

BLACKROCK CREDIT ALLOCATION INCOME TRUST II

Form N-Q

April 01, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21286

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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

Date of fiscal year end: 10/31/2011

Date of reporting period: 01/31/2011

Item 1 Schedule of Investments

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Schedule of Investments January 31, 2011 (Unaudited)

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

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

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

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

Containers & Packaging 1.3%

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

Portfolio Abbreviations

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

GO General Obligation Bonds
RB Revenue Bonds

Schedule of Investments (continued)

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

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

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

**Independent Power Producers &
Energy Traders 0.3%**

Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20	1,475	1,564,392
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Insurance 6.6%

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

30,692,169

Life Sciences Tools & Services 1.9%

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

8,717,178

Schedule of Investments (continued)

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

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

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

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

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

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

**Real Estate Management &
Development 0.1%**

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

Road & Rail 1.0%

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

**Semiconductors & Semiconductor
Equipment 1.2%**

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

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JANUARY 31, 2011

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Schedule of Investments (continued)

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

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

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

Commercial Banks 5.9%

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

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

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

Schedule of Investments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule of Investments (continued)

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

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

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

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

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

¹ Using Standard and Poor's rating.

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

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

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

Total	\$ 127,322,014	\$ 127,309,383
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Fair Value Measurements - Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

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

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

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

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

Schedule of Investments (concluded)

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

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

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

Derivative Financial Instruments¹

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

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

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

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

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

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

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

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JANUARY 31, 2011

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Item 2 Controls and Procedures

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

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

Item 3 Exhibits

Certifications Attached hereto

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

BlackRock Credit Allocation Income Trust II, Inc.

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

Date: March 25, 2011

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

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

Date: March 25, 2011

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

Date: March 25, 2011