

BLACKROCK CREDIT ALLOCATION INCOME TRUST II  
Form N-Q  
September 28, 2010

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

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-21286

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Anne F. Ackerley, Chief Executive Officer, BlackRock  
Credit Allocation Income Trust II, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055.

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

Date of fiscal year end: 10/31/2010

Date of reporting period: 07/31/2010

Item 1 Schedule of Investments

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## Schedule of Investments July 31, 2010 (Unaudited)

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| Corporate Bonds  |              |              |
| <b>Aerospace &amp; Defense 2.9%</b>  |              |              |
| BE Aerospace, Inc., 8.50%,<br>7/01/18  | \$ 2,500     | \$ 2,718,750 |
| Bombardier, Inc., 7.75%,<br>3/15/20 (a)  | 3,205        | 3,453,387    |
| United Technologies Corp., 5.70%,<br>4/15/40   | 6,250        | 6,987,869    |
|  |              | 13,160,006   |
| <b>Airlines 0.6%</b>   |              |              |
| Continental Airlines Pass-Through<br>Certificates, Series 2009-2,<br>Class B, 9.25%, 5/10/17 | 1,625        | 1,710,312    |
| Delta Air Lines, Inc., Series 02G1,<br>6.72%, 7/02/24  | 1,279        | 1,224,739    |
|  |              | 2,935,051    |
| <b>Auto Components 0.6%</b>  |              |              |
| Icahn Enterprises LP:<br>7.75%, 1/15/16  | 880          | 882,200      |
| 8.00%, 1/15/18   | 2,000        | 1,995,000    |
|  |              | 2,877,200    |
| <b>Beverages 0.4%</b>  |              |              |
| Constellation Brands, Inc., 7.25%,<br>5/15/17  | 1,970        | 2,048,800    |
| <b>Building Products 0.1%</b>  |              |              |
| Building Materials Corp. of<br>America, 7.00%, 2/15/20 (a)                                   | 525          | 528,938      |
| <b>Capital Markets 0.8%</b>  |              |              |
| Ameriprise Financial, Inc., 5.30%,<br>3/15/20  | 3,250        | 3,475,794    |
| <b>Chemicals 0.3%</b>  |              |              |
| CF Industries, Inc., 7.13%,<br>5/01/20   | 1,125        | 1,200,938    |
| <b>Commercial Services &amp;<br/>Supplies 3.0%</b>   |              |              |
| Browning-Ferris Industries, Inc.,  |              |              |

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|   |       |            |
|---|-------|------------|
| 7.40%, 9/15/35  | 3,742 | 4,479,372  |
| Clean Harbors, Inc., 7.63%,<br>8/15/16                      | 1,460 | 1,507,450  |
| Corrections Corp. of America,<br>7.75%, 6/01/17             | 3,375 | 3,602,813  |
| Waste Management, Inc., 6.13%,<br>11/30/39                  | 4,000 | 4,282,256  |
|   |       | 13,871,891 |
| <b>Communications Equipment 0.9%</b>                        |       |            |
| Brocade Communications Systems,<br>Inc., 6.88%, 1/15/20 (a) | 2,965 | 3,031,712  |

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

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Corporate Bonds</b>                                   |              |              |
| <b>Communications Equipment (concluded)</b>              |              |              |
| CC Holdings GS V LLC, 7.75%,<br>5/01/17 (a)              | \$ 935       | \$ 1,021,488 |
|  |              | 4,053,200    |
| <b>Consumer Finance 4.0%</b>                             |              |              |
| Capital One Bank USA NA, 8.80%,<br>7/15/19               | 3,325        | 4,232,449    |
| Inmarsat Finance Plc, 7.38%,<br>12/01/17 (a)             | 2,135        | 2,188,375    |
| SLM Corp., 4.00%, 7/25/14 (b)                            | 13,900       | 11,759,122   |
|  |              | 18,179,946   |
| <b>Containers &amp; Packaging 1.1%</b>                   |              |              |
| Ball Corp.:  |              |              |
| 7.13%, 9/01/16   | 1,750        | 1,881,250    |
| 6.75%, 9/15/20   | 2,210        | 2,320,500    |
| Owens-Brockway Glass Container,<br>Inc., 6.75%, 12/01/14 | 570          | 579,975      |
| Rock-Tenn Co., 9.25%, 3/15/16                            | 325          | 353,031      |
|  |              | 5,134,756    |
| <b>Diversified Financial<br/>Services 0.6%</b>           |              |              |
| GMAC, Inc., 8.30%, 2/12/15 (a)                           | 2,500        | 2,631,250    |
| <b>Diversified Telecommunication<br/>Services 4.1%</b>   |              |              |

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|  |       |            |
|--|-------|------------|
| AT&T Inc., 6.30%, 1/15/38  | 4,000 | 4,452,260  |
| New Communications Holdings,<br>Inc., 8.50%, 4/15/20 (a)           | 3,100 | 3,309,250  |
| Qwest Corp., 8.38%, 5/01/16  | 2,795 | 3,179,313  |
| Verizon Communications, Inc.,<br>7.35%, 4/01/39                    | 4,025 | 5,080,745  |
| Windstream Corp.:  |       |            |
| 8.63%, 8/01/16   | 1,000 | 1,042,500  |
| 7.88%, 11/01/17  | 1,900 | 1,933,250  |
|  |       | 18,997,318 |
| <b>Electric Utilities 1.7%</b>                                     |       |            |
| Progress Energy Inc., 7.00%,<br>10/30/31                           | 4,000 | 4,861,900  |
| Southern California Edison Co.,<br>5.50%, 3/15/40                  | 2,850 | 3,117,016  |
|  |       | 7,978,916  |
| <b>Electronic Equipment, Instruments<br/>&amp; Components 0.2%</b> |       |            |
| Jabil Circuit Inc., 8.25%, 3/15/18                                 | 800   | 872,000    |
| <b>Energy Equipment &amp;<br/>Services 2.2%</b>                    |       |            |
| Compagnie Generale de<br>Geophysique-Veritas, 7.75%,<br>5/15/17    | 1,175 | 1,145,625  |

### Portfolio Abbreviations

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

|    |                          |     |                  |
|----|--------------------------|-----|------------------|
| GO | General Obligation Bonds | TBD | To be determined |
| RB | Revenue Bonds            |     |                  |

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JULY 31, 2010

Schedule of Investments<sup>(continued)</sup>

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

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| Corporate Bonds  |              |              |
| Energy Equipment & Services<br>(concluded)                     |              |              |
| Halliburton Co., 7.45%, 9/15/39                                | \$ 6,220     | \$ 7,927,004 |
| Hornbeck Offshore Services, Inc.,<br>Series B, 6.13%, 12/01/14 | 1,000        | 897,500      |
|  |              | 9,970,129    |
| Food & Staples Retailing 3.5%                                  |              |              |
| CVS Caremark Corp., 6.30%,<br>6/01/62 (b)                      | 6,600        | 6,072,000    |
| Wal-Mart Stores, Inc.:<br>5.25%, 9/01/35                       | 2,500        | 2,603,280    |
| 6.20%, 4/15/38   | 6,250        | 7,325,531    |
|  |              | 16,000,811   |
| Food Products 1.0%   |              |              |
| Kraft Foods, Inc.:<br>6.50%, 8/11/17                           | 1,665        | 1,963,406    |
| 6.13%, 8/23/18   | 1,660        | 1,930,552    |
| Smithfield Foods, Inc., 10.00%,<br>7/15/14 (a)                 | 700          | 782,250      |
|  |              | 4,676,208    |
| Gas Utilities 1.0%   |              |              |
| Nisource Finance Corp., 6.13%,<br>3/01/22                      | 4,000        | 4,402,764    |
| Health Care Equipment &<br>Supplies 0.8%                       |              |              |
| Fresenius US Finance II, Inc.,<br>9.00%, 7/15/15 (a)           | 2,250        | 2,520,000    |
| Medtronic, Inc.:<br>6.50%, 3/15/39                             | 650          | 799,791      |
| 5.55%, 3/15/40   | 412          | 458,449      |
|  |              | 3,778,240    |
| Health Care Providers &<br>Services 3.4%                       |              |              |

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|   |        |            |
|---|--------|------------|
| Aetna, Inc., 6.75%, 12/15/37  | 3,400  | 3,854,689  |
| HCA, Inc.:  |        |            |
| 8.50%, 4/15/19  | 1,800  | 1,989,000  |
| 7.25%, 9/15/20 (c)  | 2,550  | 2,696,625  |
| Tenet Healthcare Corp. (a):   |        |            |
| 10.00%, 5/01/18   | 1,530  | 1,738,462  |
| 8.88%, 7/01/19  | 1,125  | 1,237,500  |
| UnitedHealth Group, Inc., 6.88%,<br>2/15/38                                   | 3,400  | 3,946,360  |
|   |        | 15,462,636 |
| <b>Household Durables 0.3%</b>  |        |            |
| Cemex Espana Luxembourg,<br>9.25%, 5/12/20 (a)                                | 1,462  | 1,312,145  |
| <b>Insurance 4.7%</b>   |        |            |
| Liberty Mutual Group, Inc., 6.70%,<br>8/15/16 (a)                             | 1,265  | 1,319,339  |
| Lincoln National Corp., 6.25%,<br>2/15/20                                     | 3,400  | 3,628,341  |
| Northwestern Mutual Life<br>Insurance, 6.06%, 3/30/40 (a)                     | 3,800  | 4,232,592  |
| Principal Financial Group, Inc.,<br>8.88%, 5/15/19                            | 980    | 1,224,092  |
| Prudential Financial, Inc., 6.63%,<br>12/01/37                                | 3,400  | 3,645,065  |
| QBE Insurance Group Ltd., 9.75%,<br>3/14/14 (a)                               | 5,967  | 7,233,358  |
|   | Par    |            |
| Corporate Bonds   | (000)  | Value      |
| <b>Insurance (concluded)</b>  |        |            |
| Structured Asset Repackaged<br>Trust, Series 2004-1, 0.78%,<br>4/21/11 (a)(b) | \$ 161 | \$ 158,213 |
|   |        | 21,441,000 |
| <b>Life Sciences Tools &amp;<br/>Services 1.9%</b>                            |        |            |
| Bio-Rad Laboratories, Inc., 8.00%,<br>9/15/16                                 | 3,825  | 4,092,750  |
| Life Technologies Corp., 6.00%,<br>3/01/20                                    | 4,200  | 4,630,529  |

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|  |       |            |
|--|-------|------------|
|  |       | 8,723,279  |
| <b>Machinery 1.5%</b>                                      |       |            |
| Ingersoll-Rand Global Holding Co.,<br>Ltd., 9.50%, 4/15/14 | 3,400 | 4,199,728  |
| Navistar International Corp.,<br>8.25%, 11/01/21           | 2,550 | 2,696,625  |
|  |       | 6,896,353  |
| <b>Media 7.9%</b>  |       |            |
| CSC Holdings LLC:<br>8.50%, 6/15/15                        | 1,500 | 1,614,375  |
| 8.63%, 2/15/19   | 1,200 | 1,311,000  |
| Comcast Corp., 6.30%, 11/15/17                             | 3,400 | 3,934,324  |
| Cox Communications, Inc., 8.38%,<br>3/01/39 (a)            | 3,400 | 4,555,231  |
| DISH DBS Corp.:<br>7.00%, 10/01/13                         | 1,750 | 1,820,000  |
| 7.88%, 9/01/19   | 1,100 | 1,168,750  |
| Gannett Co., Inc., 9.38%,<br>11/15/17 (a)                  | 1,800 | 1,953,000  |
| Intelsat Corp., 9.25%, 6/15/16                             | 1,800 | 1,921,500  |
| News America, Inc., 6.15%,<br>3/01/37                      | 4,200 | 4,421,260  |
| Time Warner Cable, Inc., 6.75%,<br>6/15/39                 | 4,050 | 4,612,436  |
| Time Warner, Inc., 7.70%,<br>5/01/32                       | 4,150 | 5,071,333  |
| UPC Germany GmbH, 8.13%,<br>12/01/17 (a)                   | 1,030 | 1,053,175  |
| Virgin Media Secured Finance Plc,<br>6.50%, 1/15/18 (a)    | 2,675 | 2,768,625  |
|  |       | 36,205,009 |
| <b>Metals &amp; Mining 1.5%</b>                            |       |            |
| AK Steel Corp., 7.63%, 5/15/20                             | 1,000 | 1,003,750  |
| Phelps Dodge Corp., 7.13%,<br>11/01/27                     | 2,900 | 3,140,401  |
| Teck Resources Ltd., 10.75%,<br>5/15/19                    | 1,750 | 2,185,400  |
| United States Steel Corp., 7.38%,<br>4/01/20               | 375   | 375,938    |
|  |       | 6,705,489  |
| <b>Multi-Utilities 1.6%</b>                                |       |            |

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CenterPoint Energy, Inc.:

|                |       |           |
|----------------|-------|-----------|
| 5.95%, 2/01/17 | 3,150 | 3,412,571 |
| 6.50%, 5/01/18 | 3,350 | 3,770,328 |
|                |       | 7,182,899 |

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Schedule of Investments<sup>(continued)</sup>

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

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| Corporate Bonds                                      |              |              |
| <b>Multiline Retail 2.8%</b>                         |              |              |
| Dollar General Corp., 10.63%,<br>7/15/15             | \$ 3,275     | \$ 3,602,500 |
| JC Penney Co., Inc., 5.65%,<br>6/01/20               | 9,000        | 9,045,000    |
|  |              | 12,647,500   |
| <b>Oil, Gas &amp; Consumable</b>                     |              |              |
| <b>Fuels 4.2%</b>                                    |              |              |
| BP Capital Markets Plc, 3.88%,<br>3/10/15            | 1,500        | 1,433,939    |
| Chesapeake Energy Corp., 6.25%,<br>1/15/18           | 950          | 971,375      |
| Enbridge Energy Partners LP,<br>9.88%, 3/01/19       | 2,100        | 2,822,969    |
| Enterprise Products Operating LLC,<br>6.65%, 4/15/18 | 4,200        | 4,871,227    |
| Kinder Morgan Energy Partners LP,<br>6.85%, 2/15/20  | 4,200        | 4,975,954    |
| ONEOK Partners LP, 8.63%,<br>3/01/19                 | 3,400        | 4,358,555    |
|  |              | 19,434,019   |
| <b>Paper &amp; Forest Products 2.5%</b>              |              |              |
| Georgia-Pacific LLC, 8.25%,<br>5/01/16 (a)           | 3,400        | 3,689,000    |
| International Paper Co.:<br>7.50%, 8/15/21 (c)       | 3,325        | 3,988,697    |
| 7.30%, 11/15/39                                      | 3,400        | 3,896,740    |
|  |              | 11,574,437   |
| <b>Pharmaceuticals 9.2%</b>                          |              |              |
| Abbott Laboratories:<br>6.15%, 11/30/37              | 588          | 693,020      |
| 6.00%, 4/01/39                                       | 5,891        | 6,842,420    |
| Bristol-Myers Squibb Co.:                            |              |              |

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|  |       |            |
|--|-------|------------|
| 5.88%, 11/15/36                                  | 5,000 | 5,627,660  |
| 6.13%, 5/01/38                                   | 1,471 | 1,717,735  |
| Eli Lilly & Co., 5.95%, 11/15/37                 | 1,471 | 1,684,204  |
| GlaxoSmithKline Capital, Inc.,<br>6.38%, 5/15/38 | 7,250 | 8,724,991  |
| Merck & Co., Inc., 6.50%,<br>12/01/33 (c)        | 2,070 | 2,528,192  |
| Pfizer, Inc., 7.20%, 3/15/39 (c)                 | 6,250 | 8,389,262  |
| Schering-Plough Corp., 6.55%,<br>9/15/37         | 4,572 | 5,715,366  |
|  |       | 41,922,850 |

Real Estate Investment Trusts

(REITs) 2.5%

|  |       |            |
|--|-------|------------|
| AvalonBay Communities, Inc.,<br>6.10%, 3/15/20 | 3,400 | 3,846,797  |
| ERP Operating LP:<br>5.38%, 8/01/16            | 3,350 | 3,637,199  |
| 5.75%, 6/15/17                                 | 3,405 | 3,763,908  |
|  |       | 11,247,904 |

Semiconductors & Semiconductor

Equipment 1.2%

|  |       |           |
|--|-------|-----------|
| Advanced Micro Devices, Inc.,<br>7.75%, 8/01/20 (a)(d) | 775   | 782,750   |
| KLA-Tencor Corp., 6.90%,<br>5/01/18                    | 1,928 | 2,157,684 |

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| Corporate Bonds   |              |              |
| Semiconductors & Semiconductor<br>Equipment (concluded) |              |              |
| National Semiconductor Corp.,<br>6.60%, 6/15/17         | \$ 2,334     | \$ 2,633,436 |
|   |              | 5,573,870    |
| Specialty Retail 1.0%                                   |              |              |
| AutoNation, Inc., 6.75%, 4/15/18                        | 1,965        | 1,979,738    |
| AutoZone, Inc., 7.13%, 8/01/18                          | 1,350        | 1,604,622    |
| Limited Brands, Inc., 7.00%,<br>5/01/20                 | 980          | 1,011,850    |
|   |              | 4,596,210    |

Tobacco 3.3%

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|                                    |        |                    |
|------------------------------------|--------|--------------------|
| Altria Group, Inc.:                |        |                    |
| 9.70%, 11/10/18                    | 3,400  | 4,454,537          |
| 9.25%, 8/06/19                     | 3,350  | 4,310,204          |
| 10.20%, 2/06/39                    | 4,400  | 6,214,472          |
|                                    |        | 14,979,213         |
| <b>Wireless Telecommunication</b>  |        |                    |
| <b>Services 4.2%</b>               |        |                    |
| Cricket Communications, Inc.,      |        |                    |
| 7.75%, 5/15/16                     | 670    | 693,450            |
| Nextel Communications, Inc.,       |        |                    |
| Series E, 6.88%, 10/31/13          | 2,340  | 2,328,300          |
| SBA Tower Trust, 5.10%,            |        |                    |
| 4/15/42 (a)                        | 15,225 | 16,286,957         |
|                                    |        | 19,308,707         |
| <b>Total Corporate Bonds 83.5%</b> |        | <b>381,987,676</b> |
| <b>Preferred Securities</b>        |        |                    |
| <b>Capital Trusts</b>              |        |                    |
| <b>Capital Markets 4.0%</b>        |        |                    |
| Ameriprise Financial, Inc., 7.52%, |        |                    |
| 6/01/66 (b)                        | 2,500  | 2,437,500          |
| Lehman Brothers Holdings Capital   |        |                    |
| Trust V, 2.09% (e)(f)(g)           | 6,400  | 640                |
| State Street Capital Trust III,    |        |                    |
| 8.25% (b)(f)                       | 2,920  | 2,963,654          |
| State Street Capital Trust IV,     |        |                    |
| 1.54%, 6/01/67 (b)                 | 18,235 | 12,661,417         |
|                                    |        | 18,063,211         |
| <b>Commercial Banks 6.1%</b>       |        |                    |
| Bank One Capital III, 8.75%,       |        |                    |
| 9/01/30                            | 2,000  | 2,357,968          |
| Barclays Bank Plc, 5.93% (a)(b)(f) | 2,500  | 2,106,250          |
| First Empire Capital Trust II,     |        |                    |
| 8.28%, 6/01/27                     | 3,630  | 3,349,002          |
| HSBC Capital Funding LP/Jersey     |        |                    |
| Channel Islands,                   |        |                    |
| 10.18% (a)(b)(f)                   | 4,835  | 6,019,575          |
| National City Preferred Capital    |        |                    |
| Trust I, 12.00% (b)(f)             | 1,100  | 1,222,430          |
| NationsBank Capital Trust III,     |        |                    |
| 0.83%, 1/15/27 (b)                 | 13,470 | 9,036,794          |
| SunTrust Preferred Capital I,      |        |                    |

5.85% (b)(f)

307

205,690

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## Schedule of Investments(continued)

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

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| Capital Trusts  |              |              |
| Commercial Banks (concluded)                          |              |              |
| USB Capital XIII Trust, 6.63%,<br>12/15/39            | \$ 3,500     | \$ 3,665,480 |
|   |              | 27,963,189   |
| Consumer Finance 0.8%                                 |              |              |
| Capital One Capital V, 10.25%,<br>8/15/39             | 3,190        | 3,453,175    |
| Diversified Financial<br>Services 1.6%                |              |              |
| Farm Credit Bank of Texas,<br>Series 1, 7.56% (b)(f)  | 2,500        | 2,071,350    |
| JPMorgan Chase Capital XXIII,<br>1.44%, 5/15/77 (b)   | 7,500        | 5,366,535    |
|   |              | 7,437,885    |
| Electric Utilities 0.6%                               |              |              |
| PPL Capital Funding, 6.70%,<br>3/30/67 (b)            | 3,000        | 2,677,500    |
| Insurance 12.2%                                       |              |              |
| AXA SA, 6.38% (a)(b)(f)                               | 3,000        | 2,385,000    |
| Ace Capital Trust II, 9.70%, 4/01/30                  | 5,000        | 6,074,680    |
| The Allstate Corp., 6.50%, 5/15/67 (b)                | 5,000        | 4,575,000    |
| Aon Corp., 8.21%, 1/01/27                             | 2,500        | 2,626,250    |
| Chubb Corp., 6.38%, 3/29/67 (b)(h)                    | 2,000        | 1,950,000    |
| Farmers Exchange Capital, 7.05%,<br>7/15/28 (a)       | 2,500        | 2,333,940    |
| GE Global Insurance Holding Corp.,<br>7.75%, 6/15/30  | 2,000        | 2,248,394    |
| Liberty Mutual Group, Inc., 10.75%,<br>6/15/88 (a)(b) | 2,925        | 3,202,875    |
| Lincoln National Corp., 7.00%,<br>5/17/66 (b)         | 3,350        | 3,029,740    |
| MetLife, Inc., 6.40%, 12/15/66                        | 6,825        | 6,330,187    |
| Nationwide Life Global Funding I,                     |              |              |

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|  |          |              |
|--|----------|--------------|
| 6.75%, 5/15/67   | 7,000    | 5,613,300    |
| Principal Life Insurance Co., 8.00%,<br>3/01/44 (a)              | 2,500    | 2,581,155    |
| Reinsurance Group of America, 6.75%,<br>12/15/65 (b)             | 3,000    | 2,530,902    |
| The Travelers Cos., Inc., 6.25%,<br>3/15/67 (b)                  | 3,000    | 2,843,217    |
| ZFS Finance (USA) (a)(b):<br>Trust IV, 5.88%, 5/09/32            | 379      | 337,265      |
| Trust V, 6.50%, 5/09/67  | 4,312    | 3,923,920    |
| Zenith National Insurance Capital<br>Trust I, 8.55%, 8/01/28 (a) | 3,750    | 3,225,000    |
|  |          | 55,810,825   |
| <b>Multi-Utilities 1.4%</b>                                      |          |              |
| Dominion Resources Capital<br>Trust I, 7.83%, 12/01/27           | 2,500    | 2,634,515    |
| Dominion Resources, Inc., 7.50%,<br>6/30/66 (b)                  | 3,900    | 3,885,375    |
|  |          | 6,519,890    |
| <b>Oil, Gas &amp; Consumable<br/>Fuels 1.2%</b>                  |          |              |
| Enterprise Products Operating LLC,<br>8.38%, 8/01/66 (b)         | 2,000    | 2,037,500    |
|  |          |              |
|  | Par      |              |
| Capital Trusts   | (000)    | Value        |
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>               |          |              |
| TransCanada PipeLines Ltd.,<br>6.35%, 5/15/67 (b)                | \$ 4,000 | \$ 3,640,000 |
|  |          | 5,677,500    |
| <b>Road &amp; Rail 0.8%</b>                                      |          |              |
| BNSF Funding Trust I, 6.61%,<br>12/15/55 (b)                     | 3,750    | 3,581,250    |
| Total Capital Trusts 28.7%                                       |          | 131,184,425  |
| Preferred Stocks   | Shares   |              |
| <b>Commercial Banks 1.6%</b>                                     |          |              |
| First Tennessee Bank NA,<br>3.75% (a)(b)                         | 4,650    | 3,263,719    |
| Provident Financial Group, Inc.,<br>7.75%                        | 166,800  | 4,164,796    |

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|   |          |             |
|---|----------|-------------|
|   |          | 7,428,515   |
| <b>Diversified Financial</b>  |          |             |
| <b>Services 1.1%</b>  |          |             |
| Falcons Funding Trust I,<br>8.88% (a)(b)  | 4,750    | 4,883,594   |
| <b>Insurance 1.2%</b>   |          |             |
| Aspen Insurance Holdings Ltd.,<br>7.40%   | 144,881  | 3,230,846   |
| Axis Capital Holdings Ltd., Series B,<br>7.50%  | 10,240   | 883,200     |
| Prudential Plc, 6.50%   | 60,000   | 1,458,600   |
|   |          | 5,572,646   |
| <b>Wireless Telecommunication</b>   |          |             |
| <b>Services 0.6%</b>  |          |             |
| Centaur Funding Corp., 9.08%  | 2,423    | 2,562,322   |
| Total Preferred Stocks 4.5%   |          | 20,447,077  |
| Trust Preferreds  |          |             |
| <b>Insurance 0.5%</b>   |          |             |
| W.R. Berkley Capital Trust II,<br>6.75%, 7/26/45 (i)                                  | 104,976  | 2,527,822   |
| Total Trust Preferreds 0.5%   |          | 2,527,822   |
| Total Preferred Securities 33.7%  |          | 154,159,324 |
|   | Par      |             |
| Taxable Municipal Bonds   | (000)    |             |
| Metropolitan Transportation<br>Authority, RB, Build America<br>Bonds, 6.55%, 11/15/31 |          |             |
|   | \$ 3,450 | 3,552,431   |
| State of California, GO, Build<br>America Bonds, 7.35%,<br>11/01/39                   |          |             |
|   | 1,725    | 1,810,129   |

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Schedule of Investments<sup>(continued)</sup>

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

|  | Par<br>(000) | Value          |
|--|--------------|----------------|
| Taxable Municipal Bonds (concluded)  |              |                |
| State of Illinois, GO, Pension,<br>5.10%, 6/01/33                            | \$ 3,475     | \$ 2,834,453   |
| Total Taxable Municipal Bonds 1.8%   |              | 8,197,013      |
| U.S. Treasury Obligations  |              |                |
| U.S. Treasury Notes 15.4%  |              |                |
| U.S. Treasury Notes, 1.75%,<br>7/31/15                                       | 70,000       | 70,513,800     |
| Total U.S. Treasury Obligations 15.4%  |              | 70,513,800     |
| Total Long-Term Investments<br>(Cost \$614,416,141) 134.4%                   |              | 614,857,813    |
| Short-Term Securities  | Shares       |                |
| BlackRock Liquidity Funds,<br>TempFund, Institutional Class,<br>0.23% (j)(k) | 82,886,485   | 82,886,485     |
| Total Short-Term Securities<br>(Cost \$82,886,485) 18.1%                     |              | 82,886,485     |
| Total Investments<br>(Cost \$697,302,626*) 152.5%                            |              | 697,744,298    |
| Liabilities in Excess of Other Assets (15.5)%                                |              | (71,074,054)   |
| Preferred Shares, at Redemption Value (37.0)%                                |              | (169,082,397)  |
| Net Assets Applicable to Common Shares 100.0%                                |              | \$ 457,587,847 |

\* The cost and unrealized appreciation (depreciation) of investments as of July 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 700,475,121 |
| Gross unrealized appreciation | \$ 21,516,554  |
| Gross unrealized depreciation | (24,247,377)   |
| Net unrealized depreciation   | \$ (2,730,823) |

(a) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from



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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) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty              | Value      | Unrealized<br>Appreciation |
|---------------------------|------------|----------------------------|
| JPMorgan Securities, Ltd. | \$ 782,750 | \$ 7,750                   |

(e) Issuer filed for bankruptcy and/or is in default of interest payments.

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

(g) Non-income producing security.

(h) All or a portion of security has been pledged as collateral in connection with swaps.

(i) Convertible security.

(j) Investments in companies considered to be an affiliate of the Trust during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares Held<br>at October 31,<br>2009 | Net<br>Activity | Shares Held<br>at July 31,<br>2010 | Income     |
|--|---------------------------------------|-----------------|------------------------------------|------------|
| BlackRock<br>Liquidity Funds,<br>TempFund,<br>Institutional<br>Class | 41,019,397                            |                 | 41,867,088 82,886,485              | \$ 100,606 |

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

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

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC. JULY 31, 2010 5

## Schedule of Investments<sup>(continued)</sup> BlackRock Credit Allocation Income Trust II, Inc. (PSY)

Reverse repurchase agreements outstanding as of July 31, 2010 were as follows:

| Counterparty                 | Interest Rate | Trade Date | Maturity Date | Net Closing Amount   | Face Amount          |
|------------------------------|---------------|------------|---------------|----------------------|----------------------|
| Credit Suisse Securities LLC | 0.35%         | 5/04/10    | TBD           | \$ 2,317,580         | \$ 2,315,554         |
| Royal Bank of Scotland Plc   | 0.36%         | 5/06/10    | TBD           | 7,330,195            | 7,323,750            |
| Credit Suisse Securities LLC | 0.25%         | 5/13/10    | TBD           | 3,569,732            | 3,567,725            |
| Credit Suisse Securities LLC | 0.40%         | 5/13/10    | TBD           | 2,348,749            | 2,346,637            |
| <b>Total</b>                 |               |            |               | <b>\$ 15,566,256</b> | <b>\$ 15,553,666</b> |

Financial futures contracts purchased as of July 31, 2010 were as follows:

| Contracts | Issue                      | Expiration Date | Notional Value | Unrealized Appreciation |
|-----------|----------------------------|-----------------|----------------|-------------------------|
| 20        | 30-Year U.S. Treasury Bond | September 2010  | \$ 2,450,785   | \$ 86,715               |

Credit default swaps on single-name issues - buy protection outstanding as of July 31, 2010 were as follows:

| Issuer          | Pay Fixed Rate | Counterparty     | Expiration | Notional Amount (\$000) | Unrealized Depreciation |
|-----------------|----------------|------------------|------------|-------------------------|-------------------------|
| Nordstrom, Inc. | 5.20%          | Deutsche Bank AG | June 2014  | \$ 2,000                | \$ (320,410)            |

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

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

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

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

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

The following tables summarize the inputs used as of July 31, 2010 in determining the fair valuation of the Trust's investments and derivatives:

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| Valuation Inputs          | Level 1       | Level 2        | Level 3    | Total          |
|---------------------------|---------------|----------------|------------|----------------|
| Assets:                   |               |                |            |                |
| Investment in Securities: |               |                |            |                |
| Long-term Investments:    |               |                |            |                |
| Corporate Bonds           | -             | \$ 381,829,463 | \$ 158,213 | \$ 381,987,676 |
| Preferred Securities      | \$ 11,382,064 | 142,777,260    | -          | 154,159,324    |
| Taxable Municipal Bonds   | -             | 8,197,013      | -          | 8,197,013      |
| U.S. Treasury Obligations | -             | 70,513,800     | -          | 70,513,800     |
| Short-Term Securities     | 82,886,485    | -              | -          | 82,886,485     |
| Total                     | \$ 94,268,549 | \$ 603,317,536 | \$ 158,213 | \$ 697,744,298 |

Derivative Financial Instruments<sup>1</sup>

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| Valuation Inputs        | Level 1   | Level 2      | Level 3 | Total        |
|-------------------------|-----------|--------------|---------|--------------|
| Assets:                 |           |              |         |              |
| Interest rate contracts | \$ 86,715 |              |         | \$ 86,715    |
| Liabilities:            |           |              |         |              |
| Credit contracts        |           | \$ (320,410) |         | (320,410)    |
| Total                   | \$ 86,715 | \$ (320,410) |         | \$ (233,695) |

<sup>1</sup> Derivative financial instruments are financial futures contracts and swaps which are valued at the unrealized appreciation/depreciation on the instrument.

## Schedule of Investments<sup>(concluded)</sup> BlackRock Credit Allocation Income Trust II, Inc. (PSY)

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

| Assets/Liabilities:                    | Capital Trusts | Corporate<br>Bonds | Preferred<br>Stocks | Total         |
|--|----------------|--------------------|---------------------|---------------|
| Balance, as of                         |                |                    |                     |               |
| October 31, 2009                       | \$ 2,271,150   | \$ 266,121         | \$13,800,000        | \$ 16,337,271 |
| Accrued                                |                |                    |                     |               |
| discounts/premiums                     | -              | -                  | -                   | -             |
| Net realized gain (loss)               | (614,833)      | 43                 | -                   | (614,790)     |
| Net change in unrealized               |                |                    |                     |               |
| appreciation/depreciation <sup>2</sup> | 1,308,795      | 29,620             | 5,656,562           | 6,994,977     |
| Purchases                              | -              | -                  | -                   | -             |
| Sales                                  | (2,965,112)    | (137,571)          | -                   | (3,102,683)   |
| Transfers in <sup>3</sup>              | -              | -                  | -                   | -             |
| Transfers out <sup>3</sup>             | -              | -                  | (19,456,562)        | (19,456,562)  |
| Balance, as of                         |                |                    |                     |               |
| July 31, 2010                          | -              | \$ 158,213         | -                   | \$ 158,213    |

<sup>2</sup> The change in unrealized appreciation/depreciation on securities still held at July 31, 2010 was \$6,994,977.

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

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Item 2 Controls and Procedures

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

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

Item 3 Exhibits

Certifications Attached hereto

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

BlackRock Credit Allocation Income Trust II, Inc.

By: /s/ Anne F. Ackerley

Anne F. Ackerley

Chief Executive Officer of

BlackRock Credit Allocation Income Trust II, Inc.

Date: September 27, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Anne F. Ackerley

Anne F. Ackerley

Chief Executive Officer (principal executive officer) of

BlackRock Credit Allocation Income Trust II, Inc.

Date: September 27, 2010

By: /s/ Neal J. Andrews

Neal J. Andrews

Chief Financial Officer (principal financial officer) of

BlackRock Credit Allocation Income Trust II, Inc.

Date: September 27, 2010