

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

Form N-CSR

January 07, 2013

Table of Contents

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 52nd Street, New York, NY 10055

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

Date of fiscal year end: 10/31/2012

Date of reporting period: 10/31/2012

Table of Contents

Item 1 Report to Stockholders

Table of Contents

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

Table of Contents

Table of Contents

	Page
<u>Dear Shareholder</u>	3
<u>Annual Report:</u>	
<u>Fund Summaries</u>	4
<u>The Benefits and Risks of Leveraging</u>	14
<u>Derivative Financial Instruments</u>	15
<u>Financial Statements:</u>	
<u>Schedules of Investments</u>	16
<u>Statements of Assets and Liabilities</u>	66
<u>Statements of Operations</u>	67
<u>Statements of Changes in Net Assets</u>	68
<u>Statements of Cash Flows</u>	71
<u>Financial Highlights</u>	72
<u>Notes to Financial Statements</u>	77
<u>Report of Independent Registered Public Accounting Firm</u>	90
<u>Important Tax Information</u>	90
<u>Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements</u>	91
<u>Automatic Dividend Reinvestment Plans</u>	95
<u>Officers and Directors</u>	96
<u>Additional Information</u>	99

Table of Contents

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 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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

President, BlackRock Advisors, LLC

Total Returns as of October 31, 2012

	6-month	12-month
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

3

Table of Contents

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.

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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) ¹	6.67%
Current Monthly Distribution per Common Share ²	\$0.0595
Current Annualized Distribution per Common Share ²	\$0.7140
Economic Leverage as of October 31, 2012 ³	33%

¹ 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.

² The distribution rate is not constant and is subject to change.

³ 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 Allocations⁴

	10/31/12	10/31/11
AAA/Aaa ⁵	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

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

⁵ Includes US Treasury obligations that are deemed AAA by the investment advisor.

ANNUAL REPORT

OCTOBER 31, 2012

5

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.

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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 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) ¹	6.34%
Current Monthly Distribution per Common Share ²	\$0.061
Current Annualized Distribution per Common Share ²	\$0.732
Economic Leverage as of October 31, 2012 ³	32%

¹ 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.

² The distribution rate is not constant and is subject to change.

³ 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 Allocations⁴

	10/31/12	10/31/11
AAA/Aaa ⁵	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

⁴ Using the higher of S&P's or Moody's ratings.

⁵ Includes US Treasury obligations that are deemed AAA by the investment advisor.

ANNUAL REPORT

OCTOBER 31, 2012

7

Table of Contents

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.

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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) ¹	6.21%
Current Monthly Distribution per Common Share ²	\$0.0635
Current Annualized Distribution per Common Share ²	\$0.7620
Economic Leverage as of October 31, 2012 ³	32%

¹ 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.

² The distribution rate is not constant and is subject to change.

³ 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 Allocations⁴

	10/31/12	10/31/11
AAA/Aaa ⁵	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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

⁴ Using the higher of S&P's or Moody's ratings.

⁵ Includes US Treasury obligations that are deemed AAA by the investment advisor.

ANNUAL REPORT

OCTOBER 31, 2012

9

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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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) ¹	6.62%
Current Monthly Distribution per Common Share ²	\$0.0785
Current Annualized Distribution per Common Share ²	\$0.9420
Economic Leverage as of October 31, 2012 ³	32%

¹ 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.

² The distribution rate is not constant and is subject to change.

³ 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 Allocations⁴

	10/31/12	10/31/11
AAA/Aaa ⁵	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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

⁴ Using the higher of S&P's or Moody's ratings.

⁵ Includes US Treasury obligations that are deemed AAA by the investment advisor.

ANNUAL REPORT

OCTOBER 31, 2012

11

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) ¹	6.17%
Current Monthly Distribution per Common Share ²	\$0.0775
Current Annualized Distribution per Common Share ²	\$0.9300
Economic Leverage as of October 31, 2012 ³	30%

¹ 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.

² The distribution rate is not constant and is subject to change.

³ 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 Allocations⁴

	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

⁴ Using the higher of S&P's or Moody's ratings.

Table of Contents

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:

	Percent of Economic Leverage
PSW	33%
PSY	32%
BPP	32%
BTZ	32%
BGT	30%

Table of Contents

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)	
Asset-Backed Securities		
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, 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
Total Asset-Backed Securities 1.1%		1,253,988
Corporate Bonds		
Aerospace & Defense 0.9%		
BE Aerospace, Inc., 5.25%, 4/01/22	400	417,000
Huntington Ingalls Industries, Inc.: 6.88%, 3/15/18	150	162,000
7.13%, 3/15/21	140	150,500
Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17	282	304,560
		1,034,060
Airlines 0.6%		
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
		660,321
Auto Components 1.0%		
Delphi Corp., 6.13%, 5/15/21	130	143,650
Ford Motor Co., 7.45%, 7/16/31	260	328,900
Icahn Enterprises LP: 7.75%, 1/15/16	140	146,300
8.00%, 1/15/18	560	602,000
		1,220,850
Beverages 0.6%		
Anheuser-Busch InBev Worldwide, Inc., 1.38%, 7/15/17 (c)	225	228,392
Constellation Brands, Inc., 7.25%, 5/15/17	460	541,650
		770,042
Building Products 0.3%		
Building Materials Corp. of America (a): 7.00%, 2/15/20	85	92,225
6.75%, 5/01/21	250	272,500
		364,725
Capital Markets 5.2%		
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): 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
Corporate Bonds		Value

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

	Par (000)	
Capital Markets (concluded)		
UBS AG:		
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
Chemicals 2.3%		
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
INEOS Finance Plc (a):		
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., 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
Commercial Banks 5.4%		
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
Branch Banking & Trust Co. (b):		
0.72%, 9/13/16	250	242,971
0.73%, 5/23/17	150	144,081
CIT Group, Inc.:		
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
Regions Financial Corp.:		
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
Commercial Services & Supplies 4.0%		
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
Aviation Capital Group Corp. (a):		
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:

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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

	Par	
Corporate Bonds	(000)	Value
Commercial Services & Supplies (concluded)		
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
Communications Equipment 0.9%		
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
Computers & Peripherals 0.0%		
NCR Corp., 5.00%, 7/15/22 (a)	30	30,638
Construction Materials 0.5%		
HD Supply, Inc. (a):		
8.13%, 4/15/19	210	231,000
11.50%, 7/15/20	295	310,488
		541,488
Consumer Finance 5.4%		
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
Containers & Packaging 1.6%		
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
Diversified Financial Services 9.7%		
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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

5.30%, 3/15/17	855	959,887
5.00%, 5/13/21	1,325	1,494,705
Blackstone Holdings Finance Co. LLC, 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
	Par	

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

Diversified Financial Services (concluded)		
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

Diversified Telecommunication Services	3.5%	
---	-------------	--

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

Electric Utilities	2.9%	
---------------------------	-------------	--

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

Electronic Equipment, Instruments & Components	0.3%	
---	-------------	--

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

330,881

Energy Equipment & Services	3.8%	
--	-------------	--

Atwood Oceanics, Inc., 6.50%, 2/01/20	25	26,875
Cie Générale de Géophysique-Veritas, 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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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
Food Products 1.3%		
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	Value
	(000)	
Corporate Bonds		
Gas Utilities 0.2%		
El Paso Natural Gas Co. LLC, 8.63%, 1/15/22	USD 165	\$ 225,723
Health Care Equipment & Supplies 0.6%		
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
Health Care Providers & Services 3.8%		
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
Health Care Technology 1.3%		
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
Household Durables 0.5%		
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
Independent Power Producers & Energy Traders 1.8%		
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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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
Corporate Bonds		
Metals & Mining 2.5%		
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
Multi-Utilities 1.5%		
CenterPoint Energy, Inc. (c):		
5.95%, 2/01/17	750	875,954
6.50%, 5/01/18	775	943,506
		1,819,460
Multiline Retail 0.4%		
Dufry Finance SCA, 5.50%, 10/15/20 (a)	200	203,492
Walgreen Co., 3.10%, 9/15/22	250	254,557
		458,049
Oil, Gas & Consumable Fuels 13.3%		
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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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)

	Par	
Corporate Bonds	(000)	Value
Real Estate Investment Trusts (REITs) (concluded)		
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., 4.75%, 6/01/21	270	300,661
		3,314,431
Real Estate Management & Development 0.4%		
Lennar Corp., 4.75%, 11/15/22 (a)	125	123,750
Realogy Corp. (a)(c): 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
Road & Rail 1.3%		
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
Semiconductors & Semiconductor Equipment 0.5%		
KLA-Tencor Corp., 6.90%, 5/01/18	461	555,635
Software 0.4%		
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
Specialty Retail 1.4%		
AutoNation, Inc., 6.75%, 4/15/18	445	499,512
Limited Brands, Inc., 7.00%, 5/01/20	230	262,488
QVC, Inc. (a): 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
Tobacco 2.2%		
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
Trading Companies & Distributors 0.2%		
Doric Nimrod Air Finance Alpha Ltd. Pass Through Trust, Series 2012-1, Class A, 5.13%, 11/30/24 (a)	225	234,000
Transportation Infrastructure 1.0%		
Penske Truck Leasing Co. LP/PTL Finance Corp. (a): 3.75%, 5/11/17	725	740,263
4.88%, 7/11/22	400	408,933

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

			1,149,196
Wireless Telecommunication Services 4.9%			
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
			Par
			(000)
			Value
Corporate Bonds			
Wireless Telecommunication Services (concluded)			
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
Total Corporate Bonds 117.1%			139,185,096
Floating Rate Loan Interests 0.0% (b)			
Oil, Gas & Consumable Fuels 0.0%			
Chesapeake Energy Corp., Unsecured Term Loan, 8.50%, 12/01/17		41	41,192
Preferred Securities			
Capital Trusts			
Capital Markets 4.0%			
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
Commercial Banks 2.1%			
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
Diversified Financial Services 2.5%			
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
Electric Utilities 0.4%			
PPL Capital Funding, Inc., 6.70%, 3/30/67 (b)		500	526,875
Insurance 8.4%			
ACE Capital Trust II, 9.70%, 4/01/30 (c)		500	730,800

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

The Allstate Corp., 6.50%, 5/15/67 (b)	500	537,500
American International Group, Inc., 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., 7.00%, 3/15/72 (a)(b)	320	365,149
Northwestern Mutual Life Insurance Co., 6.06%, 3/30/40 (a)(c)	900	1,183,065
Reinsurance Group of America, Inc., 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.

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

	Shares	
Preferred Stocks		
Auto Components 0.1%		
Dana Holding Corp., 4.00% (a)(d)	1,000	112,125
Capital Markets 0.2%		
RBS Capital Funding Trust V, 5.90%	10,000	183,900
Diversified Financial Services 0.4%		
Ally Financial, Inc., 7.00% (a)	510	491,449
Thriffs & Mortgage Finance 0.0%		
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
Wireless Telecommunication Services 2.9%		
Centaur Funding Corp., 9.08% (a)	2,720	3,450,150
Total Preferred Stocks 3.6%		4,247,944

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

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

US Government Sponsored Agency Securities 0.3%

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

Agency Obligations 0.3%		
Fannie Mae, 1.93%, 10/09/19 (c)(h)	390	341,349

US Treasury Obligations

US Treasury Bonds (c):		
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
US Treasury Notes (c):		
0.88%, 12/31/16	901	911,910
0.63%, 5/31/17	225	224,807
1.63%, 8/15/22	340	338,141
Total US Treasury Obligations 2.9%		3,415,278
Total Long-Term Investments		
(Cost \$157,863,895) 146.1%		173,508,164

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

Options Purchased **Contracts**

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

Over-the-Counter Interest Rate Put Swaptions 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
Total Options Purchased		132,438
(Cost \$260,438) 0.1%		
Total Investments Before Options Written		
(Cost \$159,007,511) 146.9%		174,523,780

Options Written

Over-the-Counter Interest Rate Call Swaptions (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)
Over-the-Counter Interest Rate Put Swaptions (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)
Total Options Written	
(Premiums Received \$137,175) (0.1)%	(111,668)
Total Investments, Net of Options Written 146.8%	174,412,112
Liabilities in Excess of Other Assets (46.8)%	(55,574,999)
Net Assets 100.0%.	\$ 118,837,113

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:

Affiliate	Shares Held at October 31, 2011	Net Activity	Shares Held at October 31, 2012	Income
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:

Counterparty	Interest Rate	Trade Date	Maturity Date	Face Value	Face Value Including Accrued Interest
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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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
Total				\$ 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
Total					\$ (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
Total					\$ (4,237)

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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

				Unrealized
Currency Purchased	Currency Sold	Counterparty	Settlement Date	Appreciation
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
Total				\$ 2,443

See Notes to Financial Statements.

ANNUAL REPORT

OCTOBER 31, 2012

23

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 Fixed Rate	Counterparty	Expiration Date	Notional Amount (000)	Unrealized
					Appreciation (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)
Total					\$ 5,798

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

Issuer	Receive Fixed Rate	Counterparty	Expiration Date	Issuer Credit Rating ¹	Notional Amount (000) ²	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
Total						\$ 28,260

¹ Using S&P's rating.² 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% ³	3-month LIBOR	Chicago Mercantile	8/29/14	USD	3,800	\$ (3,974)
2.48% ³	3-month LIBOR	Credit Suisse Group AG	7/05/42	USD	500	11,836
2.26% ³	3-month LIBOR	Goldman Sachs Group, Inc.	7/26/42	USD	300	21,652
2.46% ³	3-month LIBOR	Deutsche Bank AG	8/07/42	USD	1,200	33,040
2.52% ³	3-month LIBOR	Citigroup, Inc.	8/10/42	USD	600	9,342
2.71% ³	3-month LIBOR	Credit Suisse Group AG	8/21/42	USD	100	(2,406)
Total						\$ 69,490

³ 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.

Table of Contents

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
Assets:				
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- ment Sponsored Agency Securities		341,349		341,349
US Treasury Obligations		3,415,278		3,415,278
Short-Term Securities	883,178			883,178
Total	\$ 1,536,599	\$ 170,912,118	\$ 1,942,625	\$ 174,391,342
Derivative Financial Instruments¹				
Assets:				
Credit contracts		\$ 73,988		\$ 73,988
Foreign currency exchange contracts		2,443		2,443
Interest rate contracts	\$ 132,884	117,558		250,442
Liabilities:				
Credit contracts		(39,930)		(39,930)
Interest rate contracts	(47,046)	(118,048)		(165,094)
Total	\$ 85,838	\$ 36,011		\$ 121,849

¹ 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
Assets:				
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
Liabilities:				
Reverse repurchase agreements		\$ (57,959,120)		(57,959,120)
Total	\$ 335,814	\$ (57,959,120)		\$ (57,623,306)

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

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

³ 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.

See Notes to Financial Statements.

ANNUAL REPORT

OCTOBER 31, 2012

25

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:

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

Closing Balance, as of October 31, 2012

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

² 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.

³ Issues represent upfront cash received on certain derivative financial instruments.

⁴ 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)	
Asset-Backed Securities		
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, 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
Total Asset-Backed Securities 1.0%		5,182,253
Corporate Bonds		
Aerospace & Defense 0.8%		
BE Aerospace, Inc., 5.25%, 4/01/22	1,745	1,819,163
Huntington Ingalls Industries, Inc.: 6.88%, 3/15/18	610	658,800
7.13%, 3/15/21	600	645,000
Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17	1,014	1,095,120
		4,218,083
Airlines 0.5%		
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
		2,753,389
Auto Components 1.0%		
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: 7.75%, 1/15/16	610	637,450
8.00%, 1/15/18	2,270	2,440,250
		5,086,400
Beverages 0.7%		
Anheuser-Busch InBev Worldwide, Inc., 1.38%, 7/15/17 (c)	1,000	1,015,075
Constellation Brands, Inc., 7.25%, 5/15/17	1,970	2,319,675
		3,334,750
Building Products 0.3%		
Building Materials Corp. of America (a): 7.00%, 2/15/20	375	406,875
6.75%, 5/01/21	1,060	1,155,400
		1,562,275
Capital Markets 5.7%		
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): 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

Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. - Form N-CSR

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