 1.00%                | Credit Suisse Group AG     | 9/20/17            | USD 325                     | (1,747)                        |
| Raytheon Co.           | 1.00%                | Credit Suisse Group AG     | 9/20/17            | USD 325                     | (1,121)                        |
| Viacom, Inc.           | 1.00%                | Credit Suisse Group AG     | 9/20/17            | USD 850                     | (7,564)                        |
| <b>Total</b>           |                      |                            |                    |                             | \$ 5,798                       |

Credit default swaps on single-name issues sold protection outstanding as of October 31, 2012 were as follows:

| Issuer                    | Receive<br>Fixed<br>Rate | Counterparty              | Expiration<br>Date | Issuer<br>Credit<br>Rating <sup>1</sup> | Notional<br>Amount<br>(000) <sup>2</sup> | Unrealized   |
|---------------------------|--------------------------|---------------------------|--------------------|---|--|--------------|
|                           |                          |                           |                    |   |  | Appreciation |
| Anadarko Petroleum Corp.  | 1.00%                    | Credit Suisse Group AG    | 6/20/17            | BBB-                                    | USD 245                                  | \$ 6,659     |
| Anadarko Petroleum Corp.  | 1.00%                    | Morgan Stanley            | 6/20/17            | BBB-                                    | USD 10                                   | 321          |
| Comcast Corp.             | 1.00%                    | Credit Suisse Group AG    | 9/20/17            | BBB+                                    | USD 850                                  | 9,887        |
| United Health Group, Inc. | 1.00%                    | Goldman Sachs Group, Inc. | 9/20/17            | A                                       | USD 525                                  | 8,411        |
| WellPoint, Inc.           | 1.00%                    | Goldman Sachs Group, Inc. | 9/20/17            | A-                                      | USD 525                                  | 2,965        |
| MetLife, Inc.             | 1.00%                    | Deutsche Bank AG          | 3/20/18            | A-                                      | USD 200                                  | 17           |
| <b>Total</b>              |                          |                           |                    |   |  | \$ 28,260    |

<sup>1</sup> Using S&P's rating.<sup>2</sup> The maximum potential amount the Fund may pay should a negative credit event take place as defined under the terms of the agreement.

Interest rate swaps outstanding as of October 31, 2012 were as follows:

| Fixed Rate         | Floating Rate | Counterparty/Exchange     | Expiration Date | Notional Amount |                             | Unrealized       |
|--------------------|---------------|---------------------------|-----------------|-----------------|-----------------------------|------------------|
|                    |               |                           |                 | (000)           | Appreciation (Depreciation) |                  |
| 0.44% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile        | 8/29/14         | USD             | 3,800                       | \$ (3,974)       |
| 2.48% <sup>3</sup> | 3-month LIBOR | Credit Suisse Group AG    | 7/05/42         | USD             | 500                         | 11,836           |
| 2.26% <sup>3</sup> | 3-month LIBOR | Goldman Sachs Group, Inc. | 7/26/42         | USD             | 300                         | 21,652           |
| 2.46% <sup>3</sup> | 3-month LIBOR | Deutsche Bank AG          | 8/07/42         | USD             | 1,200                       | 33,040           |
| 2.52% <sup>3</sup> | 3-month LIBOR | Citigroup, Inc.           | 8/10/42         | USD             | 600                         | 9,342            |
| 2.71% <sup>3</sup> | 3-month LIBOR | Credit Suisse Group AG    | 8/21/42         | USD             | 100                         | (2,406)          |
| <b>Total</b>       |               |                           |                 |                 |                             | <b>\$ 69,490</b> |

<sup>3</sup> Fund pays the fixed rate and receives the floating rate.

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

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

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

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Schedule of Investments (continued)

**BlackRock Credit Allocation Income Trust I, Inc. (PSW)**

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of October 31, 2012:

|   | Level 1      | Level 2        | Level 3      | Total          |
|---|--------------|----------------|--------------|----------------|
| <b>Assets:</b>                                      |              |                |              |                |
| Investments:  |              |                |              |                |
| Long-Term Investments:                              |              |                |              |                |
| Asset-Backed Securities                             |              | \$ 665,738     | \$ 588,250   | \$ 1,253,988   |
| Corporate Bonds                                     |              | 137,830,721    | 1,354,375    | 139,185,096    |
| Floating Rate Loan Interests                        |              | 41,192         |              | 41,192         |
| Preferred Securities                                | \$ 653,421   | 27,610,528     |              | 28,263,949     |
| Taxable Municipal Bonds                             |              | 1,007,312      |              | 1,007,312      |
| US Govern-<br>ment Sponsored Agency Securities      |              | 341,349        |              | 341,349        |
| US Treasury Obligations                             |              | 3,415,278      |              | 3,415,278      |
| Short-Term Securities                               | 883,178      |                |              | 883,178        |
| <b>Total</b>  | \$ 1,536,599 | \$ 170,912,118 | \$ 1,942,625 | \$ 174,391,342 |
| <b>Derivative Financial Instruments<sup>1</sup></b> |              |                |              |                |
| <b>Assets:</b>                                      |              |                |              |                |
| Credit<br>contracts                                 |              | \$ 73,988      |              | \$ 73,988      |
| Foreign<br>currency exchange contracts              |              | 2,443          |              | 2,443          |
| Interest rate contracts                             | \$ 132,884   | 117,558        |              | 250,442        |
| <b>Liabilities:</b>                                 |              |                |              |                |
| Credit<br>contracts                                 |              | (39,930)       |              | (39,930)       |
| Interest rate contracts                             | (47,046)     | (118,048)      |              | (165,094)      |
| <b>Total</b>  | \$ 85,838    | \$ 36,011      |              | \$ 121,849     |

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

Certain of the Fund's assets and liabilities are held at carrying amount or face value, which approximates fair value for financial statement purposes. As of October 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1           | Level 2                | Level 3 | Total                  |
|--|-------------------|------------------------|---------|------------------------|
| <b>Assets:</b>   |                   |                        |         |                        |
| Foreign currency at value                                  | \$ 8,814          |                        |         | \$ 8,814               |
| Cash pledged as collateral for financial futures contracts | 207,000           |                        |         | 207,000                |
| Cash pledged as collateral for swaps                       | 120,000           |                        |         | 120,000                |
| <b>Liabilities:</b>  |                   |                        |         |                        |
| Reverse repurchase agreements                              |                   | \$ (57,959,120)        |         | (57,959,120)           |
| <b>Total</b>   | <b>\$ 335,814</b> | <b>\$ (57,959,120)</b> |         | <b>\$ (57,623,306)</b> |

There were no transfers between Level 1 and Level 2 during the year ended October 31, 2012.

Certain of the Fund's investments and derivative financial instruments are categorized as Level 3 and were valued utilizing transaction prices or third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in the unobservable inputs could result in a significantly lower or higher value in such Level 3 investments and derivative financial instruments.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the year in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | Asset-Backed Securities | Corporate Bonds     | Total               |
|---|-------------------------|---------------------|---------------------|
| <b>Assets:</b>  |                         |                     |                     |
| Opening balance, as of October 31, 2011                         | \$ 503,750              | \$ 858,000          | \$ 1,361,750        |
| Transfers into Level 3 <sup>2</sup>                             |                         |                     |                     |
| Transfers out of Level 3 <sup>2</sup>                           |                         |                     |                     |
| Accrued discounts/premiums                                      | 15,649                  |                     | 15,649              |
| Net realized gain (loss)  |                         |                     |                     |
| Net change in unrealized appreciation/depreciation <sup>3</sup> | 68,851                  | (3,625)             | 65,226              |
| Purchases   |                         | 500,000             | 500,000             |
| Sales   |                         |                     |                     |
| <b>Closing Balance, as of October 31, 2012</b>                  | <b>\$ 588,250</b>       | <b>\$ 1,354,375</b> | <b>\$ 1,942,625</b> |

<sup>2</sup> Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

<sup>3</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of October 31, 2012 was \$65,226.

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**Table of Contents****Schedule of Investments (concluded)****BlackRock Credit Allocation Income Trust I, Inc. (PSW)**

The following table is a reconciliation of Level 3 derivative financial instruments for which significant unobservable inputs were used in determining fair value:

|   | <b>Credit<br/>Contracts</b> |
|---|-----------------------------|
| <b>Assets:</b>  |                             |
| Opening balance, as of October 31, 2011                         | \$ 1,175                    |
| Transfers into Level 3 <sup>1</sup>                             |                             |
| Transfers out of Level 3 <sup>1</sup>                           |                             |
| Accrued discounts/premiums                                      |                             |
| Net realized gain (loss)  |                             |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | (1,175)                     |
| Purchases   |                             |
| Issues <sup>3</sup>   |                             |
| Sales   |                             |
| Settlements <sup>4</sup>  |                             |

**Closing Balance, as of October 31, 2012**

<sup>1</sup> Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on derivative financial instruments still held as of October 31, 2012 was \$0.

<sup>3</sup> Issues represent upfront cash received on certain derivative financial instruments.

<sup>4</sup> Settlements represent periodic contractual cash flows and/or cash flows to terminate certain derivative financial instruments.

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments** October 31, 2012**BlackRock Credit Allocation Income Trust II, Inc. (PSY)**

(Percentages shown are based on Net Assets)

|   | Par       | Value            |
|---|-----------|------------------|
|   | (000)     |                  |
| <b>Asset-Backed Securities</b>  |           |                  |
| 321 Henderson Receivables I LLC, Series 2012-1A, Class A, 4.21%, 2/16/65 (a)    | USD 1,018 | \$ 1,069,016     |
| Atrium CDO Corp., Series 5A, Class A4,<br>0.82%, 7/20/20 (a)(b)                 | 2,650     | 2,398,250        |
| SLM Student Loan Trust, Series 2004-B, Class A2, 0.59%, 6/15/21 (b)             | 1,756     | 1,714,987        |
| <b>Total Asset-Backed Securities 1.0%</b>                                       |           | <b>5,182,253</b> |
| <b>Corporate Bonds</b>  |           |                  |
| <b>Aerospace &amp; Defense 0.8%</b>   |           |                  |
| BE Aerospace, Inc., 5.25%, 4/01/22  | 1,745     | 1,819,163        |
| Huntington Ingalls Industries, Inc.:<br>6.88%, 3/15/18                          | 610       | 658,800          |
| 7.13%, 3/15/21  | 600       | 645,000          |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17                   | 1,014     | 1,095,120        |
|   |           | <b>4,218,083</b> |
| <b>Airlines 0.5%</b>  |           |                  |
| American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 10/15/21   | 240       | 250,522          |
| Continental Airlines Pass-Through Trust, Series 2009-2, Class B, 9.25%, 5/10/17 | 1,271     | 1,388,264        |
| Delta Air Lines Pass-Through Trust, Series 2002-1, Class G-1, 6.72%, 1/02/23    | 1,013     | 1,114,603        |
|   |           | <b>2,753,389</b> |
| <b>Auto Components 1.0%</b>   |           |                  |
| Delphi Corp., 6.13%, 5/15/21  | 570       | 629,850          |
| Ford Motor Co., 7.45%, 7/16/31  | 1,090     | 1,378,850        |
| Icahn Enterprises LP:<br>7.75%, 1/15/16   | 610       | 637,450          |
| 8.00%, 1/15/18  | 2,270     | 2,440,250        |
|   |           | <b>5,086,400</b> |
| <b>Beverages 0.7%</b>   |           |                  |
| Anheuser-Busch InBev Worldwide, Inc.,<br>1.38%, 7/15/17 (c)                     | 1,000     | 1,015,075        |
| Constellation Brands, Inc., 7.25%, 5/15/17                                      | 1,970     | 2,319,675        |
|   |           | <b>3,334,750</b> |
| <b>Building Products 0.3%</b>   |           |                  |
| Building Materials Corp. of America (a):<br>7.00%, 2/15/20                      | 375       | 406,875          |
| 6.75%, 5/01/21  | 1,060     | 1,155,400        |
|   |           | <b>1,562,275</b> |
| <b>Capital Markets 5.7%</b>   |           |                  |
| Ameriprise Financial, Inc., 5.30%, 3/15/20 (c)                                  | 3,250     | 3,842,455        |
| E*Trade Financial Corp., 12.50%, 11/30/17                                       | 1,865     | 2,112,113        |
| The Goldman Sachs Group, Inc. (c):<br>6.15%, 4/01/18                            | 475       | 556,244          |
| 5.25%, 7/27/21  | 1,175     | 1,312,878        |
| 5.75%, 1/24/22  | 3,415     | 3,964,395        |
| 6.25%, 2/01/41  | 4,450     | 5,283,200        |
| Morgan Stanley, 5.75%, 1/25/21 (c)  | 3,915     | 4,380,302        |

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### UBS AG:

|                    |       |           |
|--------------------|-------|-----------|
| 2.25%, 1/28/14 (c) | 1,627 | 1,651,699 |
| 5.88%, 7/15/16 (c) | 2,800 | 3,135,070 |
| 7.63%, 8/17/22     | 2,400 | 2,588,177 |

28,826,533

### Chemicals 2.3%

|  |       |           |
|--|-------|-----------|
| Ashland, Inc., 4.75%, 8/15/22 (a)              | 520   | 530,400   |
| Celanese US Holdings LLC, 5.88%, 6/15/21       | 1,545 | 1,720,744 |
| Hexion US Finance Corp., 6.63%, 4/15/20        | 450   | 448,875   |
| Huntsman International LLC, 8.63%, 3/15/21 (c) | 595   | 676,813   |

**Par**

### Corporate Bonds

**(000)**

**Value**

#### Chemicals (concluded)

|   |     |       |    |           |
|---|-----|-------|----|-----------|
| INEOS Finance Plc (a):                            |     |       |    |           |
| 8.38%, 2/15/19                                    | USD | 320   | \$ | 336,000   |
| 7.50%, 5/01/20                                    |     | 640   |    | 648,000   |
| Linde Finance BV, 7.38%, 7/14/66 (b)              | EUR | 781   |    | 1,184,382 |
| LyondellBasell Industries NV, 5.75%, 4/15/24 (c)  | USD | 1,885 |    | 2,181,887 |
| MPM Escrow LLC/MPM Finance Escrow Corp.,          |     |       |    |           |
| 8.88%, 10/15/20 (a)                               |     | 305   |    | 298,900   |
| Nufarm Australia Ltd., 6.38%, 10/15/19 (a)        |     | 295   |    | 302,375   |
| Rockwood Specialties Group, Inc., 4.63%, 10/15/20 |     | 1,695 |    | 1,745,850 |
| Tronox Finance LLC, 6.38%, 8/15/20 (a)            |     | 1,545 |    | 1,541,138 |

11,615,364

### Commercial Banks 5.3%

|  |       |           |
|--|-------|-----------|
| Amsouth Bank, Series AI, 4.85%, 4/01/13      | 1,050 | 1,064,438 |
| Asciano Finance Ltd., 5.00%, 4/07/18 (a)     | 900   | 970,041   |
| Associated Banc-Corp, 5.13%, 3/28/16 (c)     | 2,200 | 2,412,329 |
| BBVA US Senior SAU, 4.66%, 10/09/15 (c)      | 2,500 | 2,524,715 |
| Branch Banking & Trust Co. (b)(c):           |       |           |
| 0.72%, 9/13/16                               | 1,100 | 1,069,072 |
| 0.73%, 5/23/17                               | 675   | 648,364   |
| CIT Group, Inc.:                             |       |           |
| 4.25%, 8/15/17                               | 1,380 | 1,415,614 |
| 5.25%, 3/15/18                               | 1,190 | 1,264,375 |
| 5.50%, 2/15/19 (a)                           | 1,040 | 1,108,900 |
| 5.00%, 8/15/22                               | 430   | 445,578   |
| City National Corp., 5.25%, 9/15/20 (c)      | 2,350 | 2,590,320 |
| Discover Bank, 8.70%, 11/18/19               | 1,200 | 1,569,026 |
| HSBC Finance Corp., 6.68%, 1/15/21 (c)       | 1,525 | 1,804,586 |
| Regions Financial Corp.:                     |       |           |
| 4.88%, 4/26/13                               | 2,525 | 2,566,031 |
| 5.75%, 6/15/15                               | 1,800 | 1,971,000 |
| Santander Holdings USA, Inc., 3.00%, 9/24/15 | 1,100 | 1,121,057 |
| SVB Financial Group, 5.38%, 9/15/20          | 2,300 | 2,604,844 |

27,150,290

### Commercial Services & Supplies 4.0%

|   |       |           |
|---|-------|-----------|
| ADS Waste Holdings, Inc., 8.25%, 10/01/20 (a) | 298   | 308,430   |
| The ADT Corp., 4.88%, 7/15/42 (a)             | 1,310 | 1,398,000 |
| Aviation Capital Group Corp. (a):             |       |           |
| 7.13%, 10/15/20 (c)                           | 9,300 | 9,811,480 |
| 6.75%, 4/06/21                                | 2,325 | 2,415,466 |
| Casella Waste Systems, Inc., 7.75%, 2/15/19   | 366   | 358,680   |
| Clean Harbors, Inc., 5.25%, 8/01/20 (a)       | 463   | 474,575   |
| Corrections Corp. of America, 7.75%, 6/01/17  | 3,375 | 3,607,031 |
| Covanta Holding Corp., 6.38%, 10/01/22        | 665   | 723,702   |
| HDTFS, Inc. (a):                              |       |           |
| 5.88%, 10/15/20                               | 370   | 373,700   |
| 6.25%, 10/15/22                               | 465   | 471,394   |
| Mobile Mini, Inc., 7.88%, 12/01/20            | 275   | 297,344   |

20,239,802

### Communications Equipment 0.9%

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|   |       |           |
|---|-------|-----------|
| Avaya, Inc., 9.75%, 11/01/15 (c)                            | 900   | 801,000   |
| Brocade Communications Systems, Inc.,<br>6.88%, 1/15/20 (c) | 2,965 | 3,209,613 |
| Zayo Group LLC/Zayo Capital, Inc., 8.13%, 1/01/20           | 720   | 788,400   |
|   |       | 4,799,013 |
| <b>Computers &amp; Peripherals 0.0%</b>                     |       |           |
| NCR Corp., 5.00%, 7/15/22 (a)                               | 140   | 142,975   |
| <b>Construction Materials 0.5%</b>                          |       |           |
| HD Supply, Inc. (a):  |       |           |
| 8.13%, 4/15/19  | 900   | 990,000   |
| 11.50%, 7/15/20   | 1,250 | 1,315,625 |
|   |       | 2,305,625 |

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust II, Inc. (PSY)**

(Percentages shown are based on Net Assets)

|   | Par       |              |
|---|-----------|--------------|
|   | (000)     | Value        |
| <b>Corporate Bonds</b>  |           |              |
| <b>Consumer Finance 5.3%</b>                                  |           |              |
| American Express Credit Corp., 2.75%, 9/15/15 (c)             | USD 5,850 | \$ 6,166,889 |
| Capital One Bank USA NA, 8.80%, 7/15/19                       | 3,325     | 4,425,532    |
| Daimler Finance North America LLC,<br>2.63%, 9/15/16 (a)(c)   | 3,425     | 3,573,583    |
| Experian Finance Plc, 2.38%, 6/15/17 (a)(c)                   | 750       | 767,823      |
| Ford Motor Credit Co. LLC:                                    |           |              |
| 8.00%, 12/15/16   | 975       | 1,180,754    |
| 5.88%, 8/02/21  | 2,580     | 2,970,620    |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a)                     | 1,815     | 1,955,663    |
| SLM Corp., 6.25%, 1/25/16                                     | 4,870     | 5,259,843    |
| Toll Brothers Finance Corp., 5.88%, 2/15/22                   | 410       | 463,500      |
|   |           | 26,764,207   |
| <b>Containers &amp; Packaging 1.3%</b>                        |           |              |
| Ardagh Packaging Finance Plc (a):                             |           |              |
| 7.38%, 10/15/17   | 200       | 215,000      |
| 7.38%, 10/15/17   | 225       | 241,594      |
| 9.13%, 10/15/20   | 235       | 245,575      |
| Ball Corp.:   |           |              |
| 7.13%, 9/01/16  | 1,750     | 1,881,250    |
| 6.75%, 9/15/20  | 2,210     | 2,425,475    |
| Crown Americas LLC, 6.25%, 2/01/21                            | 825       | 910,594      |
| Smurfit Kappa Acquisitions, 4.88%, 9/15/18 (a)                | 490       | 490,000      |
|   |           | 6,409,488    |
| <b>Diversified Financial Services 7.5%</b>                    |           |              |
| Ally Financial, Inc.:   |           |              |
| 4.50%, 2/11/14  | 1,775     | 1,828,250    |
| 8.30%, 2/12/15  | 1,230     | 1,377,907    |
| 8.00%, 11/01/31   | 1,230     | 1,463,700    |
| Bank of America Corp.:  |           |              |
| 3.75%, 7/12/16 (c)  | 1,395     | 1,494,924    |
| 5.30%, 3/15/17 (c)  | 3,640     | 4,086,537    |
| 5.00%, 5/13/21  | 50        | 56,404       |
| Blackstone Holdings Finance Co. LLC,<br>4.75%, 2/15/23 (a)(c) | 825       | 884,882      |
| Citigroup, Inc. (c):  |           |              |
| 6.38%, 8/12/14  | 1,300     | 1,416,564    |
| 4.59%, 12/15/15   | 975       | 1,063,650    |
| 4.45%, 1/10/17  | 2,680     | 2,960,725    |
| DPL, Inc., 7.25%, 10/15/21                                    | 1,080     | 1,217,700    |
| General Motors Financial Co., Inc., 6.75%, 6/01/18            | 500       | 554,325      |
| ING Bank NV, 5.00%, 6/09/21 (a)(c)                            | 2,350     | 2,653,996    |
| Intesa Sanpaolo SpA, 2.38%, 12/21/12 (c)                      | 3,500     | 3,500,021    |
| LeasePlan Corp. NV, 3.00%, 10/23/17 (a)(c)                    | 2,000     | 2,023,055    |
| Moody s Corp., 6.06%, 9/07/17                                 | 6,000     | 6,578,384    |
| Reynolds American, Inc., 3.25%, 11/01/22                      | 1,875     | 1,896,420    |
| Reynolds Group Issuer, Inc.:                                  |           |              |
| 7.13%, 4/15/19  | 245       | 260,925      |
| 7.88%, 8/15/19  | 740       | 802,900      |
| 9.88%, 8/15/19  | 305       | 319,488      |
| 5.75%, 10/15/20 (a)   | 1,200     | 1,212,000    |
| 6.88%, 2/15/21  | 110       | 116,875      |

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|   |              |       |              |
|---|--------------|-------|--------------|
| WMG Acquisition Corp., 9.50%, 6/15/16   |              | 205   | 225,244      |
|   |              |       | 37,994,876   |
| <b>Diversified Telecommunication Services 3.9%</b>                                |              |       |              |
| AT&T, Inc., 6.30%, 1/15/38 (c)  |              | 4,000 | 5,355,608    |
| Level 3 Financing, Inc.:  |              |       |              |
| 8.13%, 7/01/19  |              | 3,149 | 3,361,557    |
| 8.63%, 7/15/20  |              | 650   | 708,500      |
| Telecom Italia Capital SA, 6.18%, 6/18/14   |              | 975   | 1,034,130    |
| Telefonica Emisiones SAU, 5.46%, 2/16/21  |              | 1,360 | 1,382,100    |
| Verizon Communications, Inc. (c):   |              |       |              |
| 1.95%, 3/28/14  |              | 3,650 | 3,726,938    |
| 7.35%, 4/01/39  |              | 2,375 | 3,657,588    |
| Windstream Corp., 7.88%, 11/01/17   |              | 730   | 813,038      |
|   |              |       | 20,039,459   |
|   | <b>Par</b>   |       |              |
| <b>Corporate Bonds</b>  | <b>(000)</b> |       | <b>Value</b> |
| <b>Electric Utilities 2.9%</b>  |              |       |              |
| CMS Energy Corp., 5.05%, 3/15/22  | USD          | 1,125 | \$ 1,256,680 |
| FirstEnergy Solutions Corp., 6.05%, 8/15/21                                       |              | 1,100 | 1,271,105    |
| Great Plains Energy, Inc., 5.29%, 6/15/22   |              | 1,650 | 1,891,529    |
| Mirant Mid Atlantic Pass Through Trust, Series B, 9.13%, 6/30/17                  |              | 517   | 564,760      |
| Nisource Finance Corp.:   |              |       |              |
| 6.40%, 3/15/18  |              | 1,070 | 1,302,404    |
| 5.25%, 2/15/43  |              | 620   | 695,319      |
| Oncor Electric Delivery Co. LLC (c):  |              |       |              |
| 4.10%, 6/01/22  |              | 1,200 | 1,285,754    |
| 5.30%, 6/01/42  |              | 820   | 933,385      |
| Progress Energy, Inc., 7.00%, 10/30/31 (c)  |              | 4,000 | 5,339,096    |
|   |              |       | 14,540,032   |
| <b>Electronic Equipment, Instruments &amp; Components 0.3%</b>                    |              |       |              |
| Jabil Circuit, Inc., 8.25%, 3/15/18   |              | 800   | 944,000      |
| NXP BV, 3.09%, 10/15/13 (b)   |              | 400   | 399,500      |
|   |              |       | 1,343,500    |
| <b>Energy Equipment &amp; Services 3.8%</b>                                       |              |       |              |
| Atwood Oceanics, Inc., 6.50%, 2/01/20   |              | 110   | 118,250      |
| Cie Générale de Géophysique-Veritas,<br>6.50%, 6/01/21                            |              | 700   | 738,500      |
| Energy Transfer Partners LP, 5.20%, 2/01/22                                       |              | 3,000 | 3,443,730    |
| EnSCO Plc, 4.70%, 3/15/21   |              | 1,965 | 2,262,723    |
| FTS International Services LLC/FTS International Bonds, Inc., 8.13%, 11/15/18 (a) |              | 789   | 824,505      |
| Hornbeck Offshore Services, Inc., 5.88%, 4/01/20                                  |              | 285   | 289,988      |
| Key Energy Services, Inc., 6.75%, 3/01/21   |              | 745   | 741,275      |
| MEG Energy Corp. (a):   |              |       |              |
| 6.50%, 3/15/21  |              | 955   | 1,024,237    |
| 6.38%, 1/30/23  |              | 225   | 240,750      |
| Oil States International, Inc., 6.50%, 6/01/19                                    |              | 505   | 536,562      |
| Peabody Energy Corp., 6.25%, 11/15/21 (c)   |              | 1,555 | 1,605,537    |
| Precision Drilling Corp., 6.50%, 12/15/21   |              | 425   | 449,438      |
| Seadrill Ltd., 5.63%, 9/15/17 (a)   |              | 2,345 | 2,345,000    |
| Transocean, Inc.:   |              |       |              |
| 2.50%, 10/15/17   |              | 400   | 405,112      |
| 6.50%, 11/15/20   |              | 1,125 | 1,366,792    |
| 6.38%, 12/15/21   |              | 1,375 | 1,673,147    |
| 6.80%, 3/15/38  |              | 975   | 1,211,888    |
|   |              |       | 19,277,434   |
| <b>Food &amp; Staples Retailing 0.6%</b>  |              |       |              |
| Wal-Mart Stores, Inc., 5.25%, 9/01/35 (c)   |              | 2,500 | 3,127,365    |
| <b>Food Products 1.3%</b>   |              |       |              |
| Kraft Foods Group, Inc., 5.00%, 6/04/42 (a)                                       |              | 1,325 | 1,547,429    |
| Mondelez International, Inc.:   |              |       |              |

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|   |       |           |
|---|-------|-----------|
| 6.50%, 8/11/17  | 1,665 | 2,056,485 |
| 6.13%, 8/23/18  | 1,660 | 2,065,583 |
| Post Holdings, Inc., 7.38%, 2/15/22 (a)               | 916   | 972,105   |
|   |       | 6,641,602 |
| <b>Gas Utilities 0.2%</b>                             |       |           |
| El Paso Natural Gas Co. LLC, 8.63%, 1/15/22           | 695   | 950,772   |
| <b>Health Care Equipment &amp; Supplies 0.6%</b>      |       |           |
| Fresenius US Finance II, Inc., 9.00%, 7/15/15 (a)     | 2,250 | 2,581,875 |
| Teleflex, Inc., 6.88%, 6/01/19                        | 490   | 526,750   |
|   |       | 3,108,625 |
| <b>Health Care Providers &amp; Services 4.1%</b>      |       |           |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19         | 460   | 484,725   |
| CHS/Community Health Systems, Inc.,<br>5.13%, 8/15/18 | 480   | 498,000   |
| HCA, Inc.:<br>8.50%, 4/15/19                          | 240   | 269,700   |
| 6.50%, 2/15/20  | 2,240 | 2,475,200 |

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust II, Inc. (PSY)**

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   | <b>Value</b> |
|--|--------------|--------------|
| <b>Corporate Bonds</b>                                       | <b>(000)</b> |              |
| <b>Health Care Providers &amp; Services (concluded)</b>      |              |              |
| HCA, Inc. (concluded):                                       |              |              |
| 7.25%, 9/15/20   | USD 3,435    | \$ 3,799,969 |
| 4.75%, 5/01/23   | 1,450        | 1,450,000    |
| INC Research LLC, 11.50%, 7/15/19 (a)                        | 695          | 698,475      |
| inVentiv Health, Inc., 10.00%, 8/15/18 (a)                   | 50           | 45,250       |
| Tenet Healthcare Corp.:                                      |              |              |
| 10.00%, 5/01/18  | 1,530        | 1,744,200    |
| 8.88%, 7/01/19   | 1,125        | 1,257,187    |
| 4.75%, 6/01/20 (a)   | 947          | 938,714      |
| UnitedHealth Group, Inc., 6.88%, 2/15/38 (c)                 | 3,400        | 4,818,711    |
| WellPoint, Inc. (c):   |              |              |
| 3.30%, 1/15/23   | 1,075        | 1,111,964    |
| 2.75%, 10/15/42 (a)(d)                                       | 1,400        | 1,459,500    |
|  |              | 21,051,595   |
| <b>Health Care Technology 1.4%</b>                           |              |              |
| Amgen, Inc.:   |              |              |
| 5.15%, 11/15/41 (c)  | 4,208        | 4,848,525    |
| 5.65%, 6/15/42   | 42           | 51,573       |
| 5.38%, 5/15/43 (c)   | 1,650        | 1,980,998    |
|  |              | 6,881,096    |
| <b>Household Durables 0.5%</b>                               |              |              |
| Beazer Homes USA, Inc., 6.63%, 4/15/18 (a)                   |              |              |
|  | 690          | 738,300      |
| DR Horton, Inc., 4.38%, 9/15/22                              |              |              |
|  | 645          | 646,613      |
| Standard Pacific Corp., 8.38%, 1/15/21                       |              |              |
|  | 890          | 1,032,400    |
|  |              | 2,417,313    |
| <b>Independent Power Producers &amp; Energy Traders 1.8%</b> |              |              |
| The AES Corp.:   |              |              |
| 9.75%, 4/15/16   | 985          | 1,178,306    |
| 7.38%, 7/01/21   | 135          | 150,863      |
| Calpine Corp. (a):   |              |              |
| 7.25%, 10/15/17  | 396          | 419,760      |
| 7.50%, 2/15/21   | 189          | 205,538      |
| Energy Future Intermediate Holding Co. LLC,                  |              |              |
| 10.00%, 12/01/20   | 1,880        | 2,053,900    |
| Exelon Generation Co. LLC, Series C,                         |              |              |
| 4.25%, 6/15/22 (a)   | 2,325        | 2,488,564    |
| GenOn REMA LLC, 9.68%, 7/02/26                               |              |              |
|  | 500          | 535,000      |
| Laredo Petroleum, Inc.:                                      |              |              |
| 9.50%, 2/15/19   | 295          | 334,825      |
| 7.38%, 5/01/22   | 265          | 288,850      |
| NRG Energy, Inc., 6.63%, 3/15/23 (a)                         | 530          | 545,900      |
| QEP Resources, Inc.:   |              |              |
| 5.38%, 10/01/22  | 569          | 597,450      |
| 5.25%, 5/01/23   | 295          | 307,537      |
|  |              | 9,106,493    |
| <b>Insurance 6.8%</b>  |              |              |
| American International Group, Inc. (c):                      |              |              |
| 3.80%, 3/22/17   | 1,500        | 1,618,240    |
| 8.25%, 8/15/18   | 625          | 811,904      |



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|   |            |              |              |
|---|------------|--------------|--------------|
| 6.40%, 12/15/20   |            | 2,590        | 3,180,774    |
| Aon Corp., 5.00%, 9/30/20 (c)                                 |            | 4,600        | 5,300,203    |
| Fairfax Financial Holdings Ltd., 5.80%, 5/15/21 (a)           |            | 1,025        | 1,050,172    |
| Forethought Financial Group, Inc.,<br>8.63%, 4/15/21 (a)      |            | 1,000        | 1,271,261    |
| Genworth Financial, Inc., 7.63%, 9/24/21 (c)                  |            | 970          | 1,020,238    |
| ING Verzekeringen NV, 2.51%, 6/21/21 (b)                      | EUR        | 430          | 540,791      |
| Manulife Financial Corp., 4.90%, 9/17/20 (c)                  | USD        | 4,700        | 5,221,926    |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a)             |            | 430          | 392,375      |
| Nippon Life Insurance Co., 5.00%, 10/18/42 (a)(b)             |            | 3,150        | 3,249,745    |
| Principal Financial Group, Inc., 8.88%, 5/15/19               |            | 980          | 1,302,147    |
| Prudential Financial, Inc.:                                   |            |              |              |
| 6.63%, 12/01/37 (c)   |            | 3,400        | 4,367,456    |
| 5.88%, 9/15/42 (b)  |            | 1,200        | 1,263,000    |
| XL Group Ltd., 5.75%, 10/01/21 (c)                            |            | 3,430        | 4,063,284    |
|   |            |              | 34,653,516   |
|   | <b>Par</b> |              |              |
| <b>Corporate Bonds</b>  |            | <b>(000)</b> | <b>Value</b> |
| <b>IT Services 1.2%</b>                                       |            |              |              |
| Ceridian Corp., 8.88%, 7/15/19 (a)                            | USD        | 1,760        | \$ 1,865,600 |
| Epicor Software Corp., 8.63%, 5/01/19                         |            | 720          | 756,000      |
| First Data Corp.:   |            |              |              |
| 7.38%, 6/15/19 (a)(c)   |            | 935          | 967,725      |
| 6.75%, 11/01/20 (a)   |            | 800          | 800,000      |
| 8.25%, 1/15/21 (a)  |            | 85           | 85,000       |
| 12.63%, 1/15/21   |            | 710          | 733,075      |
| SunGard Data Systems, Inc., 7.38%, 11/15/18                   |            | 730          | 785,663      |
|   |            |              | 5,993,063    |
| <b>Life Sciences Tools &amp; Services 1.8%</b>                |            |              |              |
| Bio-Rad Laboratories, Inc., 8.00%, 9/15/16                    |            | 3,825        | 4,178,812    |
| Life Technologies Corp., 6.00%, 3/01/20 (c)                   |            | 4,200        | 5,026,850    |
|   |            |              | 9,205,662    |
| <b>Machinery 1.0%</b>   |            |              |              |
| Ingersoll-Rand Global Holding Co. Ltd.,<br>9.50%, 4/15/14 (c) |            | 3,400        | 3,807,330    |
| UR Merger Sub Corp. (a):                                      |            |              |              |
| 5.75%, 7/15/18  |            | 235          | 252,625      |
| 7.38%, 5/15/20  |            | 600          | 649,500      |
| 7.63%, 4/15/22  |            | 548          | 600,060      |
|   |            |              | 5,309,515    |
| <b>Media 8.4%</b>   |            |              |              |
| A&E Television Networks LLC, 3.25%, 8/22/19                   |            | 1,450        | 1,475,375    |
| AMC Networks, Inc., 7.75%, 7/15/21                            |            | 395          | 447,338      |
| CCH II LLC, 13.50%, 11/30/16                                  |            | 946          | 1,017,279    |
| Comcast Corp., 6.30%, 11/15/17 (c)                            |            | 3,400        | 4,221,970    |
| Cox Communications, Inc., 8.38%, 3/01/39 (a)                  |            | 3,400        | 5,395,008    |
| CSC Holdings LLC, 8.63%, 2/15/19                              |            | 1,200        | 1,422,000    |
| DIRECTV Holdings LLC, 5.00%, 3/01/21                          |            | 2,575        | 2,928,115    |
| DISH DBS Corp., 7.00%, 10/01/13                               |            | 1,750        | 1,830,938    |
| Intelsat Jackson Holdings SA, 7.25%, 4/01/19                  |            | 190          | 203,775      |
| Intelsat Luxembourg SA:                                       |            |              |              |
| 11.25%, 2/04/17   |            | 890          | 934,500      |
| 11.50%, 2/04/17 (e)   |            | 400          | 421,000      |
| The Interpublic Group of Cos., Inc., 10.00%, 7/15/17          |            | 1,175        | 1,296,906    |
| News America, Inc., 6.15%, 3/01/37                            |            | 2,750        | 3,452,564    |
| Time Warner Cable, Inc., 6.75%, 6/15/39                       |            | 4,050        | 5,405,798    |
| Time Warner, Inc., 7.70%, 5/01/32                             |            | 4,150        | 6,081,327    |
| Unitymedia Hessen GmbH & Co. KG (a):                          |            |              |              |
| 8.13%, 12/01/17   |            | 1,566        | 1,691,280    |
| 7.50%, 3/15/19  |            | 1,040        | 1,139,436    |
| Virgin Media Finance Plc, 4.88%, 2/15/22                      |            | 510          | 515,100      |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18              |            | 2,675        | 2,902,375    |

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|  |             |            |
|--|-------------|------------|
|  |             | 42,782,084 |
| <b>Metals &amp; Mining</b>                     | <b>2.5%</b> |            |
| AngloGold Ashanti Holdings Plc, 5.13%, 8/01/22 | 1,450       | 1,478,742  |
| ArcelorMittal, 4.25%, 3/01/16                  | 225         | 223,490    |
| Barrick Gold Corp., 2.90%, 5/30/16 (c)         | 1,150       | 1,213,349  |
| FMG Resources August 2006 Property Ltd. (a):   |             |            |
| 6.38%, 2/01/16 (c)                             | 1,655       | 1,655,000  |
| 6.88%, 4/01/22                                 | 85          | 79,900     |
| Freeport-McMoRan Copper & Gold, Inc.,          |             |            |
| 3.55%, 3/01/22                                 | 1,400       | 1,425,477  |
| Freeport-McMoRan Corp., 7.13%, 11/01/27        | 2,900       | 3,677,252  |
| New Gold, Inc., 7.00%, 4/15/20 (a)             | 130         | 137,800    |
| Novelis, Inc., 8.75%, 12/15/20                 | 975         | 1,074,938  |
| Steel Dynamics, Inc., 6.38%, 8/15/22 (a)       | 425         | 444,125    |
| Teck Resources Ltd., 10.75%, 5/15/19           | 874         | 1,052,422  |
|  |             | 12,462,495 |
| <b>Multi-Utilities</b>                         | <b>1.5%</b> |            |
| CenterPoint Energy, Inc. (c):                  |             |            |
| 5.95%, 2/01/17                                 | 3,150       | 3,679,008  |
| 6.50%, 5/01/18                                 | 3,350       | 4,078,380  |
|  |             | 7,757,388  |

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust II, Inc. (PSY)**

(Percentages shown are based on Net Assets)

|   | <b>Par</b>   |              |
|---|--------------|--------------|
|   | <b>(000)</b> | <b>Value</b> |
| <b>Corporate Bonds</b>                              |              |              |
| <b>Multiline Retail 0.4%</b>                        |              |              |
| Dufry Finance SCA, 5.50%, 10/15/20 (a)              | USD 707      | \$ 719,345   |
| Walgreen Co., 3.10%, 9/15/22                        | 1,050        | 1,069,139    |
|   |              | 1,788,484    |
| <b>Oil, Gas &amp; Consumable Fuels 13.5%</b>        |              |              |
| <b>Access Midstream Partners LP:</b>                |              |              |
| 5.88%, 4/15/21                                      | 595          | 618,800      |
| 6.13%, 7/15/22                                      | 475          | 502,312      |
| Anadarko Petroleum Corp., 6.38%, 9/15/17            | 23           | 27,882       |
| Berry Petroleum Co., 6.38%, 9/15/22                 | 425          | 443,063      |
| <b>BP Capital Markets Plc (c):</b>                  |              |              |
| 3.88%, 3/10/15                                      | 1,500        | 1,611,034    |
| 3.20%, 3/11/16                                      | 1,875        | 2,016,017    |
| <b>Carrizo Oil &amp; Gas, Inc., 7.50%, 9/15/20</b>  | 475          | 484,500      |
| <b>Chesapeake Energy Corp.:</b>                     |              |              |
| 7.25%, 12/15/18 (c)                                 | 40           | 42,600       |
| 6.63%, 8/15/20 (c)                                  | 445          | 467,250      |
| 6.13%, 2/15/21                                      | 470          | 475,875      |
| Concho Resources, Inc., 5.50%, 10/01/22             | 420          | 439,950      |
| CONSOL Energy, Inc., 6.38%, 3/01/21                 | 450          | 447,750      |
| Continental Resources, Inc., 5.00%, 9/15/22         | 465          | 489,413      |
| Copano Energy LLC, 7.13%, 4/01/21                   | 500          | 526,250      |
| DCP Midstream LLC, 4.75%, 9/30/21 (a)               | 298          | 317,211      |
| Denbury Resources, Inc., 8.25%, 2/15/20             | 645          | 730,462      |
| <b>El Paso Pipeline Partners Operating Co. LLC:</b> |              |              |
| 6.50%, 4/01/20                                      | 1,530        | 1,873,395    |
| 5.00%, 10/01/21                                     | 525          | 594,430      |
| <b>Enbridge Energy Partners LP, 9.88%, 3/01/19</b>  | 2,100        | 2,862,355    |
| Energy Transfer Partners LP, 6.50%, 2/01/42         | 675          | 848,615      |
| Energy XXI Gulf Coast, Inc., 7.75%, 6/15/19         | 1,025        | 1,112,125    |
| Enterprise Products Operating LLC, 6.65%, 4/15/18   | 4,200        | 5,260,534    |
| <b>EP Energy LLC/EP Energy Finance, Inc.,</b>       |              |              |
| 6.88%, 5/01/19 (a)                                  | 475          | 513,000      |
| Forest Oil Corp., 8.50%, 2/15/14                    | 620          | 669,600      |
| Kinder Morgan Energy Partners LP, 6.85%, 2/15/20    | 4,200        | 5,364,878    |
| Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (a)         | 190          | 207,100      |
| <b>Linn Energy LLC:</b>                             |              |              |
| 6.25%, 11/01/19 (a)                                 | 1,125        | 1,125,000    |
| 7.75%, 2/01/21                                      | 450          | 480,375      |
| Marathon Petroleum Corp., 3.50%, 3/01/16            | 1,375        | 1,473,260    |
| <b>MarkWest Energy Partners LP:</b>                 |              |              |
| 6.25%, 6/15/22                                      | 530          | 573,725      |
| 5.50%, 2/15/23                                      | 190          | 199,500      |
| <b>Newfield Exploration Co.:</b>                    |              |              |
| 6.88%, 2/01/20                                      | 595          | 644,087      |
| 5.63%, 7/01/24                                      | 420          | 448,350      |
| Nexen, Inc., 6.40%, 5/15/37                         | 1,380        | 1,770,926    |
| <b>Oasis Petroleum, Inc.:</b>                       |              |              |
| 7.25%, 2/01/19                                      | 270          | 288,900      |
| 6.50%, 11/01/21                                     | 305          | 322,538      |
| Offshore Group Investments Ltd., 11.50%, 8/01/15    | 352          | 386,760      |
| ONEOK Partners LP, 8.63%, 3/01/19                   | 3,400        | 4,520,038    |
| PDC Energy, Inc., 7.75%, 10/15/22 (a)               | 365          | 371,388      |
| Petrobras International Finance Co.:                |              |              |

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|   |            |           |
|---|------------|-----------|
| 3.88%, 1/27/16                                      | 3,725      | 3,957,198 |
| 5.38%, 1/27/21                                      | 2,200      | 2,494,923 |
| Petrohawk Energy Corp., 10.50%, 8/01/14             | 615        | 662,662   |
| Petroleum Geo-Services ASA, 7.38%, 12/15/18 (a)     | 445        | 472,813   |
| Pioneer Natural Resources Co., 6.88%, 5/01/18       | 490        | 602,561   |
| Plains Exploration & Production Co., 6.88%, 2/15/23 | 1,155      | 1,153,556 |
| Premier Oil Plc, 5.00%, 6/09/18                     | 3,400      | 3,485,000 |
| Range Resources Corp.:                              |            |           |
| 6.75%, 8/01/20                                      | 520        | 573,300   |
| 5.75%, 6/01/21                                      | 335        | 358,450   |
| Ruby Pipeline LLC, 6.00%, 4/01/22 (a)               | 2,975      | 3,172,867 |
| Sabine Pass Liquefied Natural Gas LP:               |            |           |
| 7.50%, 11/30/16                                     | 1,775      | 1,939,187 |
| 6.50%, 11/01/20 (a)                                 | 575        | 586,500   |
|   | <b>Par</b> |           |

| Corporate Bonds | (000) | Value |
|-----------------|-------|-------|
|-----------------|-------|-------|

| Oil, Gas & Consumable Fuels (concluded) |  |  |
|---|--|--|
|---|--|--|

|  |         |            |
|--|---------|------------|
| SandRidge Energy, Inc.:                        |         |            |
| 7.50%, 3/15/21 (a)                             | USD 330 | \$ 343,200 |
| 7.50%, 3/15/21                                 | 200     | 208,000    |
| 8.13%, 10/15/22 (a)                            | 220     | 236,500    |
| 7.50%, 2/15/23 (a)                             | 755     | 781,425    |
| SESI LLC, 7.13%, 12/15/21                      | 435     | 485,025    |
| SM Energy Co.:                                 |         |            |
| 6.63%, 2/15/19                                 | 220     | 230,450    |
| 6.50%, 11/15/21                                | 345     | 363,113    |
| 6.50%, 1/01/23                                 | 215     | 224,675    |
| Targa Resources Partners LP, 6.88%, 2/01/21    | 375     | 406,875    |
| Tennessee Gas Pipeline Co. LLC, 8.00%, 2/01/16 | 831     | 997,748    |
| Tesoro Corp., 5.38%, 10/01/22                  | 615     | 641,137    |
| Western Gas Partners LP, 5.38%, 6/01/21        | 1,525   | 1,757,090  |
| The Williams Cos., Inc., 8.75%, 3/15/32        | 711     | 1,018,436  |

68,703,939

| Paper & Forest Products 2.1% |  |  |
|------------------------------|--|--|
|------------------------------|--|--|

|   |       |           |
|---|-------|-----------|
| Boise Paper Holdings LLC:               |       |           |
| 9.00%, 11/01/17                         | 120   | 132,000   |
| 8.00%, 4/01/20                          | 480   | 525,600   |
| International Paper Co.:                |       |           |
| 7.50%, 8/15/21                          | 3,325 | 4,415,603 |
| 7.30%, 11/15/39                         | 3,400 | 4,722,488 |
| Longview Fibre Paper & Packaging, Inc., |       |           |
| 8.00%, 6/01/16 (a)                      | 330   | 344,025   |
| PH Glatfelter Co., 5.38%, 10/15/20 (a)  | 465   | 471,394   |

10,611,110

| Pharmaceuticals 2.3% |  |  |
|----------------------|--|--|
|----------------------|--|--|

|   |           |           |
|---|-----------|-----------|
| Capsugel Finance Co. SCA, 9.88%, 8/01/19 (a)  | EUR 300   | 440,367   |
| Merck & Co., Inc., 6.50%, 12/01/33 (c)        | USD 2,070 | 3,076,631 |
| Pfizer, Inc., 7.20%, 3/15/39 (c)              | 1,425     | 2,278,746 |
| Roche Holdings, Inc., 7.00%, 3/01/39 (a)(c)   | 1,825     | 2,826,620 |
| Valeant Pharmaceuticals International (a):    |           |           |
| 6.50%, 7/15/16                                | 117       | 123,142   |
| 6.38%, 10/15/20                               | 700       | 736,750   |
| Watson Pharmaceuticals, Inc., 3.25%, 10/01/22 | 2,240     | 2,308,295 |

11,790,551

| Real Estate Investment Trusts (REITs) 2.8% |  |  |
|--|--|--|
|--|--|--|

|   |       |           |
|---|-------|-----------|
| AvalonBay Communities, Inc., 6.10%, 3/15/20 (c) | 3,400 | 4,203,746 |
| Developers Diversified Realty Corp.:            |       |           |
| 4.75%, 4/15/18                                  | 645   | 723,845   |
| 7.88%, 9/01/20                                  | 775   | 1,007,926 |
| ERP Operating LP, 5.75%, 6/15/17                | 3,405 | 4,024,856 |
| HCP, Inc., 5.38%, 2/01/21                       | 1,025 | 1,186,411 |
| UDR, Inc., 4.25%, 6/01/18                       | 1,475 | 1,635,597 |
|   | 1,135 | 1,263,888 |

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Ventas Realty LP/Ventas Capital Corp.,  
4.75%, 6/01/21

14,046,269

**Real Estate Management & Development 0.4%**

Lennar Corp., 4.75%, 11/15/22 (a) 535 529,650

Realogy Corp. (a)(c):

7.88%, 2/15/19 495 532,125

7.63%, 1/15/20 620 695,950

Shea Homes LP, 8.63%, 5/15/19 480 534,000

2,291,725

**Road & Rail 1.3%**

The Hertz Corp., 6.75%, 4/15/19 338 358,703

Norfolk Southern Corp., 6.00%, 3/15/2105 (c) 5,000 6,254,415

6,613,118

**Semiconductors & Semiconductor Equipment 0.5%**

KLA-Tencor Corp., 6.90%, 5/01/18 1,928 2,323,786

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust II, Inc. (PSY)**

(Percentages shown are based on Net Assets)

|   | Par     | Value        |
|---|---------|--------------|
|   | (000)   |              |
| <b>Corporate Bonds</b>  |         |              |
| <b>Software 0.5%</b>  |         |              |
| Infor US, Inc., 9.38%, 4/01/19  | USD 960 | \$ 1,060,800 |
| Nuance Communications, Inc., 5.38%, 8/15/20 (a)                                 | 670     | 683,400      |
| Symantec Corp., 2.75%, 6/15/17  | 600     | 622,951      |
|   |         | 2,367,151    |
| <b>Specialty Retail 1.5%</b>  |         |              |
| AutoNation, Inc., 6.75%, 4/15/18  | 1,965   | 2,205,712    |
| Limited Brands, Inc., 7.00%, 5/01/20  | 980     | 1,118,425    |
| QVC, Inc. (a):  |         |              |
| 7.38%, 10/15/20   | 105     | 116,365      |
| 5.13%, 7/02/22  | 1,510   | 1,578,841    |
| Sally Holdings LLC, 6.88%, 11/15/19   | 595     | 659,706      |
| VF Corp., 5.95%, 11/01/17 (c)   | 1,475   | 1,753,023    |
|   |         | 7,432,072    |
| <b>Tobacco 2.2%</b>   |         |              |
| Altria Group, Inc., 10.20%, 2/06/39   | 3,929   | 6,902,302    |
| BAT International Finance Plc, 3.25%, 6/07/22 (a)(c)                            | 1,425   | 1,480,280    |
| Lorillard Tobacco Co., 3.50%, 8/04/16   | 2,450   | 2,603,431    |
|   |         | 10,986,013   |
| <b>Trading Companies &amp; Distributors 0.3%</b>                                |         |              |
| Doric Nimrod Air Finance Alpha Ltd. Pass Through Trust, Series 2012-1, Class A, |         |              |
| 5.13%, 11/30/24 (a)   | 1,390   | 1,445,600    |
| <b>Transportation Infrastructure 1.0%</b>                                       |         |              |
| Penske Truck Leasing Co. LP/PTL Finance Corp. (a):                              |         |              |
| 3.75%, 5/11/17  | 3,150   | 3,216,317    |
| 4.88%, 7/11/22  | 1,650   | 1,686,848    |
|   |         | 4,903,165    |
| <b>Wireless Telecommunication Services 4.7%</b>                                 |         |              |
| America Movil SAB de CV (c):  |         |              |
| 2.38%, 9/08/16  | 2,675   | 2,796,239    |
| 3.13%, 7/16/22  | 1,025   | 1,056,967    |
| American Tower Corp.:   |         |              |
| 4.50%, 1/15/18  | 1,925   | 2,131,676    |
| 5.90%, 11/01/21   | 1,295   | 1,551,038    |
| Cricket Communications, Inc., 7.75%, 5/15/16                                    | 670     | 708,525      |
| Crown Castle International Corp.:   |         |              |
| 9.00%, 1/15/15  | 890     | 952,300      |
| 5.25%, 1/15/23 (a)  | 560     | 579,600      |
| Crown Castle Towers LLC (a):  |         |              |
| 5.50%, 1/15/37  | 1,175   | 1,341,866    |
| 6.11%, 1/15/40  | 1,300   | 1,581,668    |
| Digicel Group Ltd., 8.25%, 9/30/20 (a)  | 1,080   | 1,163,700    |
| SBA Tower Trust, 5.10%, 4/15/42 (a)   | 4,225   | 4,693,126    |
| Sprint Capital Corp., 6.88%, 11/15/28   | 480     | 490,800      |
| Sprint Nextel Corp. (a):  |         |              |
| 9.00%, 11/15/18   | 1,545   | 1,908,075    |
| 7.00%, 3/01/20  | 2,670   | 3,097,200    |
|   |         | 24,052,780   |

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**Total Corporate Bonds 114.2%** 579,207,842

**Floating Rate Loan Interests 0.1% (b)**

**Oil, Gas & Consumable Fuels 0.1%**

Chesapeake Energy Corp., Unsecured Term Loan, 8.50%, 12/01/17 177 176,973

**Preferred Securities**

**Capital Trusts**

**Capital Markets 3.5%**

Ameriprise Financial, Inc., 7.52%, 6/01/66 (b) 2,500 2,762,500

RBS Capital Trust II, 6.43% (b)(f) 1,250 1,050,000

**Capital Trusts**

**Par  
(000) Value**

**Capital Markets (concluded)**

State Street Capital Trust IV, 1.39%, 6/01/67 (b) USD 18,235 \$ 13,983,874

17,796,374

**Commercial Banks 3.0%**

Barclays Bank Plc, 7.43% (a)(b)(f) 650 676,000

BNP Paribas SA, 7.20% (a)(b)(c)(f) 1,500 1,477,500

Credit Agricole SA, 8.38% (a)(b)(c)(f) 1,475 1,500,812

HSBC Capital Funding LP/Jersey Channel Islands, 10.18% (a)(c)(f) 4,835 6,623,950

M&T Capital Trust II, 8.28%, 6/01/27 3,630 3,711,675

National City Preferred Capital Trust I, 12.00% (b)(f) 1,100 1,112,617

15,102,554

**Diversified Financial Services 1.9%**

General Electric Capital Corp., 6.25% (b)(c) 2,700 2,943,081

JPMorgan Chase Capital XXIII, 1.43%, 5/15/77 (b)(c) 8,775 6,483,690

9,426,771

**Electric Utilities 0.6%**

PPL Capital Funding, Inc., 6.70%, 3/30/67 (b) 3,000 3,161,250

**Insurance 9.4%**

ACE Capital Trust II, 9.70%, 4/01/30 (c) 2,500 3,654,002

The Allstate Corp., 6.50%, 5/15/67 (b) 5,000 5,375,000

American General Capital II, 8.50%, 7/01/30 100 122,500

American International Group, Inc., 8.18%, 5/15/68 (b) 900 1,122,750

Aon Corp., 8.21%, 1/01/27 2,500 3,134,660

AXA SA, 6.38% (a)(b)(f) 3,000 2,805,000

Bank One Capital III, 8.75%, 9/01/30 2,000 2,867,446

The Chubb Corp., 6.38%, 3/29/67 (b) 2,000 2,170,000

Liberty Mutual Group, Inc., 10.75%, 6/15/88 (a)(b) 2,925 4,358,250

Lincoln National Corp., 7.00%, 5/17/66 (b) 3,350 3,433,750

MetLife, Inc., 6.40%, 12/15/66 3,325 3,614,365

Mitsui Sumitomo Insurance Co. Ltd., 7.00%, 3/15/72 (a)(b) 1,420 1,620,347

Northwestern Mutual Life Insurance Co., 6.06%, 3/30/40 (a)(c) 3,800 4,995,165

Principal Life Insurance Co., 8.00%, 3/01/44 (a)(c) 2,500 2,756,100

Reinsurance Group of America, Inc., 6.75%, 12/15/65 (b) 3,000 3,035,247

Swiss Re Solutions Holding Corp., 7.75%, 6/15/30 (c) 2,000 2,601,570

47,666,152

**Multi-Utilities 1.3%**

Dominion Resources Capital Trust I, 7.83%, 12/01/27 2,500 2,536,083

Dominion Resources, Inc., 7.50%, 6/30/66 (b) 3,900 4,290,000

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|  |              |                    |
|--|--------------|--------------------|
|  |              | 6,826,083          |
| <b>Oil, Gas &amp; Consumable Fuels</b>                             | <b>1.3%</b>  |                    |
| Enterprise Products Operating LLC, Series A,<br>8.38%, 8/01/66 (b) | 2,000        | 2,280,000          |
| TransCanada PipeLines Ltd., 6.35%, 5/15/67 (b)                     | 4,000        | 4,298,524          |
|  |              | 6,578,524          |
| <b>Road &amp; Rail</b>   | <b>0.8%</b>  |                    |
| BNSF Funding Trust I, 6.61%, 12/15/55                              | 3,750        | 4,209,375          |
| <b>Total Capital Trusts</b>  | <b>21.8%</b> | <b>110,767,083</b> |

| <b>Preferred Stocks</b>            | <b>Shares</b> |         |
|------------------------------------|---------------|---------|
| <b>Auto Components</b>             | <b>0.1%</b>   |         |
| Dana Holding Corp., 4.00% (a)(d)   | 4,000         | 448,500 |
| <b>Capital Markets</b>             | <b>0.2%</b>   |         |
| RBS Capital Funding Trust V, 5.90% | 40,000        | 735,600 |

See Notes to Financial Statements.



**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust II, Inc. (PSY)**

(Percentages shown are based on Net Assets)

| <b>Preferred Stocks</b>   | <b>Shares</b> | <b>Value</b> |
|---|---------------|--------------|
| <b>Diversified Financial Services 0.4%</b>                                      |               |              |
| Ally Financial, Inc., 7.00% (a)   | 2,190         | \$ 2,110,339 |
| <b>Thriffs &amp; Mortgage Finance 0.0%</b>                                      |               |              |
| Fannie Mae, Series S, 8.25% (b)(g)  | 14,000        | 23,800       |
| Freddie Mac, Series Z, 8.38% (b)(g)   | 14,000        | 24,360       |
|   |               | 48,160       |
| <b>Wireless Telecommunication Services 0.6%</b>                                 |               |              |
| Centaur Funding Corp., 9.08% (a)  | 2,423         | 3,073,424    |
| <b>Total Preferred Stocks 1.3%</b>  |               | 6,416,023    |
| <b>Trust Preferreds</b>   |               |              |
| <b>Diversified Financial Services 0.4%</b>                                      |               |              |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40                                  | 74,940        | 1,926,796    |
| <b>Machinery 0.3%</b>   |               |              |
| Stanley Black & Decker, Inc., 5.75%, 7/25/52                                    | 70,000        | 1,809,500    |
| <b>Total Trust Preferreds 0.7%</b>  |               | 3,736,296    |
| <b>Total Preferred Securities 23.8%</b>   |               | 120,919,402  |
|   | <b>Par</b>    |              |
| <b>Taxable Municipal Bonds 0.9%</b>   | <b>(000)</b>  |              |
| Metropolitan Transportation Authority, RB, Build America Bonds, 6.55%, 11/15/31 | USD 3,450     | 4,344,033    |
| <b>US Government Sponsored Agency Securities 0.3%</b>                           |               |              |
| <b>Agency Obligations 0.3%</b>  |               |              |
| Fannie Mae, 1.93%, 10/09/19 (c)(h)  | 1,670         | 1,461,672    |
| <b>US Treasury Obligations</b>  |               |              |
| <b>US Treasury Bonds (c):</b>   |               |              |
| 3.75%, 8/15/41  | 1,470         | 1,750,908    |
| 3.13%, 11/15/41   | 990           | 1,050,637    |
| 3.00%, 5/15/42  | 5,010         | 5,175,175    |
| <b>US Treasury Notes:</b>   |               |              |
| 0.88%, 12/31/16 (c)   | 3,847         | 3,893,583    |
| 0.63%, 5/31/17 (c)  | 10,380        | 10,371,084   |
| 2.00%, 2/15/22  | 145           | 150,154      |
| 1.63%, 8/15/22 (c)  | 1,555         | 1,546,496    |
| <b>Total US Treasury Obligations 4.7%</b>                                       |               | 23,938,037   |
| <b>Total Long-Term Investments</b>  |               |              |
| <b>(Cost \$671,038,679) 145.0%</b>  |               | 735,230,212  |
| <b>Short-Term Securities</b>  | <b>Shares</b> |              |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.17% (i)(j)          | 1,125,074     | 1,125,074    |
| <b>Total Short-Term Securities</b>  |               |              |
| <b>(Cost \$1,125,074) 0.2%</b>  |               | 1,125,074    |

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| Options Purchased   | Contracts              |                |
|---|------------------------|----------------|
| <b>Exchange-Traded Put Options 0.1%</b>   |                        |                |
| Euro-Dollar 3-Year Mid-Curve Options, Strike Price USD 98.88, Expires 3/15/13   | 940                    | 387,750        |
|   | <b>Notional Amount</b> |                |
|   | <b>(000)</b>           | <b>Value</b>   |
| <b>Options Purchased</b>  |                        |                |
| <b>Over-the-Counter Interest Rate Put Swaptions 0.0%</b>  |                        |                |
| Pay a fixed rate of 0.71% and receive a floating rate based on 3-month LIBOR, Expires 6/28/13, Broker Deutsche Bank AG          | USD 36,800             | \$ 30,835      |
| Pay a fixed rate of 4.50% and receive a floating rate based on 6-month EURIBOR, Expires 9/16/13, Broker Credit Suisse Group AG  | EUR 5,300              | 7,183          |
| Pay a fixed rate of 4.50% and receive a floating rate based on 6-month EURIBOR, Expires 10/21/13, Broker Citibank, Inc.         | 5,000                  | 9,346          |
| Pay a fixed rate of 4.50% and receive a floating rate based on 6-month EURIBOR, Expires 12/12/13, Broker Credit Suisse Group AG | 4,000                  | 11,430         |
| Pay a fixed rate of 4.50% and receive a floating rate based on 3-month LIBOR, Expires 2/02/17, Broker Deutsche Bank AG          | USD 4,800              | 110,537        |
|   |                        | 169,331        |
| <b>Total Options Purchased</b>  |                        |                |
| <b>(Cost \$1,082,667) 0.1%</b>  |                        | 557,081        |
| <b>Total Investments Before Options Written</b>   |                        |                |
| <b>(Cost \$673,246,420) 145.3%</b>  |                        | 736,912,367    |
| <b>Options Written</b>  |                        |                |
| <b>Over-the-Counter Interest Rate Call Swaptions (0.0)%</b>   |                        |                |
| Pay a fixed rate of 2.34% and receive a floating rate based on 3-month LIBOR, Expires 5/07/13, Broker Morgan Stanley            | 700                    | (35,844)       |
| Pay a fixed rate of 2.33% and receive a floating rate based on 3-month LIBOR, Expires 10/02/14, Broker Credit Suisse Group AG   | 4,000                  | (171,934)      |
|   |                        | (207,778)      |
| <b>Over-the-Counter Interest Rate Put Swaptions (0.1)%</b>  |                        |                |
| Receive a fixed rate of 2.34% and pay a floating rate based on 3-month LIBOR, Expires 5/07/13, Broker Morgan Stanley            | 700                    | (5,574)        |
| Receive a fixed rate of 2.33% and pay a floating rate based on 3-month LIBOR, Expires 10/02/14, Broker Credit Suisse Group AG   | 4,000                  | (161,598)      |
| Receive a fixed rate of 6.00% and pay a floating rate based on 3-month LIBOR, Expires 2/02/17, Broker Deutsche Bank AG          | 9,600                  | (99,160)       |
|   |                        | (266,332)      |
| <b>Total Options Written</b>  |                        |                |
| <b>(Premiums Received \$576,825) (0.1)%</b>   |                        | (474,110)      |
| <b>Total Investments, Net of Options Written 145.2%</b>   |                        | 736,438,257    |
| <b>Liabilities in Excess of Other Assets (45.2)%</b>  |                        | (229,092,778)  |
| <b>Net Assets 100.0%</b>  |                        | \$ 507,345,479 |

(a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. 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.

(c) All or a portion of security has been pledged as collateral in connection with open reverse repurchase agreements.

(d) Convertible security.

(e) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.

(f) Security is perpetual in nature and has no stated maturity date.

(g) Non-income producing security.

(h) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust II, Inc. (PSY)**

(i) Investments in issuers considered to be an affiliate of the Fund during the year ended October 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| <b>Affiliate</b>   | <b>Shares Held at October 31, 2011</b> | <b>Net Activity</b> | <b>Shares Held at October 31, 2012</b> | <b>Income</b> |
|--|--|---------------------|--|---------------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 405,708                                | 719,366             | 1,125,074                              | \$ 4,796      |

(j) 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. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Reverse repurchase agreements outstanding as of October 31, 2012 were as follows:

| <b>Counterparty</b>                | <b>Interest Rate</b> | <b>Trade Date</b> | <b>Maturity Date</b> | <b>Face Value</b> | <b>Face Value Including Accrued Interest</b> |
|------------------------------------|----------------------|-------------------|----------------------|-------------------|--|
| UBS Securities LLC                 | 0.32%                | 3/13/12           | Open                 | \$ 2,326,500      | \$ 2,331,318                                 |
| UBS Securities LLC                 | 0.37%                | 3/13/12           | Open                 | 5,480,125         | 5,491,695                                    |
| UBS Securities LLC                 | 0.38%                | 3/13/12           | Open                 | 4,216,375         | 4,226,745                                    |
| UBS Securities LLC                 | 0.38%                | 3/27/12           | Open                 | 3,765,500         | 3,774,205                                    |
| Barclays Capital, Inc.             | 0.35%                | 4/18/12           | Open                 | 30,366,910        | 30,425,072                                   |
| Barclays Capital, Inc.             | 0.35%                | 4/24/12           | Open                 | 1,740,594         | 1,743,826                                    |
| Deutsche Bank Securities, Inc.     | 0.12%                | 4/24/12           | Open                 | 3,875,853         | 3,878,320                                    |
| UBS Securities LLC                 | 0.34%                | 4/24/12           | Open                 | 1,325,250         | 1,327,641                                    |
| BNP Paribas Securities Corp.       | 0.19%                | 4/25/12           | Open                 | 1,655,588         | 1,657,248                                    |
| BNP Paribas Securities Corp.       | 0.23%                | 4/25/12           | Open                 | 1,329,737         | 1,331,352                                    |
| UBS Securities LLC                 | 0.34%                | 4/25/12           | Open                 | 6,396,376         | 6,407,853                                    |
| BNP Paribas Securities Corp.       | 0.35%                | 4/26/12           | Open                 | 2,775,000         | 2,780,099                                    |
| BNP Paribas Securities Corp.       | 0.37%                | 4/26/12           | Open                 | 4,364,000         | 4,372,477                                    |
| UBS Securities LLC                 | 0.00%                | 5/07/12           | Open                 | 381,875           | 381,875                                      |
| UBS Securities LLC                 | 0.25%                | 5/07/12           | Open                 | 1,278,750         | 1,280,331                                    |
| UBS Securities LLC                 | 0.35%                | 5/07/12           | Open                 | 3,876,000         | 3,882,708                                    |
| UBS Securities LLC                 | 0.38%                | 5/07/12           | Open                 | 17,664,000        | 17,697,189                                   |
| UBS Securities LLC                 | 0.25%                | 5/10/12           | Open                 | 842,435           | 843,453                                      |
| Deutsche Bank Securities, Inc.     | 0.19%                | 5/29/12           | Open                 | 1,046,925         | 1,047,787                                    |
| UBS Securities LLC                 | 0.34%                | 5/31/12           | Open                 | 3,339,375         | 3,344,232                                    |
| UBS Securities LLC                 | 0.32%                | 6/29/12           | Open                 | 2,390,000         | 2,392,656                                    |
| Bank of America Merrill Lynch      | 0.10%                | 7/02/12           | Open                 | 10,367,025        | 10,370,538                                   |
| Credit Suisse Securities (USA) LLC | 0.35%                | 7/03/12           | Open                 | 3,162,500         | 3,166,220                                    |
| Credit Suisse Securities (USA) LLC | 0.35%                | 7/13/12           | Open                 | 3,447,150         | 3,450,870                                    |
| Barclays Capital, Inc.             | 0.35%                | 7/25/12           | Open                 | 4,245,085         | 4,249,171                                    |
| Credit Suisse Securities (USA) LLC | 0.35%                | 7/25/12           | Open                 | 1,955,531         | 1,957,413                                    |
| UBS Securities LLC                 | 0.33%                | 7/25/12           | Open                 | 2,254,350         | 2,256,396                                    |
| Credit Suisse Securities (USA) LLC | 0.35%                | 7/27/12           | Open                 | 979,875           | 980,799                                      |
| UBS Securities LLC                 | 0.34%                | 7/27/12           | Open                 | 1,163,250         | 1,164,316                                    |
| Credit Suisse Securities (USA) LLC | 0.35%                | 7/30/12           | Open                 | 1,160,062         | 1,161,123                                    |

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|                                    |         |          |      |            |            |
|------------------------------------|---------|----------|------|------------|------------|
| Credit Suisse Securities (USA) LLC | 0.35%   | 8/10/12  | Open | 33,903,560 | 33,930,918 |
| Credit Suisse Securities (USA) LLC | 0.38%   | 8/10/12  | Open | 18,940,519 | 18,957,112 |
| Barclays Capital, Inc.             | 0.35%   | 8/13/12  | Open | 717,187    | 717,745    |
| Credit Suisse Securities (USA) LLC | 0.35%   | 8/13/12  | Open | 3,422,969  | 3,425,631  |
| Credit Suisse Securities (USA) LLC | 0.35%   | 8/20/12  | Open | 3,984,937  | 3,987,765  |
| Credit Suisse Securities (USA) LLC | 0.35%   | 8/23/12  | Open | 1,350,187  | 1,351,106  |
| Credit Suisse Securities (USA) LLC | 0.35%   | 8/30/12  | Open | 2,014,550  | 2,015,783  |
| UBS Securities LLC                 | 0.34%   | 9/04/12  | Open | 522,500    | 522,786    |
| UBS Securities LLC                 | 0.35%   | 9/04/12  | Open | 5,819,850  | 5,823,132  |
| Barclays Capital, Inc.             | (0.25)% | 9/06/12  | Open | 68,000     | 67,974     |
| Credit Suisse Securities (USA) LLC | (0.25)% | 9/06/12  | Open | 389,931    | 389,780    |
| Deutsche Bank Securities, Inc.     | (1.00)% | 9/19/12  | Open | 634,419    | 633,679    |
| UBS Securities LLC                 | 0.34%   | 9/24/12  | Open | 2,733,750  | 2,734,731  |
| UBS Securities LLC                 | 0.36%   | 9/24/12  | Open | 2,332,000  | 2,332,886  |
| Credit Suisse Securities (USA) LLC | 0.35%   | 9/28/12  | Open | 3,676,250  | 3,677,465  |
| Credit Suisse Securities (USA) LLC | 0.35%   | 10/02/12 | Open | 1,015,875  | 1,016,171  |

See Notes to Financial Statements.

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**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust II, Inc.**  
**(PSY)**

Reverse repurchase agreements outstanding as of October 31, 2012 were as follows (concluded):

| <b>Counterparty</b>                | <b>Interest Rate</b> | <b>Trade Date</b> | <b>Maturity Date</b> | <b>Face Value</b>     | <b>Face Value Including Accrued Interest</b> |
|------------------------------------|----------------------|-------------------|----------------------|-----------------------|--|
| UBS Securities LLC                 | 0.10%                | 10/02/12          | Open                 | \$ 2,024,490          | \$ 2,024,653                                 |
| Citigroup Global Markets, Inc.     | (0.75)%              | 10/04/12          | Open                 | 913,012               | 912,499                                      |
| Credit Suisse Securities (USA) LLC | 0.35%                | 10/09/12          | Open                 | 1,309,000             | 1,309,293                                    |
| Barclays Capital, Inc.             | 0.40%                | 10/10/12          | Open                 | 1,525,000             | 1,525,373                                    |
| UBS Securities LLC                 | (0.50)%              | 10/16/12          | Open                 | 1,300,850             | 1,300,570                                    |
| BNP Paribas Securities Corp.       | 0.26%                | 10/17/12          | Open                 | 5,116,463             | 5,117,017                                    |
| Deutsche Bank Securities, Inc.     | (0.63)%              | 10/24/12          | 12/31/22             | 457,256               | 457,193                                      |
| Credit Suisse Securities (USA) LLC | 0.35%                | 10/24/12          | Open                 | 1,867,500             | 1,867,645                                    |
| BNP Paribas Securities Corp.       | 0.27%                | 10/25/12          | Open                 | 148,806               | 148,814                                      |
| Deutsche Bank Securities, Inc.     | 0.14%                | 10/25/12          | Open                 | 1,529,731             | 1,529,773                                    |
| Credit Suisse Securities (USA) LLC | 0.35%                | 10/29/12          | Open                 | 7,127,188             | 7,127,395                                    |
| Deutsche Bank Securities, Inc.     | 0.00%                | 10/31/12          | Open                 | 1,500,575             | 1,500,575                                    |
| <b>Total</b>                       |                      |                   |                      | <b>\$ 235,518,351</b> | <b>\$ 235,780,392</b>                        |

Financial futures contracts purchased as of October 31, 2012 were as follows:

| <b>Contracts</b> | <b>Issue</b>            | <b>Exchange</b>        | <b>Expiration</b> | <b>Notional Value</b> | <b>Unrealized Appreciation (Depreciation)</b> |
|------------------|-------------------------|------------------------|-------------------|-----------------------|---|
| 185              | 2-Year US Treasury Note | Chicago Board of Trade | December 2012     | USD 40,760,703        | \$ (17,351)                                   |
| 83               | 90-Day Euro-Dollar      | Chicago Mercantile     | March 2016        | USD 20,524,863        | 17,158  |
| <b>Total</b>     |                         |                        |                   |                       | <b>\$ (193)</b>                               |

Financial futures contracts sold as of October 31, 2012 were as follows:

| <b>Contracts</b> | <b>Issue</b>                | <b>Exchange</b>        | <b>Expiration</b> | <b>Notional Value</b> | <b>Unrealized Appreciation (Depreciation)</b> |
|------------------|-----------------------------|------------------------|-------------------|-----------------------|---|
| 191              | 5-Year US Treasury Note     | Chicago Board of Trade | December 2012     | USD 23,731,750        | \$ (29,543)                                   |
| 496              | 10-Year US Treasury Note    | Chicago Board of Trade | December 2012     | USD 65,983,500        | (172,063)                                     |
| 41               | 30-Year US Treasury Bond    | Chicago Board of Trade | December 2012     | USD 6,121,813         | 17,763  |
| 1                | Euro-Bund                   | Eurex                  | December 2012     | USD 183,638           | (701)   |
| 65               | Ultra Long US Treasury Bond | Chicago Board of Trade | December 2012     | USD 10,731,094        | 130,384                                       |
| <b>Total</b>     |                             |                        |                   |                       | <b>\$ (54,160)</b>                            |

Foreign currency exchange contracts as of October 31, 2012 were as follows:

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| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation |
|--------------------|---------------|--------------|-----------------|-------------------------|
| USD 298,616        | EUR 230,000   | UBS AG       | 1/23/13         | \$ 254                  |
| USD 908,658        | EUR 700,000   | UBS AG       | 1/23/13         | 599                     |
| USD 579,640        | EUR 442,000   | UBS AG       | 1/23/13         | 6,265                   |
| <b>Total</b>       |               |              |                 | \$ 7,118                |

Credit default swaps on single-name issues buy protection outstanding as of October 31, 2012 were as follows:

| Issuer                 | Pay Fixed Rate | Counterparty               | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|------------------------|----------------|----------------------------|-----------------|-----------------------|--|
| Southwest Airlines Co. | 1.00%          | Goldman Sachs Group, Inc.  | 12/20/16        | USD 1,185             | \$ (34,368)                            |
| Southwest Airlines Co. | 1.00%          | Royal Bank of Scotland Plc | 12/20/16        | USD 1,185             | (38,473)                               |
| STMicroelectronics NV  | 1.00%          | Barclays Plc               | 6/20/17         | EUR 1,215             | 10,668                                 |
| Cigna Corp.            | 1.00%          | Goldman Sachs Group, Inc.  | 9/20/17         | USD 2,275             | (27,992)                               |
| General Dynamic Corp.  | 1.00%          | Credit Suisse Group AG     | 9/20/17         | USD 1,655             | (1,756)                                |
| Hewlett-Packard Co.    | 1.00%          | Citigroup, Inc.            | 9/20/17         | USD 900               | 15,969                                 |
| Hewlett-Packard Co.    | 1.00%          | Credit Suisse Group AG     | 9/20/17         | USD 810               | 43,923                                 |
| Hewlett-Packard Co.    | 1.00%          | JPMorgan Chase & Co.       | 9/20/17         | USD 150               | 7,343                                  |
| Humana, Inc.           | 1.00%          | Goldman Sachs Group, Inc.  | 9/20/17         | USD 2,275             | (6,836)                                |
| Lockheed Martin Corp.  | 1.00%          | Credit Suisse Group AG     | 9/20/17         | USD 1,655             | (16,275)                               |
| Northrop Grumman Corp. | 1.00%          | Credit Suisse Group AG     | 9/20/17         | USD 1,400             | (7,525)                                |
| Raytheon Co.           | 1.00%          | Credit Suisse Group AG     | 9/20/17         | USD 1,400             | (4,828)                                |
| Viacom, Inc.           | 1.00%          | Credit Suisse Group AG     | 9/20/17         | USD 3,600             | (32,036)                               |
| <b>Total</b>           |                |                            |                 |                       | \$ (92,186)                            |

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Schedule of Investments (continued)

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

Credit default swaps on single-name issues sold protection outstanding as of October 31, 2012 were as follows:

| <b>Issuer</b>             | <b>Receive<br/>Fixed<br/>Rate</b> | <b>Counterparty</b>       | <b>Expiration<br/>Date</b> | <b>Issuer<br/>Credit<br/>Rating<sup>1</sup></b> | <b>Notional<br/>Amount<br/>(000)<sup>2</sup></b> | <b>Unrealized<br/>Appreciation</b> |
|---------------------------|-----------------------------------|---------------------------|----------------------------|---|--|------------------------------------|
| Anadarko Petroleum Corp.  | 1.00%                             | UBS AG                    | 6/20/17                    | BBB-  | USD 994  | \$ 31,055                          |
| Comcast Corp.             | 1.00%                             | Credit Suisse Group AG    | 9/20/17                    | BBB+  | USD 3,600  | 41,875                             |
| United Health Group, Inc. | 1.00%                             | Goldman Sachs Group, Inc. | 9/20/17                    | A   | USD 2,275  | 36,445                             |
| WellPoint, Inc.           | 1.00%                             | Goldman Sachs Group, Inc. | 9/20/17                    | A-  | USD 2,275  | 12,850                             |
| MetLife, Inc.             | 1.00%                             | Deutsche Bank AG          | 3/20/18                    | A-  | USD 900  | 77                                 |
| <b>Total</b>              |                                   |                           |                            |   |  | \$ 122,302                         |

<sup>1</sup> Using S&P's rating.<sup>2</sup> The maximum potential amount the Fund may pay should a negative credit event take place as defined under the terms of the agreement.

Interest rate swaps outstanding as of October 31, 2012 were as follows:

| <b>Fixed<br/>Rate</b> | <b>Floating<br/>Rate</b> | <b>Counterparty/<br/>Exchange</b> | <b>Expiration<br/>Date</b> | <b>Notional<br/>Amount<br/>(000)</b> | <b>Unrealized<br/>Appreciation<br/>(Depreciation)</b> |
|-----------------------|--------------------------|-----------------------------------|----------------------------|--------------------------------------|---|
| 0.44% <sup>3</sup>    | 3-month LIBOR            | Chicago Mercantile                | 8/29/14                    | USD 16,500                           | \$ (17,258)   |
| 2.06% <sup>4</sup>    | 3-month LIBOR            | Credit Suisse Group AG            | 5/08/22                    | USD 100                              | 3,573   |
| 1.80% <sup>4</sup>    | 3-month LIBOR            | Citigroup, Inc.                   | 6/01/22                    | USD 100                              | 1,162   |
| 2.48% <sup>3</sup>    | 3-month LIBOR            | Credit Suisse Group AG            | 7/05/42                    | USD 2,200                            | 52,079  |
| 2.26% <sup>3</sup>    | 3-month LIBOR            | Goldman Sachs Group, Inc.         | 7/26/42                    | USD 1,100                            | 79,389  |
| 2.46% <sup>3</sup>    | 3-month LIBOR            | Deutsche Bank AG                  | 8/07/42                    | USD 5,100                            | 140,425   |
| 2.52% <sup>3</sup>    | 3-month LIBOR            | Citigroup, Inc.                   | 8/10/42                    | USD 2,500                            | 38,926  |
| 2.71% <sup>3</sup>    | 3-month LIBOR            | Credit Suisse Group AG            | 8/21/42                    | USD 600                              | (14,435)  |
| <b>Total</b>          |                          |                                   |                            |                                      | \$ 283,861  |

<sup>3</sup> Fund pays the fixed rate and receives the floating rate.<sup>4</sup> Fund pays the floating rate and receives the fixed rate.



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

**Level 1** unadjusted price quotations in active markets/exchanges for identical assets and liabilities that the Fund has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of October 31, 2012:

|   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|---|----------------|----------------|----------------|--------------|
| <b>Assets:</b>                                      |                |                |                |              |
| Investments:  |                |                |                |              |
| Long-Term Investments:                              |                |                |                |              |
| Asset-Backed Securities                             |                | \$ 2,784,003   | \$ 2,398,250   | \$ 5,182,253 |
| Corporate Bonds                                     |                | 574,247,467    | 4,960,375      | 579,207,842  |
| Floating Rate Loan Interests                        |                | 176,973        |                | 176,973      |
| Preferred Securities                                | \$ 2,710,556   | 118,208,846    |                | 120,919,402  |
| Taxable Municipal Bonds                             |                | 4,344,033      |                | 4,344,033    |
| US Govern-<br>ment Spon-<br>sored Agency Securities |                | 1,461,672      |                | 1,461,672    |
| US Treasury Obligations                             |                | 23,938,037     |                | 23,938,037   |

|                       |              |                |              |                |
|-----------------------|--------------|----------------|--------------|----------------|
| Short-Term Securities | 1,125,074    |                |              | 1,125,074      |
| <b>Total</b>          | \$ 3,835,630 | \$ 725,161,031 | \$ 7,358,625 | \$ 736,355,286 |

See Notes to Financial Statements.

ANNUAL REPORT

OCTOBER 31, 2012

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**Table of Contents**

Schedule of Investments (concluded)

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

|   | Level 1           | Level 2          | Level 3 | Total             |
|---|-------------------|------------------|---------|-------------------|
| <b>Derivative Financial Instruments<sup>1</sup></b> |                   |                  |         |                   |
| <b>Assets:</b>                                      |                   |                  |         |                   |
| Credit contracts                                    |                   | \$ 200,205       |         | \$ 200,205        |
| Foreign currency exchange contracts                 |                   | 7,118            |         | 7,118             |
| Interest rate contracts                             | \$ 553,055        | 484,885          |         | 1,037,940         |
| <b>Liabilities:</b>                                 |                   |                  |         |                   |
| Credit contracts                                    |                   | (170,089)        |         | (170,089)         |
| Interest rate contracts                             | (219,658)         | (505,803)        |         | (725,461)         |
| <b>Total</b>  | <b>\$ 333,397</b> | <b>\$ 16,316</b> |         | <b>\$ 349,713</b> |

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

Certain of the Fund's assets and liabilities are held at carrying amount or face value, which approximates fair value for financial statement purposes. As of October 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|   | Level 1             | Level 2                 | Level 3 | Total                   |
|---|---------------------|-------------------------|---------|-------------------------|
| <b>Assets:</b>  |                     |                         |         |                         |
| Foreign currency at value                                     | \$ 3,738            |                         |         | \$ 3,738                |
| Cash pledged as collateral for financial futures contracts    | 868,000             |                         |         | 868,000                 |
| Cash pledged as collateral for swaps                          | 160,000             |                         |         | 160,000                 |
| <b>Liabilities:</b>   |                     |                         |         |                         |
| Reverse repurchase agreements                                 |                     | \$ (235,518,351)        |         | (235,518,351)           |
| Cash received as collateral for reverse repurchase agreements |                     | (3,336,000)             |         | (3,336,000)             |
| Cash received as collateral for swaps                         |                     | (600,000)               |         | (600,000)               |
| <b>Total</b>  | <b>\$ 1,031,738</b> | <b>\$ (239,454,351)</b> |         | <b>\$ (238,422,613)</b> |

There were no transfers between Level 1 and Level 2 during the year ended October 31, 2012.

Certain of the Fund's investments and derivative financial instruments are categorized as Level 3 and were valued utilizing transaction prices or third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in the unobservable inputs could result in a significantly lower or higher value in such Level 3 investments and derivative financial instruments.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the year in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|  | <b>Asset-Backed<br/>Securities</b> | <b>Corporate<br/>Bonds</b> | <b>Total</b>        |
|--|------------------------------------|----------------------------|---------------------|
| <b>Assets:</b>   |                                    |                            |                     |
| Opening balance, as of<br>October 31, 2011                         | \$ 2,053,750                       | \$ 3,536,000               | \$ 5,589,750        |
| Transfers into Level 3 <sup>2</sup>                                |                                    |                            |                     |
| Transfers out of Level 3 <sup>2</sup>                              |                                    |                            |                     |
| Accrued discounts/premiums   | 37,775                             |                            | 37,775              |
| Net realized gain (loss)   |                                    |                            |                     |
| Net change in unrealized<br>appreciation/depreciation <sup>3</sup> | 306,725                            | (25,625)                   | 281,100             |
| Purchases  |                                    | 1,450,000                  | 1,450,000           |
| Sales  |                                    |                            |                     |
| <b>Closing Balance, as of<br/>October 31, 2012</b>                 | <b>\$ 2,398,250</b>                | <b>\$ 4,960,375</b>        | <b>\$ 7,358,625</b> |

<sup>2</sup> Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

<sup>3</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of October 31, 2012 was \$281,100. The following table is a reconciliation of Level 3 derivative financial instruments for which significant unobservable inputs were used in determining fair value:

|   | <b>Credit<br/>Contracts</b> |
|---|-----------------------------|
| <b>Assets:</b>  |                             |
| Opening balance, as of October 31, 2011                         | \$ 5,018                    |
| Transfers into Level 3 <sup>2</sup>                             |                             |
| Transfers out of Level 3 <sup>2</sup>                           |                             |
| Accrued discounts/premiums                                      |                             |
| Net realized gain (loss)  |                             |
| Net change in unrealized appreciation/depreciation <sup>4</sup> | (5,018)                     |
| Purchases   |                             |

Issues<sup>5</sup>

Sales

Settlements<sup>6</sup>

**Closing Balance, as of October 31, 2012**

<sup>4</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on derivative financial instruments still held as of October 31, 2012 was \$0.

<sup>5</sup> Issues represent upfront cash received on certain derivative financial instruments.

<sup>6</sup> Settlements represent periodic contractual cash flows and/or cash flows to terminate certain derivative financial instruments.

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments** October 31, 2012**BlackRock Credit Allocation Income Trust III (BPP)**

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Asset-Backed Securities 0.5%</b>   |              |              |
| Atrium CDO Corp., Series 5A, Class A4,<br>0.82%, 7/20/20 (a)(b)                 | USD 1,300    | \$ 1,176,500 |
| <b>Corporate Bonds</b>  |              |              |
| <b>Aerospace &amp; Defense 0.8%</b>   |              |              |
| BE Aerospace, Inc., 5.25%, 4/01/22  | 825          | 860,062      |
| Huntington Ingalls Industries, Inc.:  |              |              |
| 6.88%, 3/15/18  | 290          | 313,200      |
| 7.13%, 3/15/21  | 300          | 322,500      |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17                   | 460          | 496,800      |
|   |              | 1,992,562    |
| <b>Airlines 0.5%</b>  |              |              |
| American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 10/15/21   | 103          | 108,068      |
| Continental Airlines Pass-Through Trust, Series 2009-2, Class B, 9.25%, 5/10/17 | 606          | 662,095      |
| Delta Air Lines Pass-Through Trust, Series 2002-1,<br>Class G-1, 6.72%, 1/02/23 | 520          | 571,836      |
|   |              | 1,341,999    |
| <b>Auto Components 1.0%</b>   |              |              |
| Delphi Corp., 6.13%, 5/15/21  | 280          | 309,400      |
| Ford Motor Co., 7.45%, 7/16/31  | 560          | 708,400      |
| Icahn Enterprises LP:   |              |              |
| 7.75%, 1/15/16  | 290          | 303,050      |
| 8.00%, 1/15/18  | 1,130        | 1,214,750    |
|   |              | 2,535,600    |
| <b>Beverages 0.7%</b>   |              |              |
| Anheuser-Busch InBev Worldwide, Inc.,<br>1.38%, 7/15/17 (c)                     | 500          | 507,538      |
| Constellation Brands, Inc., 7.25%, 5/15/17                                      | 955          | 1,124,512    |
|   |              | 1,632,050    |
| <b>Building Products 0.3%</b>   |              |              |
| Building Materials Corp. of America (a):  |              |              |
| 7.00%, 2/15/20  | 180          | 195,300      |
| 6.75%, 5/01/21  | 520          | 566,800      |
|   |              | 762,100      |
| <b>Capital Markets 4.8%</b>   |              |              |
| Ameriprise Financial, Inc., 5.30%, 3/15/20 (c)                                  | 1,500        | 1,773,441    |
| E*Trade Financial Corp., 12.50%, 11/30/17                                       | 900          | 1,019,250    |
| The Goldman Sachs Group, Inc. (c):  |              |              |
| 6.25%, 9/01/17  | 625          | 734,397      |
| 6.15%, 4/01/18  | 250          | 292,760      |
| 5.75%, 1/24/22  | 800          | 928,702      |
| 6.25%, 2/01/41  | 2,150        | 2,552,557    |
| Morgan Stanley:   |              |              |
| 0.82%, 10/15/15   | 1,325        | 1,277,447    |
| 5.63%, 9/23/19 (c)  | 1,020        | 1,132,684    |

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UBS AG:

|                    |       |           |
|--------------------|-------|-----------|
| 2.25%, 1/28/14 (c) | 775   | 786,765   |
| 7.63%, 8/17/22     | 1,200 | 1,294,088 |

11,792,091

**Chemicals 2.3%**

|  |     |         |
|--|-----|---------|
| Ashland, Inc., 4.75%, 8/15/22 (a)              | 250 | 255,000 |
| Celanese US Holdings LLC, 5.88%, 6/15/21       | 760 | 846,450 |
| Hexion US Finance Corp., 6.63%, 4/15/20        | 220 | 219,450 |
| Huntsman International LLC, 8.63%, 3/15/21 (c) | 285 | 324,188 |
| INEOS Finance Plc (a):                         |     |         |
| 8.38%, 2/15/19                                 | 155 | 162,750 |
| 7.50%, 5/01/20                                 | 285 | 288,563 |

Par

**Corporate Bonds**

(000)

Value

**Chemicals (concluded)**

|  |     |     |    |           |
|--|-----|-----|----|-----------|
| Linde Finance BV, 7.38%, 7/14/66 (b)                         | EUR | 381 | \$ | 577,785   |
| LyondellBasell Industries NV, 5.75%, 4/15/24 (c)             | USD | 915 |    | 1,059,112 |
| MPM Escrow LLC/MPM Finance Escrow Corp., 8.88%, 10/15/20 (a) |     | 150 |    | 147,000   |
| Nufarm Australia Ltd., 6.38%, 10/15/19 (a)                   |     | 140 |    | 143,500   |
| Rockwood Specialties Group, Inc., 4.63%, 10/15/20            |     | 820 |    | 844,600   |
| Tronox Finance LLC, 6.38%, 8/15/20 (a)                       |     | 745 |    | 743,137   |

5,611,535

**Commercial Banks 5.4%**

|  |  |       |  |           |
|--|--|-------|--|-----------|
| Amsouth Bank, Series AI, 4.85%, 4/01/13      |  | 525   |  | 532,219   |
| Asciano Finance Ltd., 5.00%, 4/07/18 (a)     |  | 425   |  | 458,075   |
| Associated Banc-Corp, 5.13%, 3/28/16 (c)     |  | 1,070 |  | 1,173,269 |
| BBVA US Senior SAU, 4.66%, 10/09/15 (c)      |  | 1,200 |  | 1,211,863 |
| Branch Banking & Trust Co. (b):              |  |       |  |           |
| 0.72%, 9/13/16                               |  | 550   |  | 534,536   |
| 0.73%, 5/23/17                               |  | 325   |  | 312,175   |
| CIT Group, Inc.:                             |  |       |  |           |
| 4.25%, 8/15/17                               |  | 660   |  | 677,033   |
| 5.25%, 3/15/18                               |  | 580   |  | 616,250   |
| 5.50%, 2/15/19 (a)                           |  | 500   |  | 533,125   |
| 5.00%, 8/15/22                               |  | 200   |  | 207,245   |
| Discover Bank, 8.70%, 11/18/19               |  | 550   |  | 719,137   |
| HSBC Finance Corp., 6.68%, 1/15/21 (c)       |  | 750   |  | 887,501   |
| Regions Financial Corp.:                     |  |       |  |           |
| 4.88%, 4/26/13 (c)                           |  | 1,225 |  | 1,244,906 |
| 5.75%, 6/15/15                               |  | 850   |  | 930,750   |
| RESPARCS Funding LP I, 8.00% (d)             |  | 4,000 |  | 962,000   |
| Santander Holdings USA, Inc., 3.00%, 9/24/15 |  | 550   |  | 560,529   |
| Wachovia Bank NA, 6.60%, 1/15/38 (c)         |  | 1,150 |  | 1,630,186 |

13,190,799

**Commercial Services & Supplies 4.0%**

|   |  |       |  |           |
|---|--|-------|--|-----------|
| ADS Waste Holdings, Inc., 8.25%, 10/01/20 (a) |  | 144   |  | 149,040   |
| The ADT Corp., 4.88%, 7/15/42 (a)             |  | 645   |  | 688,328   |
| Aviation Capital Group Corp. (a):             |  |       |  |           |
| 7.13%, 10/15/20 (c)                           |  | 4,500 |  | 4,747,490 |
| 6.75%, 4/06/21                                |  | 1,125 |  | 1,168,774 |
| Casella Waste Systems, Inc., 7.75%, 2/15/19   |  | 167   |  | 163,660   |
| Clean Harbors, Inc., 5.25%, 8/01/20 (a)       |  | 224   |  | 229,600   |
| Corrections Corp. of America, 7.75%, 6/01/17  |  | 1,600 |  | 1,710,000 |
| Covanta Holding Corp., 6.38%, 10/01/22        |  | 320   |  | 348,248   |
| HDTFS, Inc. (a):                              |  |       |  |           |
| 5.88%, 10/15/20                               |  | 175   |  | 176,750   |
| 6.25%, 10/15/22                               |  | 225   |  | 228,094   |
| Mobile Mini, Inc., 7.88%, 12/01/20            |  | 135   |  | 145,969   |

9,755,953

**Communications Equipment 0.9%**

|                                  |  |     |  |         |
|----------------------------------|--|-----|--|---------|
| Avaya, Inc., 9.75%, 11/01/15 (c) |  | 400 |  | 356,000 |
|----------------------------------|--|-----|--|---------|

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|   |       |           |
|---|-------|-----------|
| Brocade Communications Systems, Inc.,<br>6.88%, 1/15/20 (c) | 1,450 | 1,569,625 |
| Zayo Group LLC/Zayo Capital, Inc., 8.13%, 1/01/20           | 340   | 372,300   |
|   |       | 2,297,925 |
| <b>Computers &amp; Peripherals 0.0%</b>                     |       |           |
| NCR Corp., 5.00%, 7/15/22 (a)                               | 70    | 71,488    |
| <b>Construction Materials 0.4%</b>                          |       |           |
| HD Supply, Inc. (a):  |       |           |
| 8.13%, 4/15/19  | 430   | 473,000   |
| 11.50%, 7/15/20   | 600   | 631,500   |
|   |       | 1,104,500 |

See Notes to Financial Statements.



**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust III (BPP)**

(Percentages shown are based on Net Assets)

|   | Par       | Value        |
|---|-----------|--------------|
|   | (000)     |              |
| <b>Corporate Bonds</b>  |           |              |
| <b>Consumer Finance 5.5%</b>                                  |           |              |
| American Express Credit Corp., 2.75%, 9/15/15 (c)             | USD 2,900 | \$ 3,057,090 |
| Capital One Bank USA NA, 8.80%, 7/15/19                       | 1,625     | 2,162,854    |
| Daimler Finance North America LLC,<br>2.63%, 9/15/16 (a)(c)   | 1,650     | 1,721,580    |
| Experian Finance Plc, 2.38%, 6/15/17 (a)(c)                   | 350       | 358,318      |
| Ford Motor Credit Co. LLC:                                    |           |              |
| 8.00%, 12/15/16   | 585       | 708,453      |
| 5.88%, 8/02/21  | 1,420     | 1,634,992    |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a)                     | 870       | 937,425      |
| SLM Corp., 6.25%, 1/25/16                                     | 2,365     | 2,554,318    |
| Toll Brothers Finance Corp., 5.88%, 2/15/22                   | 200       | 226,098      |
|   |           | 13,361,128   |
| <b>Containers &amp; Packaging 1.3%</b>                        |           |              |
| Ardagh Packaging Finance Plc (a):                             |           |              |
| 7.38%, 10/15/17   | 200       | 214,750      |
| 9.13%, 10/15/20   | 205       | 214,225      |
| Ball Corp.:   |           |              |
| 7.13%, 9/01/16  | 850       | 913,750      |
| 6.75%, 9/15/20  | 1,070     | 1,174,325    |
| Crown Americas LLC, 6.25%, 2/01/21                            | 400       | 441,500      |
| Smurfit Kappa Acquisitions, 4.88%, 9/15/18 (a)                | 240       | 240,000      |
|   |           | 3,198,550    |
| <b>Diversified Financial Services 9.3%</b>                    |           |              |
| Ally Financial, Inc.:   |           |              |
| 4.50%, 2/11/14  | 400       | 412,000      |
| 8.30%, 2/12/15  | 780       | 873,795      |
| 8.00%, 11/01/31   | 810       | 963,900      |
| Bank of America Corp. (c):                                    |           |              |
| 3.75%, 7/12/16  | 925       | 991,258      |
| 5.30%, 3/15/17  | 2,440     | 2,739,327    |
| 5.00%, 5/13/21  | 3,625     | 4,089,286    |
| Blackstone Holdings Finance Co. LLC,<br>4.75%, 2/15/23 (a)(c) | 400       | 429,034      |
| Citigroup, Inc. (c):  |           |              |
| 6.38%, 8/12/14  | 625       | 681,041      |
| 4.59%, 12/15/15   | 475       | 518,188      |
| 8.50%, 5/22/19  | 464       | 618,710      |
| Countrywide Financial Corp., 6.25%, 5/15/16 (c)               | 1,569     | 1,729,353    |
| DPL, Inc., 7.25%, 10/15/21                                    | 520       | 586,300      |
| General Motors Financial Co., Inc., 6.75%, 6/01/18            | 250       | 277,163      |
| ING Bank NV, 5.00%, 6/09/21 (a)(c)                            | 1,150     | 1,298,764    |
| Intesa Sanpaolo SpA, 2.38%, 12/21/12 (c)                      | 1,700     | 1,700,010    |
| LeasePlan Corp. NV, 3.00%, 10/23/17 (a)(b)(c)                 | 975       | 986,239      |
| Moody s Corp., 6.06%, 9/07/17                                 | 1,500     | 1,644,596    |
| Reynolds American, Inc., 3.25%, 11/01/22                      | 900       | 910,282      |
| Reynolds Group Issuer, Inc.:                                  |           |              |
| 7.13%, 4/15/19  | 115       | 122,475      |
| 7.88%, 8/15/19  | 320       | 347,200      |
| 9.88%, 8/15/19  | 145       | 151,887      |
| 5.75%, 10/15/20 (a)   | 700       | 707,000      |
| WGM Acquisition Corp., 9.50%, 6/15/16                         | 100       | 109,875      |

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|   |             |              |              |
|---|-------------|--------------|--------------|
|   |             |              | 22,887,683   |
| <b>Diversified Telecommunication Services</b>                                     | <b>4.1%</b> |              |              |
| AT&T, Inc., 6.30%, 1/15/38 (c)  |             | 2,000        | 2,677,804    |
| Level 3 Financing, Inc.:  |             |              |              |
| 8.13%, 7/01/19  |             | 1,577        | 1,683,447    |
| 8.63%, 7/15/20  |             | 370          | 403,300      |
| Telecom Italia Capital SA, 6.18%, 6/18/14   |             | 500          | 530,323      |
| Telefonica Emisiones SAU, 5.46%, 2/16/21  |             | 660          | 670,725      |
| Verizon Communications, Inc. (c):   |             |              |              |
| 1.95%, 3/28/14  |             | 1,775        | 1,812,415    |
| 7.35%, 4/01/39  |             | 1,150        | 1,771,043    |
| Windstream Corp., 7.88%, 11/01/17   |             | 400          | 445,500      |
|   |             |              | 9,994,557    |
|   |             | <b>Par</b>   |              |
| <b>Corporate Bonds</b>  |             | <b>(000)</b> | <b>Value</b> |
| <b>Electric Utilities</b>   | <b>3.2%</b> |              |              |
| CMS Energy Corp., 5.05%, 3/15/22  |             | USD 550      | \$ 614,377   |
| Duke Energy Corp., 3.55%, 9/15/21   |             | 825          | 884,223      |
| FirstEnergy Solutions Corp., 6.05%, 8/15/21                                       |             | 500          | 577,775      |
| Great Plains Energy, Inc., 5.29%, 6/15/22   |             | 800          | 917,105      |
| Mirant Mid Atlantic Pass Through Trust, Series B, 9.13%, 6/30/17                  |             | 248          | 270,901      |
| Nisource Finance Corp.:   |             |              |              |
| 6.40%, 3/15/18  |             | 500          | 608,600      |
| 5.25%, 2/15/43  |             | 280          | 314,015      |
| Oncor Electric Delivery Co. LLC (c):  |             |              |              |
| 4.10%, 6/01/22  |             | 600          | 642,877      |
| 5.30%, 6/01/42  |             | 400          | 455,309      |
| Progress Energy, Inc., 7.00%, 10/30/31 (c)  |             | 2,000        | 2,669,548    |
|   |             |              | 7,954,730    |
| <b>Electronic Equipment, Instruments &amp; Components</b>                         | <b>0.3%</b> |              |              |
| Jabil Circuit, Inc., 8.25%, 3/15/18   |             | 400          | 472,000      |
| NXP BV, 3.09%, 10/15/13 (b)   |             | 198          | 197,753      |
|   |             |              | 669,753      |
| <b>Energy Equipment &amp; Services</b>  | <b>3.9%</b> |              |              |
| Atwood Oceanics, Inc., 6.50%, 2/01/20   |             | 55           | 59,125       |
| Cie Générale de Géophysique-Veritas,<br>6.50%, 6/01/21                            |             | 340          | 358,700      |
| Energy Transfer Partners LP, 5.20%, 2/01/22                                       |             | 1,500        | 1,721,865    |
| EnSCO Plc, 4.70%, 3/15/21 (c)   |             | 960          | 1,105,452    |
| FTS International Services LLC/FTS International Bonds, Inc., 8.13%, 11/15/18 (a) |             | 382          | 399,190      |
| Hornbeck Offshore Services, Inc., 5.88%, 4/01/20                                  |             | 135          | 137,363      |
| Key Energy Services, Inc., 6.75%, 3/01/21   |             | 360          | 358,200      |
| MEG Energy Corp. (a):   |             |              |              |
| 6.50%, 3/15/21  |             | 465          | 498,713      |
| 6.38%, 1/30/23  |             | 110          | 117,700      |
| Oil States International, Inc., 6.50%, 6/01/19                                    |             | 245          | 260,313      |
| Peabody Energy Corp., 6.25%, 11/15/21 (c)   |             | 755          | 779,537      |
| Precision Drilling Corp., 6.50%, 12/15/21   |             | 210          | 222,075      |
| Seadrill Ltd., 5.63%, 9/15/17 (a)   |             | 1,175        | 1,175,000    |
| Transocean, Inc.:   |             |              |              |
| 2.50%, 10/15/17   |             | 200          | 202,556      |
| 6.50%, 11/15/20   |             | 545          | 662,135      |
| 6.38%, 12/15/21   |             | 660          | 803,110      |
| 6.80%, 3/15/38  |             | 475          | 590,407      |
|   |             |              | 9,451,441    |
| <b>Food Products</b>  | <b>1.3%</b> |              |              |
| Kraft Foods Group, Inc., 5.00%, 6/04/42 (a)                                       |             | 625          | 729,919      |
| Mondelez International, Inc.:   |             |              |              |
| 6.50%, 8/11/17  |             | 800          | 988,101      |
| 6.13%, 8/23/18  |             | 800          | 995,462      |

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|   |       |           |
|---|-------|-----------|
| Post Holdings, Inc., 7.38%, 2/15/22 (a)               | 442   | 469,072   |
|   |       | 3,182,554 |
| <b>Gas Utilities 0.2%</b>                             |       |           |
| El Paso Natural Gas Co. LLC, 8.63%, 1/15/22           | 335   | 458,286   |
| <b>Health Care Equipment &amp; Supplies 0.6%</b>      |       |           |
| Fresenius US Finance II, Inc., 9.00%, 7/15/15 (a)     | 1,000 | 1,147,500 |
| Teleflex, Inc., 6.88%, 6/01/19                        | 240   | 258,000   |
|   |       | 1,405,500 |
| <b>Health Care Providers &amp; Services 4.1%</b>      |       |           |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19         | 220   | 231,825   |
| CHS/Community Health Systems, Inc.,<br>5.13%, 8/15/18 | 230   | 238,625   |
| HCA, Inc.:<br>8.50%, 4/15/19                          | 105   | 117,994   |
| 6.50%, 2/15/20  | 1,075 | 1,187,875 |
| 7.25%, 9/15/20  | 1,645 | 1,819,781 |
| 4.75%, 5/01/23  | 360   | 360,000   |

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (continued)****BlackRock Credit Allocation Income Trust III (BPP)**

(Percentages shown are based on Net Assets)

|  | Par     | Value      |
|--|---------|------------|
| Corporate Bonds  | (000)   |            |
| <b>Health Care Providers &amp; Services (concluded)</b>      |         |            |
| INC Research LLC, 11.50%, 7/15/19 (a)                        | USD 340 | \$ 341,700 |
| inVentiv Health, Inc., 10.00%, 8/15/18 (a)                   | 25      | 22,625     |
| Tenet Healthcare Corp.:                                      |         |            |
| 10.00%, 5/01/18  | 745     | 849,300    |
| 8.88%, 7/01/19   | 550     | 614,625    |
| 4.75%, 6/01/20 (a)   | 456     | 452,010    |
| UnitedHealth Group, Inc., 6.88%, 2/15/38 (c)                 | 1,725   | 2,444,787  |
| Verisk Analytics, Inc., 4.13%, 9/12/22                       | 200     | 204,203    |
| WellPoint, Inc.:   |         |            |
| 3.30%, 1/15/23 (c)   | 525     | 543,052    |
| 2.75%, 10/15/42 (a)(e)                                       | 700     | 729,750    |
|  |         | 10,158,152 |
| <b>Health Care Technology 1.4%</b>                           |         |            |
| Amgen, Inc.:   |         |            |
| 5.15%, 11/15/41 (c)  | 2,015   | 2,321,715  |
| 5.65%, 6/15/42   | 20      | 24,559     |
| 5.38%, 5/15/43 (c)   | 825     | 990,499    |
|  |         | 3,336,773  |
| <b>Household Durables 0.5%</b>                               |         |            |
| Beazer Homes USA, Inc., 6.63%, 4/15/18 (a)                   | 335     | 358,450    |
| DR Horton, Inc., 4.38%, 9/15/22                              | 300     | 300,750    |
| Standard Pacific Corp., 8.38%, 1/15/21                       | 435     | 504,600    |
|  |         | 1,163,800  |
| <b>Independent Power Producers &amp; Energy Traders 1.8%</b> |         |            |
| The AES Corp.:   |         |            |
| 9.75%, 4/15/16   | 480     | 574,200    |
| 7.38%, 7/01/21   | 70      | 78,225     |
| Calpine Corp. (a):   |         |            |
| 7.25%, 10/15/17  | 198     | 209,880    |
| 7.50%, 2/15/21   | 90      | 97,875     |
| Energy Future Intermediate Holding Co. LLC,                  |         |            |
| 10.00%, 12/01/20   | 915     | 999,637    |
| Exelon Generation Co. LLC, Series C,                         |         |            |
| 4.25%, 6/15/22 (a)   | 1,137   | 1,216,988  |
| GenOn REMA LLC, 9.68%, 7/02/26                               | 240     | 256,800    |
| Laredo Petroleum, Inc.:                                      |         |            |
| 9.50%, 2/15/19   | 140     | 158,900    |
| 7.38%, 5/01/22   | 130     | 141,700    |
| NRG Energy, Inc., 6.63%, 3/15/23 (a)                         | 255     | 262,650    |
| QEP Resources, Inc.:   |         |            |
| 5.38%, 10/01/22  | 280     | 294,000    |
| 5.25%, 5/01/23   | 145     | 151,163    |
|  |         | 4,442,018  |
| <b>Insurance 6.0%</b>  |         |            |
| American International Group, Inc. (c):                      |         |            |
| 3.80%, 3/22/17   | 725     | 782,150    |
| 8.25%, 8/15/18   | 300     | 389,714    |
| 6.40%, 12/15/20  | 1,235   | 1,516,701  |
| Aon Corp., 5.00%, 9/30/20 (c)                                | 1,500   | 1,728,327  |

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|   |              |              |
|---|--------------|--------------|
| Fairfax Financial Holdings Ltd., 5.80%, 5/15/21 (a)           | 525          | 537,893      |
| Forethought Financial Group, Inc.,<br>8.63%, 4/15/21 (a)      | 525          | 667,412      |
| Genworth Financial, Inc., 7.63%, 9/24/21 (c)                  | 480          | 504,860      |
| Manulife Financial Corp., 4.90%, 9/17/20 (c)                  | 1,075        | 1,194,377    |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a)             | 210          | 191,625      |
| Nippon Life Insurance Co., 5.00%, 10/18/42 (a)(b)             | 1,525        | 1,573,289    |
| Principal Financial Group, Inc., 8.88%, 5/15/19 (c)           | 475          | 631,142      |
| Prudential Financial, Inc.:                                   |              |              |
| 6.63%, 12/01/37 (c)   | 1,725        | 2,215,842    |
| 5.88%, 9/15/42 (b)  | 600          | 631,500      |
| XL Group Ltd., 5.75%, 10/01/21 (c)                            | 1,740        | 2,061,258    |
|   |              | 14,626,090   |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Corporate Bonds</b>  |              |              |
| <b>IT Services 1.2%</b>                                       |              |              |
| Ceridian Corp., 8.88%, 7/15/19 (a)                            | USD 845      | \$ 895,700   |
| Epicor Software Corp., 8.63%, 5/01/19                         | 340          | 357,000      |
| First Data Corp.:   |              |              |
| 7.38%, 6/15/19 (a)(c)   | 455          | 470,925      |
| 6.75%, 11/01/20 (a)   | 380          | 380,000      |
| 8.25%, 1/15/21 (a)  | 40           | 40,000       |
| 12.63%, 1/15/21   | 340          | 351,050      |
| SunGard Data Systems, Inc., 7.38%, 11/15/18                   | 350          | 376,687      |
|   |              | 2,871,362    |
| <b>Life Sciences Tools &amp; Services 1.8%</b>                |              |              |
| Bio-Rad Laboratories, Inc., 8.00%, 9/15/16                    | 1,830        | 1,999,275    |
| Life Technologies Corp., 6.00%, 3/01/20                       | 2,000        | 2,393,738    |
|   |              | 4,393,013    |
| <b>Machinery 1.1%</b>   |              |              |
| Ingersoll-Rand Global Holding Co. Ltd.,<br>9.50%, 4/15/14 (c) | 1,725        | 1,931,660    |
| UR Merger Sub Corp. (a):                                      |              |              |
| 5.75%, 7/15/18  | 114          | 122,550      |
| 7.38%, 5/15/20  | 290          | 313,925      |
| 7.63%, 4/15/22  | 267          | 292,365      |
|   |              | 2,660,500    |
| <b>Media 9.3%</b>   |              |              |
| A&E Television Networks LLC, 3.25%, 8/22/19                   | 690          | 702,075      |
| AMC Networks, Inc., 7.75%, 7/15/21                            | 190          | 215,175      |
| CCH II LLC, 13.50%, 11/30/16                                  | 461          | 495,248      |
| Comcast Corp., 6.30%, 11/15/17 (c)                            | 1,725        | 2,142,029    |
| Cox Communications, Inc., 8.38%, 3/01/39 (a)                  | 1,725        | 2,737,173    |
| CSC Holdings LLC, 8.63%, 2/15/19                              | 580          | 687,300      |
| DIRECTV Holdings LLC, 5.00%, 3/01/21                          | 1,250        | 1,421,415    |
| DISH DBS Corp., 7.00%, 10/01/13                               | 850          | 889,313      |
| Intelsat Jackson Holdings SA, 7.25%, 4/01/19                  | 150          | 160,875      |
| Intelsat Luxembourg SA:                                       |              |              |
| 11.25%, 2/04/17   | 430          | 451,500      |
| 11.50%, 2/04/17 (f)   | 190          | 199,975      |
| The Interpublic Group of Cos., Inc., 10.00%, 7/15/17          | 575          | 634,656      |
| The New York Times Co., 6.63%, 12/15/16                       | 1,725        | 1,901,812    |
| News America, Inc., 6.15%, 3/01/37 (c)                        | 1,325        | 1,663,508    |
| Time Warner Cable, Inc., 6.75%, 6/15/39                       | 1,950        | 2,602,792    |
| Time Warner, Inc., 7.70%, 5/01/32                             | 2,000        | 2,930,760    |
| Unitymedia Hessen GmbH & Co. KG (a):                          |              |              |
| 8.13%, 12/01/17   | 763          | 824,040      |
| 7.50%, 3/15/19  | 500          | 547,806      |
| Virgin Media Finance Plc, 4.88%, 2/15/22                      | 245          | 247,450      |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18              | 1,300        | 1,410,500    |

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|   |       | 22,865,402 |
|---|-------|------------|
| <b>Metals &amp; Mining 2.3%</b>                         |       |            |
| AngloGold Ashanti Holdings Plc, 5.13%, 8/01/22          | 700   | 713,876    |
| ArcelorMittal, 4.25%, 3/01/16                           | 100   | 99,329     |
| Barrick Gold Corp., 2.90%, 5/30/16 (c)                  | 550   | 580,297    |
| FMG Resources August 2006 Property Ltd. (a):            |       |            |
| 6.38%, 2/01/16  | 785   | 785,000    |
| 6.88%, 4/01/22 (c)                                      | 40    | 37,600     |
| Freeport-McMoRan Copper & Gold, Inc.,<br>3.55%, 3/01/22 | 675   | 687,284    |
| Freeport-McMoRan Corp., 7.13%, 11/01/27                 | 1,400 | 1,775,225  |
| New Gold, Inc., 7.00%, 4/15/20 (a)                      | 65    | 68,900     |
| Novelis, Inc., 8.75%, 12/15/20                          | 470   | 518,175    |
| Steel Dynamics, Inc., 6.38%, 8/15/22 (a)                | 205   | 214,225    |
| Teck Resources Ltd., 10.75%, 5/15/19                    | 190   | 228,787    |
|   |       | 5,708,698  |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Credit Allocation Income Trust III (BPP)

(Percentages shown are based on Net Assets)

|   | Par       |              |
|---|-----------|--------------|
|   | (000)     | Value        |
| <b>Corporate Bonds</b>                            |           |              |
| <b>Multi-Utilities 1.5%</b>                       |           |              |
| CenterPoint Energy, Inc.:                         |           |              |
| 5.95%, 2/01/17                                    | USD 1,500 | \$ 1,751,909 |
| 6.50%, 5/01/18                                    | 1,600     | 1,947,883    |
|   |           | 3,699,792    |
| <b>Multiline Retail 0.4%</b>                      |           |              |
| Dufty Finance SCA, 5.50%, 10/15/20 (a)            | 403       | 410,037      |
| Walgreen Co., 3.10%, 9/15/22                      | 500       | 509,114      |
|   |           | 919,151      |
| <b>Oil, Gas &amp; Consumable Fuels 13.5%</b>      |           |              |
| Access Midstream Partners LP:                     |           |              |
| 5.88%, 4/15/21                                    | 285       | 296,400      |
| 6.13%, 7/15/22                                    | 230       | 243,225      |
| Berry Petroleum Co., 6.38%, 9/15/22               | 205       | 213,713      |
| BP Capital Markets Plc (c):                       |           |              |
| 3.88%, 3/10/15                                    | 700       | 751,816      |
| 3.20%, 3/11/16                                    | 925       | 994,568      |
| Carrizo Oil & Gas, Inc., 7.50%, 9/15/20           | 225       | 229,500      |
| Chesapeake Energy Corp.:                          |           |              |
| 7.25%, 12/15/18                                   | 20        | 21,300       |
| 6.63%, 8/15/20 (c)                                | 215       | 225,750      |
| 6.13%, 2/15/21 (c)                                | 215       | 217,687      |
| Concho Resources, Inc., 5.50%, 10/01/22           | 205       | 214,738      |
| CONSOL Energy, Inc., 6.38%, 3/01/21               | 220       | 218,900      |
| Continental Resources, Inc., 5.00%, 9/15/22       | 225       | 236,812      |
| Copano Energy LLC, 7.13%, 4/01/21                 | 240       | 252,600      |
| DCP Midstream LLC, 4.75%, 9/30/21 (a)             | 158       | 168,186      |
| Denbury Resources, Inc., 8.25%, 2/15/20           | 310       | 351,075      |
| El Paso Pipeline Partners Operating Co. LLC:      |           |              |
| 6.50%, 4/01/20                                    | 680       | 832,620      |
| 5.00%, 10/01/21                                   | 300       | 339,674      |
| Enbridge Energy Partners LP, 9.88%, 3/01/19       | 1,000     | 1,363,026    |
| Energy Transfer Partners LP, 6.50%, 2/01/42       | 230       | 289,158      |
| Energy XXI Gulf Coast, Inc., 7.75%, 6/15/19       | 500       | 542,500      |
| Enterprise Products Operating LLC, 6.65%, 4/15/18 | 2,000     | 2,505,016    |
| EP Energy LLC/EP Energy Finance, Inc.,            |           |              |
| 6.88%, 5/01/19 (a)                                | 230       | 248,400      |
| Forest Oil Corp., 8.50%, 2/15/14                  | 300       | 324,000      |
| Kinder Morgan Energy Partners LP,                 |           |              |
| 6.85%, 2/15/20 (c)                                | 2,000     | 2,554,704    |
| Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (a)       | 90        | 98,100       |
| Linn Energy LLC:                                  |           |              |
| 6.25%, 11/01/19 (a)                               | 545       | 545,000      |
| 7.75%, 2/01/21                                    | 220       | 234,850      |
| Marathon Petroleum Corp., 3.50%, 3/01/16          | 650       | 696,450      |
| MarkWest Energy Partners LP:                      |           |              |
| 6.25%, 6/15/22                                    | 255       | 276,037      |
| 5.50%, 2/15/23                                    | 90        | 94,500       |
| Newfield Exploration Co.:                         |           |              |
| 6.88%, 2/01/20                                    | 275       | 297,687      |
| 5.63%, 7/01/24                                    | 200       | 213,500      |
| Nexen, Inc., 6.40%, 5/15/37                       | 670       | 859,798      |

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|  |       |           |
|--|-------|-----------|
| Oasis Petroleum, Inc.:                           |       |           |
| 7.25%, 2/01/19                                   | 130   | 139,100   |
| 6.50%, 11/01/21                                  | 145   | 153,338   |
| Offshore Group Investments Ltd., 11.50%, 8/01/15 | 169   | 185,689   |
| ONEOK Partners LP, 8.63%, 3/01/19                | 1,725 | 2,293,255 |
| PDC Energy, Inc., 7.75%, 10/15/22 (a)            | 175   | 178,063   |
| Petrobras International Finance Co.:             |       |           |
| 3.88%, 1/27/16                                   | 1,800 | 1,912,203 |
| 5.38%, 1/27/21                                   | 1,075 | 1,219,110 |
| Petrohawk Energy Corp., 10.50%, 8/01/14          | 300   | 323,250   |
| Petroleum Geo-Services ASA, 7.38%, 12/15/18 (a)  |       |           |