

BLACKROCK CREDIT ALLOCATION INCOME TRUST II  
Form N-CSRS  
July 08, 2010

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

**FORM N-CSRS**

**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: 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: 04/30/2010

Item 1 Report to Stockholders

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## Semi-Annual Report

APRIL 30, 2010 I (UNAUDITED)

[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

MAY LOSE VALUE

NO BANK GUARANTEE

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APRIL 30, 2010

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## Dear Shareholder

Although overall global economic and financial conditions have generally improved over the past year, the period ended with high levels of market volatility

and diminishing investor confidence sparked by the sovereign debt crisis in Europe, concerns over the strength of the economic recovery and uncertainty

surrounding the future of interest rate policies. Additionally, as the period drew to a close, the increasing likelihood of more stringent financial market regula-

tions added to the overall sense of investment uncertainty. Despite the uneven nature of recent market conditions, we continue to believe that the Great

Recession likely ended at some point last summer, thanks primarily to massive fiscal and monetary stimulus, and that the global economy remains in

recovery mode.

Global equity markets bottomed in early 2009 and since that time have moved unevenly higher as investors were lured back into the markets by depressed

valuations, desire for higher yields and improvements in corporate earnings prospects. There have been several corrections along the way and volatility levels

have remained elevated reflections of mixed economic data, lingering deflation issues (especially in Europe) and uncertainty surrounding financial regula-

tions. On balance, however, improving corporate revenues and profits and a positive macro backdrop helped push stock prices higher over the last twelve

and six months. From a geographic perspective, US equities have outpaced their international counterparts in recent months, as the domestic economic

recovery has been more pronounced and as credit-related issues have held European markets down.

Within fixed income markets, yields have been moving unevenly as improving economic conditions have been acting to push Treasury yields higher (and

prices correspondingly lower), while concerns over ongoing deflation threats have acted as a counterweight. As the period drew to a close, Treasury yields

were falling as investors flocked to the safe haven asset class in the face of escalating uncertainty. Over the course of the last twelve and six months,

however, Treasuries underperformed other areas of the bond market, particularly the high yield sector, which has been benefiting from increased investor

demand. Meanwhile, municipal bonds slightly outperformed taxable sectors over both the six- and twelve-month periods thanks to continued high demand

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levels, but have continued to face the headwinds of ongoing state and local budget problems. As in the taxable arena, high yield municipals have been out-

performing the rest of the market.

Regarding cash investments, yields on money market securities remain near all-time lows (producing returns only marginally above zero percent), with

the Federal Open Market Committee reiterating that economic circumstances are likely to necessitate an accommodative interest rate stance for an

extended period.

Against this backdrop, the major market averages posted the following returns:

| <b>Total Returns as of April 30, 2010</b>  | <b>6-month</b> | <b>12-month</b> |
|--|----------------|-----------------|
| US equities (S&P 500 Index)  | 15.66%         | 38.84%          |
| Small cap US equities (Russell 2000 Index)   | 28.17          | 48.95           |
| International equities (MSCI Europe, Australasia, Far East Index)                  | 2.48           | 34.43           |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month Treasury Bill Index)             | 0.04           | 0.15            |
| US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index)              | (0.54)         | (1.32)          |
| Taxable fixed income (Barclays Capital US Aggregate Bond Index)                    | 2.54           | 8.30            |
| Tax-exempt fixed income (Barclays Capital Municipal Bond Index)                    | 3.68           | 8.85            |
| High yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index) | 11.60          | 42.53           |

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

Global financial markets continue to show signs of improvement, but questions about the strength and sustainability of the recovery abound. Through

periods of uncertainty, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For additional market perspective and

investment insight, visit [www.blackrock.com/shareholdermagazine](http://www.blackrock.com/shareholdermagazine), where you'll find the most recent issue of our award-winning Shareholder® magazine,

as well as its quarterly companion newsletter, Shareholder Perspectives. As always, we thank you for entrusting BlackRock with your investments, and we

look forward to your continued partnership in the months and years ahead.

THIS PAGE NOT PART OF YOUR FUND REPORT

## Fund Summary as of April 30, 2010

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

#### Investment Objective

BlackRock Credit Allocation Income Trust I, Inc. (PSW) (formerly BlackRock Preferred and Corporate Income Strategies Fund, Inc.) (the Fund) seeks to provide shareholders with high current income and capital appreciation. The Fund seeks to achieve its objectives by investing primarily in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds, bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities.

Effective November 13, 2009, BlackRock Preferred and Corporate Income Strategies Fund, Inc. was renamed BlackRock Credit Allocation Income Trust I, Inc.

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

#### Performance

For the six months ended April 30, 2010, the Fund returned 17.86% based on market price and 16.40% based on net asset value (NAV). For the same period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of 22.64% on a market price basis and 15.18% on a NAV basis. 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. In accordance with a change to its investment policies the Fund transitioned its portfolio away from primarily investing in preferred securities and corporate bonds into a broader spectrum of securities across the capital structure. Performance has been driven by the strong rebound in preferred securities, along with asset allocation decisions within the preferred sector. In particular, the Fund benefited from an overweight allocation to institutional corporate securities and hybrid securities as those sectors continued their dramatic outperformance versus \$25 par preferred securities, in which the Fund was underweight. The Fund's performance also benefited from participation in several additional issuer-related tenders in preferred equity exchanges, along with an overweight in the European banking sector. On the other hand, markets experienced substantial volatility over the period, most notably during the first three months of 2010. Markets were robust in early January as improving economic conditions left investors feeling underinvested and scrambling to purchase assets. The rally met an abrupt end in mid-January due to rising Greek default risk and the unexpected tightening of monetary policy in China. Markets declined over the ensuing weeks until a European Union-led finance package for Greece was announced. From that point, markets rallied on stronger economic data, including the first month of job creation (in March) and upward revisions to the previous three months' jobs data. The preferred market was largely immune from this volatility, however, as prices rose whether the broader market was rallying or selling off. This was due to the previously discussed positive effect of market tenders in the European banking sector. 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,

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economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

| Fund Information   |                |
|--|----------------|
| Symbol on New York Stock Exchange ( NYSE )                                     | PSW            |
| Initial Offering Date  | August 1, 2003 |
| Yield based on Closing Market Price as of April 30, 2010 (\$9.32) <sup>1</sup> | 7.73%          |
| Current Monthly Distribution per Common Share <sup>2</sup>                     | \$0.06         |
| Current Annualized Distribution per Common Share <sup>2</sup>                  | \$0.72         |
| Leverage as of April 30, 2010 <sup>3</sup>                                     | 29%            |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

Past performance does not guarantee future results.

<sup>2</sup> The monthly distribution per Common Share, declared on June 1, 2010, was decreased to \$0.057. The yield on the Closing Market Price, Current Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The distribution rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or net realized gain.

<sup>3</sup> Represents reverse repurchase agreements and Auction Market Preferred Shares ( Preferred Shares ) as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings and Preferred Shares) 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 9.

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

|                 | 4/30/10 | 10/31/09 | Change | High    | Low    |
|-----------------|---------|----------|--------|---------|--------|
| Market Price    | \$ 9.32 | \$8.24   | 13.11% | \$ 9.40 | \$7.93 |
| Net Asset Value | \$10.40 | \$9.31   | 11.71% | \$10.40 | \$9.22 |

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

| Portfolio Composition   |         |          |
|-------------------------|---------|----------|
|                         | 4/30/10 | 10/31/09 |
| Corporate Bonds         | 67%     | 18%      |
| Preferred Securities    | 32      | 82       |
| Taxable Municipal Bonds | 1       |          |

  

| Credit Quality Allocations <sup>4</sup> |         |          |
|---|---------|----------|
|   | 4/30/10 | 10/31/09 |
| AA/Aa                                   | 9%      |          |
| A                                       | 27      | 26%      |
| BBB/Baa                                 | 48      | 62       |
| BB/Ba                                   | 13      | 8        |

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|           |   |   |
|-----------|---|---|
| B         | 1 | 2 |
| CCC/Caa   | 1 |   |
| Not Rated | 1 | 2 |

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

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## Fund Summary as of April 30, 2010

### BlackRock Credit Allocation Income Trust II, Inc.

#### Investment Objective

BlackRock Credit Allocation Income Trust II, Inc. (PSY) (formerly BlackRock Preferred Income Strategies Fund, Inc.) (the Fund) seeks to provide share-holders with current income and capital appreciation. The Fund seeks to achieve its objectives by investing primarily in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds, bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities.

Effective November 13, 2009, BlackRock Preferred Income Strategies Fund, Inc. was renamed BlackRock Credit Allocation Income Trust II, Inc.

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

#### Performance

For the six months ended April 30, 2010, the Fund returned 21.75% based on market price and 18.47% based on net asset value (NAV). For the same period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of 22.64% on a market price basis and 15.18% on a NAV basis. 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. In accordance with a change to its investment policies the Fund transitioned its portfolio away from primarily investing in preferred securities into a broader spectrum of securities across the capital structure. Performance has been driven by the strong rebound in preferred securities, along with asset allocation decisions within the sector. In particular, the Fund benefited from an overweight allocation to institutional corporate securities and hybrid securities as those sectors continued their dramatic outperformance versus \$25 par preferred securities, in which the Fund was underweight. The Fund's performance also benefited from participation in several additional issuer-related tenders in preferred equity exchanges, along with an overweight in the European banking sector. On the other hand, markets experienced substantial volatility over the period, most notably during the first three months of 2010. Markets were robust in early January as improving economic conditions left investors feeling underinvested and scrambling to purchase assets. The rally met an abrupt end in mid-January due to rising Greek default risk and the unexpected tightening of monetary policy in China. Markets declined over the ensuing weeks until a European Union-led finance package for Greece was announced. From that point, markets rallied on stronger economic data, including the first month of job creation (in March) and upward revisions to the previous three months' jobs data. The preferred market was largely immune from this volatility, however, as prices rose whether the broader market was rallying or selling off. This was due to the previously discussed positive effect of market tenders in the European banking sector. 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,

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economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

| Fund Information  |                |
|---|----------------|
| Symbol on NYSE  | PSY            |
| Initial Offering Date   | March 28, 2003 |
| Yield on Closing Market Price as of April 30, 2010 (\$10.35) <sup>1</sup> | 8.70%          |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.075        |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.900        |
| Leverage as of April 30, 2010 <sup>3</sup>                                | 28%            |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

Past performance does not guarantee future results.

<sup>2</sup> The monthly distribution per Common Share, declared on June 1, 2010, was decreased to \$0.0635. The yield on the Closing Market Price, Current

Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The distribu-

tion rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or net realized gain.

<sup>3</sup> Represents reverse repurchase agreements and Preferred Shares as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings and Preferred Shares) 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 9.

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

|                 | 4/30/10 | 10/31/09 | Change | High    | Low    |
|-----------------|---------|----------|--------|---------|--------|
| Market Price    | \$10.35 | \$ 8.90  | 16.29% | \$10.49 | \$8.53 |
| Net Asset Value | \$11.35 | \$10.03  | 13.16% | \$11.35 | \$9.91 |

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

| Portfolio Composition   |         |          |
|-------------------------|---------|----------|
|                         | 4/30/10 | 10/31/09 |
| Corporate Bonds         | 56%     | 3%       |
| Preferred Securities    | 43      | 97       |
| Taxable Municipal Bonds | 1       |          |

  

| Credit Quality Allocations <sup>4</sup> |         |          |
|---|---------|----------|
|   | 4/30/10 | 10/31/09 |
| AA/Aa                                   | 7%      | 1%       |
| A                                       | 26      | 26       |
| BBB/Baa                                 | 50      | 56       |
| BB/Ba                                   | 13      | 14       |

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|           |   |   |
|-----------|---|---|
| B         | 2 | 3 |
| CCC/Caa   | 1 |   |
| Not Rated | 1 |   |

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

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## Fund Summary as of April 30, 2010

### BlackRock Credit Allocation Income Trust III

#### Investment Objective

BlackRock Credit Allocation Income Trust III (BPP) (formerly BlackRock Preferred Opportunity Trust) (the Fund) seeks high current income consistent with capital preservation. The Fund seeks to achieve its objectives by investing primarily in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds, bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities.

Effective November 13, 2009, BlackRock Preferred Opportunity Trust was renamed BlackRock Credit Allocation Income Trust III.

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

#### Performance

For the six months ended April 30, 2010, the Fund returned 13.05% based on market price and 12.74% based on net asset value (NAV). For the same period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of 22.64% on a market price basis and 15.18% on a NAV basis. 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. In accordance with a change to its investment policies the Fund transitioned its portfolio away from primarily investing in preferred securities into a broader spectrum of securities across the capital structure. Performance has been driven by the strong rebound in preferred securities, along with asset allocation decisions within the preferred sector. In particular, the Fund benefited from an overweight allocation to institutional corporate securities and hybrid securities as those sectors continued their dramatic outperformance versus \$25 par preferred securities, in which the Fund was underweight. The Fund's performance also benefited from participation in several additional issuer-related tenders in preferred equity exchanges, along with an overweight in the European banking sector. On the other hand, markets experienced substantial volatility over the period, most notably during the first three months of 2010. Markets were robust in early January as improving economic conditions left investors feeling underinvested and scrambling to purchase assets. The rally met an abrupt end in mid-January due to rising Greek default risk and the unexpected tightening of monetary policy in China. Markets declined over the ensuing weeks until a European Union-led finance package for Greece was announced. From that point, markets rallied on stronger economic data, including the first month of job creation (in March) and upward revisions to the previous three months' jobs data. The preferred market was largely immune from this volatility, however, as prices rose whether the broader market was rallying or selling off. This was due to the previously discussed positive effect of market tenders in the European banking sector. 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

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views are not intended to be a forecast of future events and are no guarantee of future results.

| Fund Information  |                   |
|---|-------------------|
| Symbol on NYSE  | BPP               |
| Initial Offering Date   | February 28, 2003 |
| Yield on Closing Market Price as of April 30, 2010 (\$10.78) <sup>1</sup> | 8.07%             |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.0725          |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.8700          |
| Leverage as of April 30, 2010 <sup>3</sup>                                | 24%               |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

Past performance does not guarantee future results.

<sup>2</sup> The monthly distribution per Common Share, declared on June 1, 2010, was decreased to \$0.066500. The yield on the Closing Market Price, Current

Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The distribu-

tion rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or net realized gain.

<sup>3</sup> Represents reverse repurchase agreements and Preferred Shares as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings and Preferred Shares) 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 9.

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

|                 | 4/30/10 | 10/31/09 | Change | High    | Low     |
|-----------------|---------|----------|--------|---------|---------|
| Market Price    | \$10.78 | \$ 9.94  | 8.45%  | \$10.85 | \$ 9.56 |
| Net Asset Value | \$11.95 | \$11.05  | 8.14%  | \$11.95 | \$10.92 |

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

| Portfolio Composition |         |          |
|-----------------------|---------|----------|
|                       | 4/30/10 | 10/31/09 |
| Corporate Bonds       | 58%     | 10%      |
| Preferred Securities  | 40      | 90       |
| Municipal Bonds       | 2       |          |

  

| Credit Quality Allocations <sup>4</sup> |         |          |
|---|---------|----------|
|   | 4/30/10 | 10/31/09 |
| AA/Aa                                   | 7%      | 4%       |
| A                                       | 32      | 28       |
| BBB/Baa                                 | 40      | 45       |
| BB/Ba                                   | 18      | 13       |

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|  |   |   |
|--|---|---|
| B  | 2 | 5 |
| CCC/Caa  | 1 | 5 |
| <sup>4</sup> Using the higher of S&P's or Moody's ratings. |   |   |

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## Fund Summary as of April 30, 2010

### BlackRock Credit Allocation Income Trust IV

#### Investment Objective

BlackRock Credit Allocation Income Trust IV (BTZ) (formerly BlackRock Preferred and Equity Advantage Trust) (the Fund) seeks to achieve high current income, current gains and capital appreciation. The Fund seeks to achieve its objectives by investing primarily in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds, bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities.

Effective November 13, 2009, BlackRock Preferred and Equity Advantage Trust was renamed BlackRock Credit Allocation Income Trust IV.

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

#### Performance

For the six months ended April 30, 2010, the Fund returned 20.86% based on market price and 16.29% based on net asset value (NAV). For the same period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of 22.64% on a market price basis and 15.18% on a NAV basis. 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. In accordance with a change to its investment policies the Fund transitioned its portfolio away from primarily investing in preferred and equity securities into a broader spectrum of securities across the capital structure. In addition, the Fund no longer employs an option-writing strategy. Performance has been driven by the strong rebound in preferred securities, along with asset allocation decisions within the preferred sector. In particular, the Fund benefited from an overweight allocation to institutional corporate securities and hybrid securities as those sectors continued their dramatic outperformance versus \$25 par preferred securities, in which the Fund was underweight. The Fund's performance also benefited from participation in several additional issuer-related tenders in preferred equity exchanges, along with an overweight in the European banking sector. On the other hand, markets experienced substantial volatility over the period, most notably during the first three months of 2010. Markets were robust in early January as improving economic conditions left investors feeling underinvested and scrambling to purchase assets. The rally met an abrupt end in mid-January due to rising Greek default risk and the unexpected tightening of monetary policy in China. Markets declined over the ensuing weeks until a European Union-led finance package for Greece was announced. From that point, markets rallied on stronger economic data, including the first month of job creation (in March) and upward revisions to the previous three months' jobs data. The preferred market was largely immune from this volatility, however, as prices rose whether the broader market was rallying or selling off. This was due to the previously discussed positive effect of market tenders in the European banking sector.

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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.

### Fund Information

|   |                   |
|---|-------------------|
| Symbol on NYSE  | BTZ               |
| Initial Offering Date   | December 27, 2006 |
| Yield on Closing Market Price as of April 30, 2010 (\$12.59) <sup>1</sup> | 9.53%             |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.10            |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$1.20            |
| Leverage as of April 30, 2010 <sup>3</sup>                                | 29%               |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

Past performance does not guarantee future results.

<sup>2</sup> The monthly distribution per Common Share, declared on June 1, 2010, was decreased to \$0.079. The yield on the Closing Market Price, Current Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The distribu-

tion rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or net realized gain.

<sup>3</sup> Represents reverse repurchase agreements and Preferred Shares as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings and Preferred Shares) 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 9.

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

|                 | 4/30/10 | 10/31/09 | Change | High    | Low     |
|-----------------|---------|----------|--------|---------|---------|
| Market Price    | \$12.59 | \$10.96  | 14.87% | \$12.65 | \$10.66 |
| Net Asset Value | \$13.97 | \$12.64  | 10.52% | \$13.97 | \$12.55 |

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

### Portfolio Composition

|                           | 4/30/10 | 10/31/09 |
|---------------------------|---------|----------|
| Corporate Bonds           | 51%     | 6%       |
| Preferred Securities      | 38      | 84       |
| U.S. Treasury Obligations | 8       |          |
| Taxable Municipal Bonds   | 2       |          |
| Common Stocks             | 1       | 10       |

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

|       | 4/30/10 | 10/31/09 |
|-------|---------|----------|
| AA/Aa | 7%      | 4%       |



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|           |    |    |
|-----------|----|----|
| A         | 31 | 33 |
| BBB/Baa   | 40 | 53 |
| BB/Ba     | 11 | 6  |
| B         | 2  | 4  |
| CCC/Caa   | 1  |    |
| Not Rated | 8  |    |

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

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**Fund Summary** as of April 30, 2010**BlackRock Floating Rate Income Trust****Investment Objective**

BlackRock Floating Rate Income Trust (BGT) seeks to provide a high level of current income and to seek the preservation of capital. The Fund seeks to achieve its objective by investing in a global portfolio of primarily floating and variable rate securities.

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

**Performance**

For the six months ended April 30, 2010, the Fund returned 22.72% based on market price and 10.90% based on net asset value (NAV). For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 29.63% on a market price basis and 11.27% on a NAV basis. All returns reflect reinvestment of dividends. (The performance of the Lipper category does not necessarily correlate to that of the Fund, as the Lipper group comprises both closed-end funds that employ leverage and continuously offered closed-end funds that do not. For this reporting period, those Lipper peers that do not employ leverage were at a disadvantage given the market rally.) 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 Fund's use of leverage produced positive absolute performance but accounted for the Fund's underperformance versus its Lipper category, as many of the funds in the category employ higher levels of leverage. Conversely, the Fund's allocation to high yield bonds outperformed bank loans during the period and added to performance. Relative to its Lipper peers, the Fund continues to focus on higher-quality sectors and structures, which underperformed in the market rally that favored riskier 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.

**Fund Information**

|   |                 |
|---|-----------------|
| Symbol on NYSE  | BGT             |
| Initial Offering Date   | August 30, 2004 |
| Yield on Closing Market Price as of April 30, 2010 (\$15.00) <sup>1</sup> | 5.40%           |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.0675        |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.8100        |
| Leverage as of April 30, 2010   | 22%             |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

Past performance does not guarantee future results.

<sup>2</sup> The monthly distribution per Common Share, declared on June 1, 2010, was increased to \$0.07. The yield on the Closing Market Price, Current

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Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The distribution rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or net realized gain.

<sup>3</sup> Represents loan outstanding and Preferred Shares as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings and Preferred Shares) 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 9.

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

|                 | 4/30/10 | 10/31/09 | Change | High    | Low     |
|-----------------|---------|----------|--------|---------|---------|
| Market Price    | \$15.00 | \$12.58  | 19.24% | \$15.93 | \$12.55 |
| Net Asset Value | \$14.32 | \$13.29  | 7.75%  | \$14.32 | \$13.20 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's long-term investments excluding Common Stocks and Floating Rate Loan Interests:

### Portfolio Composition

|                                | 4/30/10 | 10/31/09 |
|--------------------------------|---------|----------|
| Floating Rate Loan Interests   | 76%     | 76%      |
| Corporate Bonds                | 17      | 20       |
| Foreign Government Obligations | 6       | 3        |
| Other Interests                | 1       | 1        |

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

|           | 4/30/10         | 10/31/09 |
|-----------|-----------------|----------|
| AAA/Aaa   |                 | 16%      |
| A         | 5%              | 4        |
| BBB/Baa   | 23              | 27       |
| BB/Ba     | 28              | 17       |
| B         | 27              | 22       |
| CCC/Caa   | 2               | 6        |
| C         |                 | 5        |
| D         |                 | 1        |
| Not Rated | 15 <sup>5</sup> | 2        |

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

<sup>5</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of April 30, 2010, the market value of these securities was \$6,503,550 representing 6% of the Fund's long-term investments.

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## The Benefits and Risks of Leveraging

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

The Funds may utilize leverage through borrowings, including by entering into reverse repurchase agreements, or through the issuance of Preferred Shares. In general, the concept of leveraging is based on the premise that the cost of assets to be obtained from leverage will be based on short-term interest rates, which normally will 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 Common Shareholders will benefit from the incremental net income.

The interest earned on securities purchased with the proceeds from leverage is paid to Common Shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV of each Fund's Common Shares. However, in order to benefit Common 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 Common Shareholders will be lower than if the Funds had not used leverage.

To illustrate these concepts, assume a Fund's Common Shares capitalization is \$100 million and it borrows and/or issues Preferred Shares for an additional \$50 million, creating a total value of \$150 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 interest expense and/or dividends on the \$50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with assets received from the borrowings and/or issuance of Preferred Shares can earn income based on long-term interest rates. In this case, the interest expense and/or dividends paid to Preferred Shareholders are significantly lower than the income earned on the Fund's long-term investments, and therefore the Common 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 on the Common Shares will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates of 6%, the yield curve has a negative slope. In this case, the Fund pays dividends on the higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates.

Furthermore, the value of a Fund's 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 and/or Preferred Shares 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 leverage from borrowings.

The use of leverage may enhance opportunities for increased income to the Funds and Common Shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes to each Fund's NAV, market price and dividend rates than a comparable portfolio without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, each Fund's 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, such as in the case of certain restrictions imposed by ratings agencies that rate Preferred Shares issued by each Fund. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by the Common Shareholders and may reduce income on the Common Shares.

Under the Investment Company Act of 1940, BGT is permitted to borrow through a credit facility up to  $33\frac{1}{3}\%$  of its total managed assets and the Funds are permitted to issue Preferred Shares in an amount of up to 50% of their total managed assets at the time of issuance. Under normal circumstances, each Fund anticipates that the total economic leverage from Preferred Shares, reverse repurchase agreements and credit facility borrowings will not exceed 50% of its total managed assets at the time such leverage is incurred. As of April 30, 2010, the Funds had economic leverage from Preferred Shares, reverse repurchase agreements and/or credit facility borrowings as a percentage of their total managed assets as follows:

|     | <b>Percent of<br/>Leverage</b> |
|-----|--------------------------------|
| PSW | 29%                            |
| PSY | 28%                            |
| BPP | 24%                            |
| BTZ | 29%                            |
| BGT | 22%                            |

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## Derivative Financial Instruments

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

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

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## Schedule of Investments April 30, 2010 (Unaudited)

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

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Corporate Bonds</b>  |              |            |
| <b>Aerospace &amp; Defense 3.7%</b>   |              |            |
| BE Aerospace, Inc., 8.50%, 7/01/18  | \$ 560       | \$ 599,200 |
| Bombardier, Inc., 7.75%, 3/15/20 (a)  | 720          | 765,000    |
| United Technologies Corp., 5.70%, 4/15/40   | 2,500        | 2,610,327  |
|   |              | 3,974,527  |
| <b>Airlines 0.4%</b>  |              |            |
| Continental Airlines Pass-Through Certificates,<br>Series 2009-2, Class B, 9.25%, 5/10/17 | 375          | 401,250    |
| <b>Auto Components 0.6%</b>   |              |            |
| Icahn Enterprises LP (a):   |              |            |
| 7.75%, 1/15/16  | 200          | 194,500    |
| 8.00%, 1/15/18  | 500          | 486,250    |
|   |              | 680,750    |
| <b>Beverages 0.4%</b>   |              |            |
| Constellation Brands, Inc., 7.25%, 5/15/17  | 460          | 469,200    |
| <b>Capital Markets 1.7%</b>   |              |            |
| Ameriprise Financial, Inc., 5.30%, 3/15/20  | 750          | 780,626    |
| Morgan Stanley, 7.30%, 5/13/19  | 900          | 988,270    |
|   |              | 1,768,896  |
| <b>Chemicals 0.2%</b>   |              |            |
| CF Industries, Inc., 7.13%, 5/01/20   | 250          | 263,125    |
| <b>Commercial Services &amp; Supplies 2.6%</b>  |              |            |
| Browning-Ferris Industries, Inc., 7.40%, 9/15/35  | 865          | 987,136    |
| Corrections Corp. of America, 7.75%, 6/01/17  | 775          | 821,500    |
| Waste Management, Inc., 6.13%, 11/30/39   | 900          | 937,159    |
|   |              | 2,745,795  |
| <b>Communications Equipment 0.7%</b>  |              |            |
| Brocade Communications Systems, Inc.,<br>6.88%, 1/15/20 (a)                               | 700          | 722,750    |
| <b>Consumer Finance 5.2%</b>  |              |            |
| American Express Co., 8.13%, 5/20/19  | 925          | 1,132,932  |
| Capital One Bank USA NA, 8.80%, 7/15/19   | 775          | 950,341    |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a)   | 520          | 542,100    |
| SLM Corp., 4.00%, 7/25/14 (b)   | 3,200        | 2,979,168  |

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|  |              |              |
|--|--------------|--------------|
|  |              | 5,604,541    |
| <b>Containers &amp; Packaging 1.0%</b>             |              |              |
| Ball Corp.:  |              |              |
| 7.13%, 9/01/16                                     | 400          | 425,000      |
| 6.75%, 9/15/20                                     | 405          | 414,113      |
| Bemis Co., Inc., 6.80%, 8/01/19                    | 200          | 227,786      |
|  |              | 1,066,899    |
| <b>Diversified Financial Services 2.5%</b>         |              |              |
| Bank of America Corp., 7.63%, 6/01/19              | 1,575        | 1,797,891    |
| GMAC, Inc., 8.30%, 2/12/15 (a)                     | 800          | 835,000      |
|  |              | 2,632,891    |
| <b>Diversified Telecommunication Services 3.7%</b> |              |              |
| AT&T, Inc., 6.30%, 1/15/38                         | 1,000        | 1,038,919    |
| New Communications Holdings, Inc.,                 |              |              |
| 8.50%, 4/15/20 (a)                                 | 700          | 721,000      |
| Qwest Corp., 8.38%, 5/01/16                        | 390          | 444,600      |
| Verizon Communications, Inc., 7.35%, 4/01/39       | 925          | 1,098,394    |
| Windstream Corp.:                                  |              |              |
| 8.63%, 8/01/16                                     | 250          | 255,938      |
| 7.88%, 11/01/17                                    | 400          | 397,000      |
|  |              | 3,955,851    |
|  | <b>Par</b>   | <b>Value</b> |
| <b>Corporate Bonds</b>                             | <b>(000)</b> |              |
| <b>Electric Utilities 1.7%</b>                     |              |              |
| Progress Energy Inc., 7.00%, 10/30/31              | \$ 1,000     | \$ 1,142,424 |
| Southern California Edison Co., 5.50%, 3/15/40     | 650          | 661,578      |
|  |              | 1,804,002    |
| <b>Food &amp; Staples Retailing 3.9%</b>           |              |              |
| CVS Caremark Corp., 6.30%, 6/01/62 (b)             | 1,500        | 1,447,500    |
| Wal-Mart Stores, Inc., 6.20%, 4/15/38              | 2,500        | 2,752,035    |
|  |              | 4,199,535    |
| <b>Food Products 0.8%</b>                          |              |              |
| Kraft Foods, Inc.:                                 |              |              |
| 6.50%, 8/11/17                                     | 385          | 436,215      |
| 6.13%, 8/23/18                                     | 390          | 430,336      |
|  |              | 866,551      |
| <b>Gas Utilities 0.9%</b>                          |              |              |
| Nisource Finance Corp., 6.13%, 3/01/22             | 900          | 955,581      |
| <b>Health Care Equipment &amp; Supplies 1.7%</b>   |              |              |
| Medtronic, Inc., 5.55%, 3/15/40                    | 1,765        | 1,822,583    |

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### Health Care Providers & Services 2.4%

|   |     |           |
|---|-----|-----------|
| Aetna, Inc., 6.75%, 12/15/37                | 800 | 881,674   |
| HCA, Inc./DE, 8.50%, 4/15/19 (a)            | 400 | 439,500   |
| Tenet Healthcare Corp., 10.00%, 5/01/18 (a) | 350 | 398,563   |
| UnitedHealth Group, Inc., 6.88%, 2/15/38    | 800 | 878,953   |
|   |     | 2,598,690 |

### Insurance 4.9%

|   |       |           |
|---|-------|-----------|
| Lincoln National Corp.:                         |       |           |
| 8.75%, 7/01/19                                  | 400   | 498,973   |
| 6.25%, 2/15/20                                  | 800   | 855,095   |
| Northwestern Mutual Life Insurance,             |       |           |
| 6.06%, 3/30/40 (a)                              | 900   | 929,587   |
| Principal Financial Group, Inc., 8.88%, 5/15/19 | 225   | 277,550   |
| Prudential Financial, Inc., 6.63%, 12/01/37     | 800   | 881,974   |
| QBE Insurance Group Ltd., 9.75%, 3/14/14 (a)    | 1,484 | 1,807,461 |
|   |       | 5,250,640 |

### Life Sciences Tools & Services 1.8%

|  |       |           |
|--|-------|-----------|
| Bio-Rad Laboratories, Inc., 8.00%, 9/15/16 | 865   | 923,387   |
| Life Technologies Corp., 6.00%, 3/01/20    | 1,000 | 1,052,160 |
|  |       | 1,975,547 |

### Machinery 1.5%

|   |     |           |
|---|-----|-----------|
| Ingersoll-Rand Global Holding Co., Ltd.,      |     |           |
| 9.50%, 4/15/14                                | 800 | 980,878   |
| Navistar International Corp., 8.25%, 11/01/21 | 600 | 633,000   |
|   |     | 1,613,878 |

### Media 19.3%

|  |        |            |
|--|--------|------------|
| CSC Holdings, Inc., 8.63%, 2/15/19 (a)               | 275    | 300,438    |
| CSC Holdings LLC, 8.50%, 6/15/15 (a)                 | 400    | 426,000    |
| Comcast Corp., 6.30%, 11/15/17                       | 800    | 886,715    |
| Cox Communications, Inc., 8.38%, 3/01/39 (a)         | 10,800 | 14,023,940 |
| DISH DBS Corp.:                                      |        |            |
| 7.00%, 10/01/13                                      | 450    | 465,750    |
| 7.88%, 9/01/19                                       | 250    | 262,500    |
| Intelsat Corp., 9.25%, 6/15/16                       | 350    | 369,250    |
| News America, Inc., 6.15%, 3/01/37                   | 950    | 972,633    |
| Time Warner Cable, Inc., 6.75%, 6/15/39              | 925    | 999,820    |
| Time Warner, Inc., 7.70%, 5/01/32                    | 950    | 1,114,834  |
| UPC Germany GmbH, 8.13%, 12/01/17 (a)                | 240    | 244,800    |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 (a) | 600    | 603,000    |
|  |        | 20,669,680 |

**Portfolio Abbreviations**

To simplify the listings of portfolio holdings in the Schedules of

Investments, the names of many of the securities have been

abbreviated according to the following list:

See Notes to Financial Statements.

**EUR**

Euro

**GO**

General Obligation Bonds

**FKA**

Formerly Known As

**RB**

Revenue Bonds

**GBP**

British Pound

**USD**

US Dollar

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## Schedule of Investments (continued)

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

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Corporate Bonds</b>                            |              |            |
| <b>Metals &amp; Mining 1.2%</b>                   |              |            |
| Phelps Dodge Corp., 7.13%, 11/01/27               | \$ 700       | \$ 724,585 |
| Teck Resources Ltd., 10.75%, 5/15/19              | 400          | 498,000    |
| United States Steel Corp., 7.38%, 4/01/20         | 75           | 77,062     |
|   |              | 1,299,647  |
| <b>Multi-Utilities 1.5%</b>                       |              |            |
| CenterPoint Energy, Inc.:                         |              |            |
| 5.95%, 2/01/17                                    | 750          | 789,789    |
| 6.50%, 5/01/18                                    | 775          | 844,879    |
|   |              | 1,634,668  |
| <b>Multiline Retail 0.8%</b>                      |              |            |
| Dollar General Corp., 10.63%, 7/15/15             | 750          | 833,438    |
| <b>Oil, Gas &amp; Consumable Fuels 3.7%</b>       |              |            |
| Enbridge Energy Partners LP, 9.88%, 3/01/19       | 475          | 628,835    |
| Enterprise Products Operating LLC, 6.65%, 4/15/18 | 1,000        | 1,139,448  |
| Kinder Morgan Energy Partners LP, 6.85%, 2/15/20  | 1,000        | 1,151,640  |
| ONEOK Partners LP, 8.63%, 3/01/19                 | 800          | 1,004,031  |
|   |              | 3,923,954  |
| <b>Paper &amp; Forest Products 2.5%</b>           |              |            |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (a)           | 785          | 859,575    |
| International Paper Co.:                          |              |            |
| 7.50%, 8/15/21                                    | 775          | 910,322    |
| 7.30%, 11/15/39                                   | 800          | 886,953    |
|   |              | 2,656,850  |
| <b>Pharmaceuticals 11.5%</b>                      |              |            |
| Abbott Laboratories:                              |              |            |
| 6.15%, 11/30/37                                   | 235          | 262,297    |
| 6.00%, 4/01/39                                    | 1,177        | 1,296,250  |
| Bristol-Myers Squibb Co.:                         |              |            |
| 5.88%, 11/15/36                                   | 2,014        | 2,127,447  |
| 6.13%, 5/01/38                                    | 588          | 641,962    |
| Eli Lilly & Co., 5.95%, 11/15/37                  | 588          | 639,820    |
| GlaxoSmithKline Capital, Inc., 6.38%, 5/15/38     | 1,690        | 1,913,246  |
| Merck & Co., Inc., 6.50%, 12/01/33                | 475          | 549,138    |

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|                                       |       |            |
|---------------------------------------|-------|------------|
| Pfizer, Inc., 7.20%, 3/15/39          | 2,500 | 3,102,572  |
| Schering-Plough Corp., 6.55%, 9/15/37 | 1,504 | 1,754,663  |
|                                       |       | 12,287,395 |

**Real Estate Investment Trusts (REITs) 3.1%**

|                              |     |           |
|------------------------------|-----|-----------|
| AvalonBay Communities, Inc.: |     |           |
| 5.70%, 3/15/17               | 775 | 830,277   |
| 6.10%, 3/15/20               | 800 | 866,981   |
| ERP Operating LP:            |     |           |
| 5.38%, 8/01/16               | 775 | 817,385   |
| 5.75%, 6/15/17               | 800 | 857,885   |
|                              |     | 3,372,528 |

**Semiconductors & Semiconductor Equipment 1.0%**

|  |     |           |
|--|-----|-----------|
| KLA-Tencor Corp., 6.90%, 5/01/18             | 461 | 509,796   |
| National Semiconductor Corp., 6.60%, 6/15/17 | 539 | 593,609   |
|  |     | 1,103,405 |

**Specialty Retail 1.0%**

|                                       |     |           |
|---------------------------------------|-----|-----------|
| AutoNation, Inc., 6.75%, 4/15/18      | 445 | 446,669   |
| AutoZone, Inc., 7.13%, 8/01/18        | 300 | 346,753   |
| Ltd. Brands, Inc., 7.00%, 5/01/20 (c) | 230 | 234,600   |
|                                       |     | 1,028,022 |

**Tobacco 1.8%**

|                     |     |           |
|---------------------|-----|-----------|
| Altria Group, Inc.: |     |           |
| 9.70%, 11/10/18     | 800 | 1,006,073 |
| 9.25%, 8/06/19      | 775 | 957,343   |
|                     |     | 1,963,416 |

|   | Par<br>(000) | Value       |
|---|--------------|-------------|
| <b>Corporate Bonds</b>                                    |              |             |
| <b>Wireless Telecommunication Services 4.0%</b>           |              |             |
| Cricket Communications, Inc., 7.75%, 5/15/16              | \$ 155       | \$ 160,813  |
| Nextel Communications, Inc., Series E,<br>6.88%, 10/31/13 | 535          | 525,637     |
| SBA Tower Trust, 5.10%, 4/15/42 (a)                       | 3,500        | 3,605,019   |
|   |              | 4,291,469   |
| <b>Total Corporate Bonds 93.7%</b>                        |              | 100,437,954 |

**Preferred Securities**

**Capital Trusts**

**Building Products 0.3%**

|                                      |     |         |
|--------------------------------------|-----|---------|
| C8 Capital SPV Ltd., 6.64% (a)(b)(d) | 490 | 357,426 |
|--------------------------------------|-----|---------|

**Capital Markets 4.6%**

|  |     |         |
|--|-----|---------|
| Ameriprise Financial, Inc., 7.52%, 6/01/66 (b) | 500 | 505,000 |
|--|-----|---------|

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|   |       |           |
|---|-------|-----------|
| Lehman Brothers Holdings Capital Trust V,<br>2.09% (d)(e)(f)      | 1,600 | 160       |
| State Street Capital Trust III, 8.25% (b)(d)                      | 725   | 744,423   |
| State Street Capital Trust IV, 1.26%, 6/01/67 (b)                 | 4,740 | 3,653,663 |
|   |       | 4,903,246 |
| <b>Commercial Banks 3.2%</b>                                      |       |           |
| Bank of Ireland Capital Funding II, LP,<br>5.57% (a)(b)(d)(e)(f)  | 429   | 304,590   |
| Bank of Ireland Capital Funding III, LP,<br>6.11% (a)(b)(d)(e)(f) | 740   | 525,400   |
| Barclays Bank Plc, 5.93% (a)(b)(d)                                | 500   | 452,500   |
| First Empire Capital Trust II, 8.28%, 6/01/27                     | 910   | 844,943   |
| National City Preferred Capital Trust I, 12.00% (b)(d)            | 300   | 347,226   |
| SunTrust Preferred Capital I, 5.85% (b)(d)                        | 135   | 105,638   |
| USB Capital XIII Trust, 6.63%, 12/15/39                           | 825   | 867,578   |
|   |       | 3,447,875 |
| <b>Diversified Financial Services 3.0%</b>                        |       |           |
| Farm Credit Bank of Texas, Series 1, 7.56% (b)(d)                 | 1,000 | 853,270   |
| JPMorgan Chase Capital XXIII, 1.25%, 5/15/77 (b)(g)               | 3,085 | 2,395,900 |
|   |       | 3,249,170 |
| <b>Electric Utilities 0.4%</b>                                    |       |           |
| PPL Capital Funding, 6.70%, 3/30/67 (b)                           | 500   | 457,500   |
| <b>Insurance 10.6%</b>  |       |           |
| AXA SA, 6.38% (a)(b)(d)   | 1,000 | 890,000   |
| Ace Capital Trust II, 9.70%, 4/01/30                              | 500   | 606,907   |
| The Allstate Corp., 6.50%, 5/15/67 (b)                            | 500   | 480,000   |
| Chubb Corp., 6.38%, 3/29/67 (b)(h)                                | 500   | 500,625   |
| Farmers Exchange Capital, 7.05%, 7/15/28 (a)                      | 500   | 471,639   |
| Genworth Financial, Inc., 6.15%, 11/15/66 (b)                     | 750   | 600,000   |
| Great West Life & Annuity Insurance Co.,<br>7.15%, 5/16/46 (a)(b) | 500   | 480,000   |
| Liberty Mutual Group, Inc., 10.75%, 6/15/88 (a)(b)                | 500   | 582,500   |
| Lincoln National Corp., 7.00%, 5/17/66 (b)                        | 500   | 462,500   |
| MetLife, Inc., 6.40%, 12/15/66                                    | 500   | 472,500   |
| Nationwide Life Global Funding I, 6.75%, 5/15/67                  | 500   | 427,500   |
| Progressive Corp., 6.70%, 6/15/67 (b)                             | 500   | 495,481   |
| Reinsurance Group of America, 6.75%, 12/15/65 (b)                 | 700   | 662,754   |
| The Travelers Cos., Inc., 6.25%, 3/15/67 (b)                      | 500   | 491,739   |
| ZFS Finance (USA) (a)(b):   |       |           |
| Trust II, 6.45%, 12/15/65   | 1,800 | 1,737,000 |
| Trust IV, 5.88%, 5/09/32  | 146   | 139,485   |

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|  |       |            |
|--|-------|------------|
| Trust V, 6.50%, 5/09/67  | 1,097 | 1,050,377  |
| Zenith National Insurance Capital Trust I,<br>8.55%, 8/01/28 (a) | 1,000 | 865,000    |
|  |       | 11,416,007 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

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

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Capital Trusts</b>                                      |              |            |
| <b>Multi-Utilities 1.4%</b>                                |              |            |
| Dominion Resources Capital Trust I,<br>7.83%, 12/01/27 (g) | \$ 500       | \$ 516,467 |
| Dominion Resources, Inc., 7.50%, 6/30/66 (b)               | 500          | 507,500    |
| Puget Sound Energy, Inc., Series A,<br>6.97%, 6/01/67 (b)  | 475          | 451,473    |
|  |              | 1,475,440  |
| <b>Oil, Gas &amp; Consumable Fuels 1.3%</b>                |              |            |
| Enterprise Products Operating LLC,<br>8.38%, 8/01/66 (b)   | 825          | 858,000    |
| TransCanada PipeLines Ltd., 6.35%, 5/15/67 (b)             | 500          | 480,821    |
|  |              | 1,338,821  |
| <b>Total Capital Trusts 24.8%</b>                          |              | 26,645,485 |
| <b>Preferred Stocks</b>                                    |              |            |
| <b>Commercial Banks 1.8%</b>                               |              |            |
| First Tennessee Bank NA, 3.75% (a)(b)                      | 1,176        | 752,640    |
| Provident Financial Group, Inc., 7.75%                     | 42,000       | 1,044,750  |
| Royal Bank of Scotland Group Plc, Series M, 6.40%          | 5,000        | 66,700     |
|  |              | 1,864,090  |
| <b>Diversified Financial Services 1.0%</b>                 |              |            |
| Falcons Funding Trust I, 8.88% (a)(b)                      | 1,100        | 1,096,906  |
| <b>Electric Utilities 3.3%</b>                             |              |            |
| Alabama Power Co., 6.50%                                   | 25,000       | 649,750    |
| Entergy Arkansas, Inc., 6.45%                              | 28,800       | 683,102    |
| Entergy Louisiana LLC, 6.95%                               | 22,650       | 2,216,047  |
|  |              | 3,548,899  |
| <b>Insurance 3.6%</b>                                      |              |            |
| Aspen Insurance Holdings Ltd., 7.40% (b)                   | 55,000       | 1,276,000  |
| Axis Capital Holdings Ltd.:                                |              |            |
| Series A, 7.25%  | 35,000       | 853,650    |
| Series B, 7.50% (b)  | 9,000        | 850,500    |
| Endurance Specialty Holdings Ltd., Series A, 7.75%         | 35,200       | 854,304    |
|  |              | 3,834,454  |
| <b>Real Estate Investment Trusts (REITs) 2.7%</b>          |              |            |

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|  |               |               |
|--|---------------|---------------|
| BRE Properties, Inc., Series D, 6.75%  | 10,000        | 228,200       |
| iStar Financial, Inc., Series I, 7.50%   | 59,500        | 952,000       |
| Public Storage:  |               |               |
| Series F, 6.45%  | 10,000        | 235,400       |
| Series I, 7.25%  | 40,000        | 1,016,400     |
| Series M, 6.63%  | 20,000        | 491,600       |
|  |               | 2,923,600     |
| <b>Wireless Telecommunication Services 2.8%</b>                                    |               |               |
| Centaur Funding Corp., 9.08%   | 2,720         | 2,992,850     |
| <b>Total Preferred Stocks 15.2%</b>  |               | 16,260,799    |
| <b>Trust Preferreds</b>  |               |               |
| <b>Consumer Finance 1.4%</b>   |               |               |
| Capital One Capital II, 7.50%, 6/15/66   | 63,034        | 1,514,729     |
| <b>Insurance 2.8%</b>  |               |               |
| ABN AMRO North America Capital Funding Trust II,<br>0.31% (a)(b)(d)                | 80,000        | 1,586,536     |
| Lincoln National Capital VI, Series F, 6.75%, 9/11/52                              | 58,966        | 1,396,139     |
|  |               | 2,982,675     |
| <b>Total Trust Preferreds 4.2%</b>   |               | 4,497,404     |
| <b>Total Preferred Securities 44.2%</b>  |               | 47,403,688    |
|  | <b>Par</b>    | <b>Value</b>  |
| <b>Taxable Municipal Bonds</b>   | <b>(000)</b>  |               |
| Metropolitan Transportation Authority, RB,<br>Build America Bonds, 6.55%, 11/15/31 | \$ 800        | \$ 843,440    |
| State of California, GO, Build America Bonds,<br>7.35%, 11/01/39                   | 400           | 432,152       |
| State of Illinois, GO, Pension, 5.10%, 6/01/33                                     | 775           | 668,461       |
| <b>Total Taxable Municipal Bonds 1.8%</b>  |               | 1,944,053     |
| <b>Total Long-Term Investments</b>   |               |               |
| <b>(Cost \$149,969,746) 139.7%</b>   |               | 149,785,695   |
| <b>Short-Term Securities</b>   | <b>Shares</b> |               |
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.13% (i)(j)          | 124,379       | 124,379       |
| <b>Total Short-Term Securities</b>   |               |               |
| <b>(Cost \$124,379) 0.1%</b>   |               | 124,379       |
| <b>Total Investments (Cost \$150,094,125*) 139.8%</b>                              |               | 149,910,074   |
| <b>Liabilities in Excess of Other Assets (2.2)%</b>                                |               | (2,398,252)   |
| <b>Preferred Shares, at Redemption Value (37.6)%</b>                               |               | (40,259,152)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>                               |               | \$107,252,670 |

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\* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2010, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 150,119,907 |
| Gross unrealized appreciation | \$ 5,240,140   |
| Gross unrealized depreciation | (5,449,973)    |
| Net unrealized depreciation   | \$ (209,833)   |

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

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

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

| <b>Counterparty</b> | <b>Value</b> | <b>Unrealized<br/>Appreciation</b> |
|---------------------|--------------|------------------------------------|
| Bank of America, NA | \$ 234,600   | \$ 4,600                           |

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

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

(f) Non-income producing security.

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

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

(i) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| <b>Affiliate</b>   | <b>Shares<br/>Held at<br/>October 31,<br/>2009</b> | <b>Net<br/>Activity</b> | <b>Shares<br/>Held at<br/>April 30,<br/>2010</b> | <b>Income</b> |
|--|--|-------------------------|--|---------------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 33,286,296   | (33,161,917)            | 124,379  | \$25,184      |

(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. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

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

Reverse repurchase agreements outstanding as of April 30, 2010 were as follows:

| Counterparty  | Interest Rate | Trade Date | Maturity Date | Net Closing Amount | Face Amount |
|---------------|---------------|------------|---------------|--------------------|-------------|
| Credit Suisse |               |            |               |                    |             |
| Securities    | 0.38%         | 4/22/10    | 5/24/10       | \$2,663,833        | \$2,662,946 |

Financial futures contracts purchased as of April 30, 2010 were as follows:

| Contracts    | Issue                      | Expiration Date | Notional Value | Unrealized Appreciation |
|--------------|----------------------------|-----------------|----------------|-------------------------|
| 39           | 2-Year U.S. Treasury Bond  | June 2010       | \$8,458,211    | \$ 27,336               |
| 6            | 30-Year U.S. Treasury Bond | June 2010       | \$ 694,935     | 19,440                  |
| <b>Total</b> |                            |                 |                | <b>\$ 46,776</b>        |

Credit default swaps on single-name issues buy protection outstanding as of April 30, 2010 were as follows:

| Issuer          | Pay Fixed Rate | Counter-party    | Expiration | Notional Amount (000) | Unrealized Depreciation |
|-----------------|----------------|------------------|------------|-----------------------|-------------------------|
| Nordstrom, Inc. | 5.20%          | Deutsche Bank AG | June 2014  | \$ 1,000              | \$ (175,918)            |

Fair Value Measurements Various inputs are used in determining the fair value of investments, 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)

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 Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of April 30, 2010 in determining the fair valuation of the Fund's investments:

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| Valuation Inputs | Investments in Securities |                    |         | Total                |
|------------------|---------------------------|--------------------|---------|----------------------|
|                  | Level 1                   | Level 2            | Level 3 |                      |
| <b>Assets:</b>   |                           |                    |         |                      |
| Long-Term        |                           |                    |         |                      |
| Investments:     |                           |                    |         |                      |
| Capital          |                           |                    |         |                      |
| Trusts           |                           | \$ 26,645,485      |         | \$ 26,645,485        |
| Corporate        |                           |                    |         |                      |
| Bonds            |                           | 100,437,954        |         | 100,437,954          |
| Preferred        |                           |                    |         |                      |
| Stocks           | \$ 6,624,004              | 9,636,795          |         | 16,260,799           |
| Taxable          |                           |                    |         |                      |
| Municipal        |                           |                    |         |                      |
| Bonds            |                           | 1,944,053          |         | 1,944,053            |
| Trust            |                           |                    |         |                      |
| Preferreds       | 2,910,868                 | 1,586,536          |         | 4,497,404            |
| Short-Term       |                           |                    |         |                      |
| Securities       | 124,379                   |                    |         | 124,379              |
| <b>Total</b>     | <b>\$ 9,659,251</b>       | <b>140,250,823</b> |         | <b>\$149,910,074</b> |

**Other Financial Instruments<sup>1</sup>**

| Valuation Inputs | Level 1          | Level 2             | Level 3 | Total               |
|------------------|------------------|---------------------|---------|---------------------|
| Assets           | \$ 46,776        |                     |         | \$ 46,776           |
| Liabilities      | \$               | (175,918)           |         | (175,918)           |
| <b>Total</b>     | <b>\$ 46,776</b> | <b>\$ (175,918)</b> |         | <b>\$ (129,142)</b> |

<sup>1</sup> Other 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:

**Investments in Securities**

|   | Capital<br>Trusts |
|---|-------------------|
| Balance, as of October 31, 2009                                 | \$ 576,450        |
| Accrued discounts/premiums                                      |                   |
| Net realized gain (loss)  | (156,053)         |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | 332,190           |
| Net purchases (sales)   | (752,587)         |

Net transfers in/out

**Balance, as of April 30, 2010**

\$

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in unrealized appreciation/depreciation on securities still held at April 30, 2010 was \$0.

See Notes to Financial Statements.

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## Schedule of Investments April 30, 2010 (Unaudited)

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

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Corporate Bonds</b>  |              |              |
| <b>Aerospace &amp; Defense 2.7%</b>   |              |              |
| BE Aerospace, Inc., 8.50%, 7/01/18  | \$ 2,500     | \$ 2,675,000 |
| Bombardier, Inc., 7.75%, 3/15/20 (a)  | 3,205        | 3,405,312    |
| United Technologies Corp., 5.70%, 4/15/40   | 6,250        | 6,525,819    |
|   |              | 12,606,131   |
| <b>Airlines 0.4%</b>  |              |              |
| Continental Airlines Pass-Through Certificates,<br>Series 2009-2, Class B, 9.25%, 5/10/17 | 1,625        | 1,738,750    |
| <b>Auto Components 0.6%</b>   |              |              |
| Icahn Enterprises LP (a):   |              |              |
| 7.75%, 1/15/16  | 880          | 855,800      |
| 8.00%, 1/15/18  | 2,000        | 1,945,000    |
|   |              | 2,800,800    |
| <b>Beverages 0.4%</b>   |              |              |
| Constellation Brands, Inc., 7.25%, 5/15/17  | 1,970        | 2,009,400    |
| <b>Capital Markets 1.7%</b>   |              |              |
| Ameriprise Financial, Inc., 5.30%, 3/15/20  | 3,250        | 3,382,714    |
| Morgan Stanley, 7.30%, 5/13/19  | 4,000        | 4,392,312    |
|   |              | 7,775,026    |
| <b>Chemicals 0.3%</b>   |              |              |
| CF Industries, Inc., 7.13%, 5/01/20   | 1,125        | 1,184,063    |
| <b>Commercial Services &amp; Supplies 2.6%</b>  |              |              |
| Browning-Ferris Industries, Inc., 7.40%, 9/15/35  | 3,742        | 4,270,363    |
| Corrections Corp.of America, 7.75%, 6/01/17   | 3,375        | 3,577,500    |
| Waste Management, Inc., 6.13%, 11/30/39   | 4,000        | 4,165,152    |
|   |              | 12,013,015   |
| <b>Communications Equipment 0.7%</b>  |              |              |
| Brocade Communications Systems, Inc.,<br>6.88%, 1/15/20 (a)                               | 2,965        | 3,061,363    |
| <b>Consumer Finance 5.2%</b>  |              |              |
| American Express Co., 8.13%, 5/20/19  | 4,000        | 4,899,164    |
| Capital One Bank USA NA, 8.80%, 7/15/19   | 3,325        | 4,077,271    |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a)   | 2,135        | 2,225,738    |
| SLM Corp., 4.00%, 7/25/14 (b)   | 13,900       | 12,940,761   |



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|  |              |              |
|--|--------------|--------------|
|  |              | 24,142,934   |
| <b>Containers &amp; Packaging</b>              | <b>0.8%</b>  |              |
| Ball Corp.:                                    |              |              |
| 7.13%, 9/01/16                                 | 1,750        | 1,859,375    |
| 6.75%, 9/15/20                                 | 1,835        | 1,876,288    |
|  |              | 3,735,663    |
| <b>Diversified Financial Services</b>          | <b>2.2%</b>  |              |
| Bank of America Corp., 7.63%, 6/01/19          | 6,750        | 7,705,246    |
| GMAC, Inc., 8.30%, 2/12/15 (a)                 | 2,500        | 2,609,375    |
|  |              | 10,314,621   |
| <b>Diversified Telecommunication Services</b>  | <b>3.9%</b>  |              |
| AT&T, Inc., 6.30%, 1/15/38                     | 4,000        | 4,155,676    |
| New Communications Holdings, Inc.,             |              |              |
| 8.50%, 4/15/20 (a)                             | 3,100        | 3,193,000    |
| Qwest Corp., 8.38%, 5/01/16                    | 2,795        | 3,186,300    |
| Verizon Communications, Inc., 7.35%, 4/01/39   | 4,025        | 4,779,498    |
| Windstream Corp.:                              |              |              |
| 8.63%, 8/01/16                                 | 1,000        | 1,023,750    |
| 7.88%, 11/01/17                                | 1,900        | 1,885,750    |
|  |              | 18,223,974   |
| <b>Electric Utilities</b>                      | <b>1.6%</b>  |              |
| Progress Energy Inc., 7.00%, 10/30/31          | 4,000        | 4,569,696    |
| Southern California Edison Co., 5.50%, 3/15/40 | 2,850        | 2,900,764    |
|  |              | 7,470,460    |
|  | <b>Par</b>   | <b>Value</b> |
| <b>Corporate Bonds</b>                         | <b>(000)</b> |              |
| <b>Food &amp; Staples Retailing</b>            | <b>3.4%</b>  |              |
| CVS Caremark Corp., 6.30%, 6/01/62 (b)         | \$ 6,600     | \$ 6,369,000 |
| Wal-Mart Stores, Inc.:                         |              |              |
| 5.25%, 9/01/35                                 | 2,500        | 2,461,938    |
| 6.20%, 4/15/38                                 | 6,250        | 6,880,087    |
|  |              | 15,711,025   |
| <b>Food Products</b>                           | <b>0.8%</b>  |              |
| Kraft Foods, Inc.:                             |              |              |
| 6.50%, 8/11/17                                 | 1,665        | 1,886,490    |
| 6.13%, 8/23/18                                 | 1,660        | 1,831,685    |
|  |              | 3,718,175    |
| <b>Gas Utilities</b>                           | <b>0.9%</b>  |              |
| Nisource Finance Corp., 6.13%, 3/01/22         | 4,000        | 4,247,028    |
| <b>Health Care Equipment &amp; Supplies</b>    | <b>1.1%</b>  |              |

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|  |       |            |
|--|-------|------------|
| Medtronic, Inc.:                                 |       |            |
| 6.50%, 3/15/39                                   | 650   | 750,740    |
| 5.55%, 3/15/40                                   | 4,412 | 4,555,942  |
|  |       | 5,306,682  |
| <b>Health Care Providers &amp; Services 3.0%</b> |       |            |
| Aetna, Inc., 6.75%, 12/15/37                     | 3,400 | 3,747,116  |
| HCA, Inc., 7.25%, 9/15/20 (a)                    | 2,550 | 2,667,938  |
| HCA, Inc./DE, 8.50%, 4/15/19 (a)                 | 1,800 | 1,977,750  |
| Tenet Healthcare Corp., 10.00%, 5/01/18 (a)      | 1,530 | 1,742,288  |
| UnitedHealth Group, Inc., 6.88%, 2/15/38         | 3,400 | 3,735,549  |
|  |       | 13,870,641 |
| <b>Insurance 4.8%</b>                            |       |            |
| Lincoln National Corp.:                          |       |            |
| 8.75%, 7/01/19                                   | 1,750 | 2,183,006  |
| 6.25%, 2/15/20                                   | 3,400 | 3,634,155  |
| Northwestern Mutual Life Insurance,              |       |            |
| 6.06%, 3/30/40 (a)                               | 3,800 | 3,924,921  |
| Principal Financial Group, Inc., 8.88%, 5/15/19  | 980   | 1,208,884  |
| Prudential Financial, Inc., 6.63%, 12/01/37      | 3,400 | 3,748,391  |
| QBE Insurance Group Ltd., 9.75%, 3/14/14 (a)     | 5,967 | 7,267,603  |
| Structured Asset Repackaged Trust,               |       |            |
| Series 2004-1, 0.78%, 4/21/11 (a)(b)             | 214   | 207,440    |
|  |       | 22,174,400 |
| <b>Life Sciences Tools &amp; Services 1.8%</b>   |       |            |
| Bio-Rad Laboratories, Inc., 8.00%, 9/15/16       | 3,825 | 4,083,187  |
| Life Technologies Corp., 6.00%, 3/01/20          | 4,200 | 4,419,072  |
|  |       | 8,502,259  |
| <b>Machinery 1.5%</b>                            |       |            |
| Ingersoll-Rand Global Holding Co., Ltd.,         |       |            |
| 9.50%, 4/15/14                                   | 3,400 | 4,168,730  |
| Navistar International Corp., 8.25%, 11/01/21    | 2,550 | 2,690,250  |
|  |       | 6,858,980  |
| <b>Media 7.2%</b>                                |       |            |
| CSC Holdings, Inc., 8.63%, 2/15/19 (a)           | 1,200 | 1,311,000  |
| CSC Holdings LLC, 8.50%, 6/15/15 (a)             | 1,500 | 1,597,500  |
| Comcast Corp., 6.30%, 11/15/17                   | 3,400 | 3,768,540  |
| Cox Communications, Inc., 8.38%, 3/01/39 (a)     | 3,400 | 4,414,944  |
| DISH DBS Corp.:                                  |       |            |
| 7.00%, 10/01/13                                  | 1,750 | 1,811,250  |
| 7.88%, 9/01/19                                   | 1,100 | 1,155,000  |
| Intelsat Corp., 9.25%, 6/15/16                   | 1,800 | 1,899,000  |

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|   |       |            |
|---|-------|------------|
| News America, Inc., 6.15%, 3/01/37                      | 4,200 | 4,300,061  |
| Time Warner Cable, Inc., 6.75%, 6/15/39                 | 4,050 | 4,377,592  |
| Time Warner, Inc., 7.70%, 5/01/32                       | 4,150 | 4,870,062  |
| UPC Germany GmbH, 8.13%, 12/01/17 (a)                   | 1,030 | 1,050,600  |
| Virgin Media Secured Finance Plc,<br>6.50%, 1/15/18 (a) | 2,675 | 2,688,375  |
|   |       | 33,243,924 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

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

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Corporate Bonds</b>                            |              |              |
| <b>Metals &amp; Mining 1.2%</b>                   |              |              |
| Phelps Dodge Corp., 7.13%, 11/01/27               | \$ 2,900     | \$ 3,001,851 |
| Teck Resources Ltd., 10.75%, 5/15/19              | 1,750        | 2,178,750    |
| United States Steel Corp., 7.38%, 4/01/20         | 375          | 385,312      |
|   |              | 5,565,913    |
| <b>Multi-Utilities 1.5%</b>                       |              |              |
| CenterPoint Energy, Inc.:                         |              |              |
| 5.95%, 2/01/17                                    | 3,150        | 3,317,114    |
| 6.50%, 5/01/18                                    | 3,350        | 3,652,056    |
|   |              | 6,969,170    |
| <b>Multiline Retail 0.8%</b>                      |              |              |
| Dollar General Corp., 10.63%, 7/15/15             | 3,275        | 3,639,344    |
| <b>Oil, Gas &amp; Consumable Fuels 3.6%</b>       |              |              |
| Enbridge Energy Partners LP, 9.88%, 3/01/19       | 2,100        | 2,780,114    |
| Enterprise Products Operating LLC, 6.65%, 4/15/18 | 4,200        | 4,785,682    |
| Kinder Morgan Energy Partners LP, 6.85%, 2/15/20  | 4,200        | 4,836,888    |
| ONEOK Partners LP, 8.63%, 3/01/19                 | 3,400        | 4,267,129    |
|   |              | 16,669,813   |
| <b>Paper &amp; Forest Products 2.5%</b>           |              |              |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (a)           | 3,400        | 3,723,000    |
| International Paper Co.:                          |              |              |
| 7.50%, 8/15/21                                    | 3,325        | 3,905,575    |
| 7.30%, 11/15/39                                   | 3,400        | 3,769,549    |
|   |              | 11,398,124   |
| <b>Pharmaceuticals 8.5%</b>                       |              |              |
| Abbott Laboratories:                              |              |              |
| 6.15%, 11/30/37                                   | 588          | 656,301      |
| 6.00%, 4/01/39                                    | 5,891        | 6,487,858    |
| Bristol-Myers Squibb Co.:                         |              |              |
| 5.88%, 11/15/36                                   | 5,000        | 5,281,645    |
| 6.13%, 5/01/38                                    | 1,471        | 1,605,997    |
| Eli Lilly & Co., 5.95%, 11/15/37                  | 1,471        | 1,600,638    |
| GlaxoSmithKline Capital, Inc., 6.38%, 5/15/38     | 7,250        | 8,207,711    |
| Merck & Co., Inc., 6.50%, 12/01/33                | 2,070        | 2,393,088    |

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|   |              |                    |
|---|--------------|--------------------|
| Pfizer, Inc., 7.20%, 3/15/39                              | 6,250        | 7,756,431          |
| Schering-Plough Corp., 6.55%, 9/15/37                     | 4,572        | 5,333,988          |
|   |              | 39,323,657         |
| <br>  |              |                    |
| <b>Real Estate Investment Trusts (REITs) 3.1%</b>         |              |                    |
| AvalonBay Communities, Inc.:                              |              |                    |
| 5.70%, 3/15/17  | 3,350        | 3,588,939          |
| 6.10%, 3/15/20  | 3,400        | 3,684,668          |
| ERP Operating LP:   |              |                    |
| 5.38%, 8/01/16  | 3,350        | 3,533,215          |
| 5.75%, 6/15/17  | 3,405        | 3,651,372          |
|   |              | 14,458,194         |
| <br>  |              |                    |
| <b>Semiconductors &amp; Semiconductor Equipment 1.0%</b>  |              |                    |
| KLA-Tencor Corp., 6.90%, 5/01/18                          | 1,928        | 2,132,073          |
| National Semiconductor Corp., 6.60%, 6/15/17              | 2,334        | 2,570,472          |
|   |              | 4,702,545          |
| <br>  |              |                    |
| <b>Specialty Retail 1.0%</b>                              |              |                    |
| AutoNation, Inc., 6.75%, 4/15/18                          | 1,965        | 1,972,369          |
| AutoZone, Inc., 7.13%, 8/01/18                            | 1,350        | 1,560,389          |
| Ltd. Brands, Inc., 7.00%, 5/01/20 (c)                     | 980          | 999,600            |
|   |              | 4,532,358          |
| <br>  |              |                    |
| <b>Tobacco 1.8%</b>                                       |              |                    |
| Altria Group, Inc.:                                       |              |                    |
| 9.70%, 11/10/18   | 3,400        | 4,275,809          |
| 9.25%, 8/06/19  | 3,350        | 4,138,195          |
|   |              | 8,414,004          |
| <br>  |              |                    |
|   | <b>Par</b>   |                    |
| <b>Corporate Bonds</b>                                    | <b>(000)</b> | <b>Value</b>       |
| <br>  |              |                    |
| <b>Wireless Telecommunication Services 4.0%</b>           |              |                    |
| Cricket Communications, Inc., 7.75%, 5/15/16              | \$ 670       | \$ 695,125         |
| Nextel Communications, Inc., Series E,<br>6.88%, 10/31/13 | 2,340        | 2,299,050          |
| SBA Tower Trust, 5.10%, 4/15/42 (a)                       | 15,225       | 15,681,834         |
|   |              | 18,676,009         |
| <b>Total Corporate Bonds 76.6%</b>                        |              | <b>355,058,445</b> |
| <br>  |              |                    |
| <b>Preferred Securities</b>                               |              |                    |
| <br>  |              |                    |
| <b>Capital Trusts</b>                                     |              |                    |
| <br>  |              |                    |
| <b>Building Products 0.3%</b>                             |              |                    |
| C8 Capital SPV Ltd., 6.64% (a)(b)(d)                      | 1,960        | 1,429,702          |
| <br>  |              |                    |
| <b>Capital Markets 4.2%</b>                               |              |                    |
| Ameriprise Financial, Inc., 7.52%, 6/01/66 (b)            | 2,500        | 2,525,000          |

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|  |        |            |
|--|--------|------------|
| Lehman Brothers Holdings Capital Trust V,<br>2.09% (d)(e)(f)           | 6,400  | 640        |
| State Street Capital Trust III, 8.25% (b)(d)                           | 2,920  | 2,998,227  |
| State Street Capital Trust IV, 1.26%, 6/01/67 (b)                      | 18,235 | 14,055,811 |
|  |        | 19,579,678 |
| <b>Commercial Banks 7.7%</b>   |        |            |
| Bank of Ireland Capital Funding II, LP,<br>5.57% (a)(b)(d)(e)(f)       | 1,715  | 1,217,650  |
| Bank of Ireland Capital Funding III, LP,<br>6.11% (a)(b)(d)(e)(f)      | 2,951  | 2,095,210  |
| Bank One Capital III, 8.75%, 9/01/30                                   | 2,000  | 2,393,608  |
| Barclays Bank Plc, 5.93% (a)(b)(d)                                     | 2,500  | 2,262,500  |
| First Empire Capital Trust II, 8.28%, 6/01/27                          | 3,630  | 3,370,488  |
| HSBC Capital Funding LP/Jersey Channel Islands,<br>10.18% (a)(b)(d)(g) | 4,835  | 6,183,965  |
| Lloyds Banking Group Plc, 6.66% (a)(b)(d)                              | 5,000  | 3,300,000  |
| National City Preferred Capital Trust I, 12.00% (b)(d)                 | 1,100  | 1,273,162  |
| NationsBank Capital Trust III, 0.83%, 1/15/27 (b)                      | 13,470 | 9,798,172  |
| SunTrust Preferred Capital I, 5.85% (b)(d)                             | 307    | 240,227    |
| USB Capital XIII Trust, 6.63%, 12/15/39                                | 3,500  | 3,680,635  |
|  |        | 35,815,617 |
| <b>Diversified Financial Services 1.7%</b>                             |        |            |
| Farm Credit Bank of Texas, Series 1, 7.56% (b)(d)                      | 2,500  | 2,133,175  |
| JPMorgan Chase Capital XXIII, 1.25%, 5/15/77 (b)                       | 7,500  | 5,824,718  |
|  |        | 7,957,893  |
| <b>Electric Utilities 0.6%</b>   |        |            |
| PPL Capital Funding, 6.70%, 3/30/67 (b)                                | 3,000  | 2,745,000  |
| <b>Insurance 13.5%</b>   |        |            |
| AXA SA, 6.38% (a)(b)(d)  | 3,000  | 2,670,000  |
| Ace Capital Trust II, 9.70%, 4/01/30                                   | 5,000  | 6,069,070  |
| The Allstate Corp., 6.50%, 5/15/67 (b)                                 | 5,000  | 4,800,000  |
| Aon Corp., 8.21%, 1/01/27  | 2,500  | 2,723,765  |
| Chubb Corp., 6.38%, 3/29/67 (b)  | 2,000  | 2,002,500  |
| Farmers Exchange Capital, 7.05%, 7/15/28 (a)                           | 2,500  | 2,358,193  |
| GE Global Insurance Holding Corp., 7.75%, 6/15/30                      | 2,000  | 2,198,502  |
| Genworth Financial, Inc., 6.15%, 11/15/66 (b)                          | 3,000  | 2,400,000  |
| Liberty Mutual Group, Inc., 10.75%, 6/15/88 (a)(b)                     | 2,925  | 3,407,625  |
| Lincoln National Corp., 7.00%, 5/17/66 (b)                             | 3,350  | 3,098,750  |
| MetLife, Inc., 6.40%, 12/15/66   | 6,825  | 6,449,625  |
| Nationwide Life Global Funding I, 6.75%, 5/15/67                       | 7,000  | 5,985,000  |
| Principal Life Insurance Co., 8.00%, 3/01/44 (a)                       | 2,500  | 2,611,485  |

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|   |       |           |
|---|-------|-----------|
| Progressive Corp., 6.70%, 6/15/67 (b)(g)          | 2,000 | 1,981,922 |
| Reinsurance Group of America, 6.75%, 12/15/65 (b) | 3,000 | 2,840,376 |
| The Travelers Cos., Inc., 6.25%, 3/15/67 (b)      | 3,000 | 2,950,431 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

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

(Percentages shown are based on Net Assets)

|  | Par<br>(000)  | Value       |
|--|---------------|-------------|
| <b>Capital Trusts</b>  |               |             |
| <b>Insurance (concluded)</b>                                     |               |             |
| ZFS Finance (USA) (a)(b):  |               |             |
| Trust IV, 5.88%, 5/09/32   | \$ 379        | \$ 362,089  |
| Trust V, 6.50%, 5/09/67  | 4,312         | 4,128,740   |
| Zenith National Insurance Capital Trust I,<br>8.55%, 8/01/28 (a) | 3,750         | 3,243,750   |
|  |               | 62,281,823  |
| <b>Multi-Utilities 1.4%</b>                                      |               |             |
| Dominion Resources Capital Trust I,<br>7.83%, 12/01/27           | 2,500         | 2,582,335   |
| Dominion Resources, Inc., 7.50%, 6/30/66 (b)                     | 3,900         | 3,958,500   |
|  |               | 6,540,835   |
| <b>Oil, Gas &amp; Consumable Fuels 1.3%</b>                      |               |             |
| Enterprise Products Operating LLC,<br>8.38%, 8/01/66 (b)         | 2,000         | 2,080,000   |
| TransCanada PipeLines Ltd., 6.35%, 5/15/67 (b)                   | 4,000         | 3,846,568   |
|  |               | 5,926,568   |
| <b>Road &amp; Rail 0.8%</b>                                      |               |             |
| BNSF Funding Trust I, 6.61%, 12/15/55 (b)                        | 3,750         | 3,703,125   |
| <b>Total Capital Trusts 31.5%</b>                                |               | 145,980,241 |
| <b>Preferred Stocks</b>  | <b>Shares</b> |             |
| <b>Capital Markets 0.0%</b>                                      |               |             |
| Deutsche Bank Contingent Capital Trust II, 6.55%                 | 530           | 11,750      |
| <b>Commercial Banks 7.1%</b>                                     |               |             |
| Barclays Bank Plc, 8.13% (h)                                     | 225,000       | 5,661,000   |
| First Tennessee Bank NA, 3.75% (a)(b)                            | 4,650         | 2,976,000   |
| Provident Financial Group, Inc., 7.75%                           | 166,800       | 4,149,150   |
| Royal Bank of Scotland Group Plc,<br>Series M, 6.40%             | 15,000        | 200,100     |
| SG Preferred Capital II, 6.30%                                   | 23,000        | 19,887,813  |
|  |               | 32,874,063  |
| <b>Diversified Financial Services 1.0%</b>                       |               |             |
| Falcons Funding Trust I, 8.88% (a)(b)                            | 4,750         | 4,736,641   |
| <b>Electric Utilities 3.0%</b>                                   |               |             |



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|  |               |                   |
|--|---------------|-------------------|
| Alabama Power Co.:                                       |               |                   |
| 5.83%  | 14,000        | 348,320           |
| 6.50%  | 145,000       | 3,768,550         |
| Entergy Arkansas, Inc., 6.45%                            | 114,400       | 2,713,431         |
| Entergy Louisiana LLC, 6.95%                             | 49,850        | 4,877,260         |
| Interstate Power & Light Co., Series B, 8.38%            | 80,000        | 2,338,400         |
|  |               | 14,045,961        |
| <b>Insurance 6.8%</b>                                    |               |                   |
| Aspen Insurance Holdings Ltd., 7.40% (b)                 | 194,000       | 4,500,800         |
| Axis Capital Holdings Ltd.:                              |               |                   |
| Series A, 7.25%  | 129,300       | 3,153,627         |
| Series B, 7.50% (b)                                      | 36,000        | 3,402,000         |
| Endurance Specialty Holdings Ltd.,                       |               |                   |
| Series A, 7.75%  | 139,200       | 3,378,384         |
| MetLife, Inc., Series B, 6.50%                           | 237,606       | 5,757,193         |
| Prudential Plc, 6.50%                                    | 92,400        | 2,137,212         |
| Zurich RegCaPS Funding Trust II, 6.58% (a)(b)            | 9,800         | 9,077,250         |
|  |               | 31,406,466        |
| <b>Real Estate Investment Trusts (REITs) 2.4%</b>        |               |                   |
| BRE Properties, Inc., Series D, 6.75%                    | 35,000        | 798,700           |
| Kimco Realty Corp., Series F, 6.65%                      | 50,000        | 1,164,000         |
| <b>Preferred Stocks</b>                                  |               |                   |
|  | <b>Shares</b> | <b>Value</b>      |
| <b>Real Estate Investment Trusts (REITs) (concluded)</b> |               |                   |
| Public Storage:  |               |                   |
| Series F, 6.45%  | 40,000        | \$ 941,600        |
| Series I, 7.25%  | 160,000       | 4,065,600         |
| Series M, 6.63%  | 71,900        | 1,767,302         |
| Regency Centers Corp., Series D, 7.25%                   | 100,000       | 2,360,000         |
|  |               | 11,097,202        |
| <b>Wireless Telecommunication Services 0.6%</b>          |               |                   |
| Centaur Funding Corp., 9.08%                             | 2,423         | 2,666,057         |
| <b>Total Preferred Stocks 20.9%</b>                      |               | <b>96,838,140</b> |
| <b>Trust Preferreds</b>                                  |               |                   |
| <b>Communications Equipment 0.4%</b>                     |               |                   |
| Corporate-Backed Trust Certificates, Motorola            |               |                   |
| Debenture Backed, Series 2002-14, 8.38%, 11/15/28        | 80,000        | 1,949,802         |
| <b>Consumer Finance 1.3%</b>                             |               |                   |
| Capital One Capital II, 7.50%, 6/15/66                   | 253,466       | 6,090,874         |
| <b>Electric Utilities 0.8%</b>                           |               |                   |
| Georgia Power Co., Series O, 1.48%, 4/15/33              | 50,000        | 1,252,353         |

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|  |               |                |
|--|---------------|----------------|
| HECO Capital Trust III, 6.50%, 3/18/34   | 50,000        | 1,264,993      |
| National Rural Utilities Cooperative Finance Corp.,<br>6.75%, 2/15/43              | 50,000        | 1,237,251      |
|  |               | 3,754,597      |
| <b>Insurance 4.2%</b>  |               |                |
| ABN AMRO North America Capital Funding<br>Trust II, 0.31% (a)(b)(d)                | 440,000       | 8,726,578      |
| Lincoln National Capital VI, Series F,<br>6.75%, 9/11/52                           | 131,034       | 3,102,494      |
| W.R. Berkley Capital Trust II, 6.75%, 7/26/45                                      | 295,000       | 7,264,742      |
|  |               | 19,093,814     |
| <b>Total Trust Preferreds 6.7%</b>   |               | 30,889,087     |
| <b>Total Preferred Securities 59.1%</b>  |               | 273,707,468    |
|  | <b>Par</b>    |                |
|  | <b>(000)</b>  |                |
| <b>Taxable Municipal Bonds</b>   |               |                |
| Metropolitan Transportation Authority, RB,<br>Build America Bonds, 6.55%, 11/15/31 | \$ 3,450      | 3,637,335      |
| State of California, GO, Build America Bonds,<br>7.35%, 11/01/39                   | 1,725         | 1,863,655      |
| State of Illinois, GO, Pension, 5.10%, 6/01/33                                     | 3,475         | 2,997,292      |
| <b>Total Taxable Municipal Bonds 1.8%</b>  |               | 8,498,282      |
| <b>Total Long-Term Investments</b>   |               |                |
| <b>(Cost \$650,680,840) 137.5%</b>   |               | 637,264,195    |
| <b>Short-Term Securities</b>   |               |                |
|  | <b>Shares</b> |                |
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.13% (i)(j)          | 1,817,048     | 1,817,048      |
| <b>Total Short-Term Securities</b>   |               | 1,817,048      |
| <b>(Cost \$1,817,048) 0.4%</b>   |               | 1,817,048      |
| <b>Total Investments (Cost \$652,497,888*) 137.9%</b>                              |               | 639,081,243    |
| <b>Liabilities in Excess of Other Assets (1.4)%</b>                                |               | (6,662,171)    |
| <b>Preferred Shares, at Redemption Value (36.5)%</b>                               |               | (169,091,457)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>                               |               | \$ 463,327,615 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

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

\* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2010, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$ 654,272,212  |
| Gross unrealized appreciation | \$ 15,173,099   |
| Gross unrealized depreciation | (30,364,068)    |
| Net unrealized depreciation   | \$ (15,190,969) |

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

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

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

| Counterparty        | Value      | Unrealized<br>Appreciation |
|---------------------|------------|----------------------------|
| Bank of America, NA | \$ 999,600 | \$ 19,600                  |

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

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

(f) Non-income producing security.

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

(h) All or a portion of security has been pledged as collateral in connection with open financial futures contracts.

(i) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate  | Shares<br>Held at<br>October 31,<br>2009 | Net<br>Activity | Shares<br>Held at<br>April 30,<br>2010 | Income   |
|--|--|-----------------|--|----------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 41,019,397                               | (39,202,349)    | 1,817,048                              | \$87,691 |

(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.

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This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Reverse repurchase agreements outstanding as of April 30, 2010 were as follows:

| Counterparty  | Interest<br>Rate | Trade<br>Date | Maturity<br>Date | Net Closing<br>Amount | Face<br>Amount |
|---------------|------------------|---------------|------------------|-----------------------|----------------|
| Credit Suisse |                  |               |                  |                       |                |
| Securities    | 0.38%            | 4/22/10       | 5/24/10          | \$ 7,709,771          | \$ 7,707,202   |

Financial futures contracts purchased as of April 30, 2010 were as follows:

| Contracts | Issue                         | Expiration<br>Date | Notional<br>Amount | Unrealized<br>Appreciation |
|-----------|-------------------------------|--------------------|--------------------|----------------------------|
| 22        | 30-Year U.S.<br>Treasury Bond | June 2010          | \$2,548,095        | \$ 71,280                  |

Credit default swaps on single-name issues buy protection outstanding as of April 30, 2010 were as follows:

| Issuer          | Pay<br>Fixed<br>Rate | Counter-<br>party   | Expiration   | Notional<br>Amount<br>(000) | Unrealized<br>Depreciation |
|-----------------|----------------------|---------------------|--------------|-----------------------------|----------------------------|
| Nordstrom, Inc. | 5.20%                | Deutsche<br>Bank AG | June<br>2014 | \$ 2,000                    | \$ (351,837)               |

Fair Value Measurements Various inputs are used in determining the fair value of investments, 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)

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 Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of April 30, 2010 in determining the fair valuation of the Fund's investments:

### Investments in Securities

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| Valuation Inputs | Level 1      | Level 2  | Level 3 | Total         |
|------------------|--------------|--|---------|---------------|
| <b>Assets:</b>   |              |  |         |               |
| Long-Term        |              |  |         |               |
| Investments:     |              |  |         |               |
| Capital          |              |  |         |               |
| Trusts           |              | \$145,980,241                                  |         | \$145,980,241 |
| Corporate        |              |  |         |               |
| Bonds            |              | 354,851,005 \$                                 | 207,440 | 355,058,445   |
| Preferred        |              |  |         |               |
| Stocks           | \$42,352,538 | 54,485,602                                     |         | 96,838,140    |
| Taxable          |              |  |         |               |
| Municipal        |              |  |         |               |
| Bonds            |              | 8,498,282                                      |         | 8,498,282     |
| Trust            |              |  |         |               |
| Preferreds       | 22,162,509   | 8,726,578                                      |         | 30,889,087    |
| Short-Term       |              |  |         |               |
| Securities       | 1,817,048    |  |         | 1,817,048     |
| <b>Total</b>     | \$66,332,095 | \$572,541,708 \$                               | 207,440 | \$639,081,243 |
|                  |              | <b>Other Financial Instruments<sup>1</sup></b> |         |               |

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| Valuation Inputs | Level 1   | Level 2      | Level 3 | Total        |
|------------------|-----------|--------------|---------|--------------|
| Assets           | \$ 71,280 |              |         | \$ 71,280    |
| Liabilities      |           | \$ (351,837) |         | (351,837)    |
| <b>Total</b>     | \$ 71,280 | \$ (351,837) |         | \$ (280,557) |

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

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

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

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

|   | Investments in Securities |                    |                     |                   |
|---|---------------------------|--------------------|---------------------|-------------------|
|   | Capital<br>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)                 | 27                 |                     | (614,806)         |
| Net change in unrealized appreciation/depreciation <sup>1</sup> | 1,308,795                 | 26,449             | 6,087,813           | 7,423,057         |
| Net purchases (sales)   | (2,965,112)               | (85,157)           |                     | (3,050,269)       |
| Net transfers in/out  |                           |                    | (19,887,813)        | (19,887,813)      |
| <b>Balance, as of April 30, 2010</b>                            | <b>\$</b>                 | <b>\$ 207,440</b>  |                     | <b>\$ 207,440</b> |

<sup>1</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in unrealized appreciation/depreciation on securities still held at April 30, 2010 was \$26,449.

See Notes to Financial Statements.

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## Schedule of Investments April 30, 2010 (Unaudited)

**BlackRock Credit Allocation Income Trust III (BPP)**

(Percentages shown are based on Net Assets)

| <b>Common Stocks</b>  | <b>Shares</b> | <b>Value</b> |
|---|---------------|--------------|
| <b>Specialty Retail 0.0%</b>  |               |              |
| Lazydays RV Center, Inc. (a)  | 8,575         | \$ 33,444    |
| <b>Total Common Stocks 0.0%</b>   |               | 33,444       |
|   | <b>Par</b>    |              |
|   | <b>(000)</b>  |              |
| <b>Corporate Bonds</b>  |               |              |
| <b>Aerospace &amp; Defense 2.5%</b>   |               |              |
| BE Aerospace, Inc., 8.50%, 7/01/18  | \$ 1,215      | 1,300,050    |
| Bombardier, Inc., 7.75%, 3/15/20 (b)  | 1,405         | 1,492,813    |
| United Technologies Corp., 5.70%, 4/15/40   | 2,500         | 2,610,327    |
|   |               | 5,403,190    |
| <b>Airlines 0.4%</b>  |               |              |
| Continental Airlines Pass-Through Certificates,<br>Series 2009-2, Class B, 9.25%, 5/10/17 | 775           | 829,250      |
| <b>Auto Components 0.6%</b>   |               |              |
| Icahn Enterprises LP (b):   |               |              |
| 7.75%, 1/15/16  | 420           | 408,450      |
| 8.00%, 1/15/18  | 1,000         | 972,500      |
|   |               | 1,380,950    |
| <b>Beverages 0.4%</b>   |               |              |
| Constellation Brands, Inc., 7.25%, 5/15/17  | 955           | 974,100      |
| <b>Capital Markets 1.7%</b>   |               |              |
| Ameriprise Financial, Inc., 5.30%, 3/15/20  | 1,500         | 1,561,253    |
| Morgan Stanley, 7.30%, 5/13/19  | 1,950         | 2,141,252    |
|   |               | 3,702,505    |
| <b>Chemicals 0.3%</b>   |               |              |
| CF Industries, Inc., 7.13%, 5/01/20   | 525           | 552,562      |
| <b>Commercial Banks 0.7%</b>  |               |              |
| RESPARCS Funding LP I, 8.00% (a)(c)(d)  | 4,000         | 1,620,000    |
| <b>Commercial Services &amp; Supplies 2.6%</b>  |               |              |
| Browning-Ferris Industries, Inc., 7.40%, 9/15/35  | 1,824         | 2,081,545    |
| Corrections Corp.of America, 7.75%, 6/01/17   | 1,600         | 1,696,000    |
| Waste Management, Inc., 6.13%, 11/30/39   | 1,950         | 2,030,512    |
|   |               | 5,808,057    |
| <b>Communications Equipment 0.7%</b>  |               |              |
| Brocade Communications Systems, Inc.,<br>6.88%, 1/15/20 (b)                               | 1,450         | 1,497,125    |

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### Consumer Finance 5.3%

|   |       |            |
|---|-------|------------|
| American Express Co., 8.13%, 5/20/19      | 1,950 | 2,388,343  |
| Capital One Bank USA NA, 8.80%, 7/15/19   | 1,625 | 1,992,651  |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (b) | 1,020 | 1,063,350  |
| SLM Corp., 4.00%, 7/25/14 (e)             | 6,600 | 6,144,534  |
|   |       | 11,588,878 |

### Containers & Packaging 0.9%

|  |     |           |
|--|-----|-----------|
| Ball Corp.:                                |     |           |
| 7.13%, 9/01/16                             | 850 | 903,125   |
| 6.75%, 9/15/20                             | 870 | 889,575   |
| Impress Holdings BV, 3.43%, 9/15/13 (b)(e) | 240 | 230,400   |
|  |     | 2,023,100 |

### Diversified Financial Services 2.2%

|                                       |       |           |
|---------------------------------------|-------|-----------|
| Bank of America Corp., 7.63%, 6/01/19 | 3,325 | 3,795,547 |
| GMAC, Inc., 8.30%, 2/12/15 (b)        | 1,000 | 1,043,750 |
|                                       |       | 4,839,297 |

### Diversified Telecommunication Services 4.0%

|  |       |           |
|--|-------|-----------|
| AT&T, Inc., 6.30%, 1/15/38                   | 2,000 | 2,077,838 |
| New Communications Holdings, Inc.,           |       |           |
| 8.50%, 4/15/20 (b)                           | 1,500 | 1,545,000 |
| Qwest Corp., 8.38%, 5/01/16                  | 1,360 | 1,550,400 |
| Verizon Communications, Inc., 7.35%, 4/01/39 | 1,950 | 2,315,533 |

|  |              |              |
|--|--------------|--------------|
|  | <b>Par</b>   | <b>Value</b> |
|  | <b>(000)</b> | <b>(000)</b> |

### Corporate Bonds

#### Diversified Telecommunication Services (concluded)

|                   |        |            |
|-------------------|--------|------------|
| Windstream Corp.: |        |            |
| 8.63%, 8/01/16    | \$ 320 | \$ 327,600 |
| 7.88%, 11/01/17   | 900    | 893,250    |
|                   |        | 8,709,621  |

### Electric Utilities 1.7%

|  |       |           |
|--|-------|-----------|
| Progress Energy Inc., 7.00%, 10/30/31          | 2,000 | 2,284,848 |
| Southern California Edison Co., 5.50%, 3/15/40 | 1,400 | 1,424,937 |
|  |       | 3,709,785 |

### Food & Staples Retailing 3.4%

|  |       |           |
|--|-------|-----------|
| CVS Caremark Corp., 6.30%, 6/01/62 (e) | 3,100 | 2,991,500 |
| Wal-Mart Stores, Inc.:                 |       |           |
| 5.25%, 9/01/35                         | 1,850 | 1,821,834 |
| 6.20%, 4/15/38                         | 2,500 | 2,752,035 |
|  |       | 7,565,369 |

### Food Products 0.8%



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|   |       |            |
|---|-------|------------|
| Kraft Foods, Inc.:                                      |       |            |
| 6.50%, 8/11/17  | 800   | 906,422    |
| 6.13%, 8/23/18  | 800   | 882,740    |
|   |       | 1,789,162  |
| <b>Gas Utilities 0.9%</b>                               |       |            |
| Nisource Finance Corp., 6.13%, 3/01/22                  | 1,950 | 2,070,426  |
| <b>Health Care Equipment &amp; Supplies 1.0%</b>        |       |            |
| Medtronic, Inc.:  |       |            |
| 6.50%, 3/15/39  | 300   | 346,496    |
| 5.55%, 3/15/40  | 1,765 | 1,822,583  |
|   |       | 2,169,079  |
| <b>Health Care Providers &amp; Services 3.1%</b>        |       |            |
| Aetna, Inc., 6.75%, 12/15/37                            | 1,725 | 1,901,110  |
| HCA, Inc., 7.25%, 9/15/20 (b)                           | 1,250 | 1,307,813  |
| HCA, Inc./DE, 8.50%, 4/15/19 (b)                        | 800   | 879,000    |
| Tenet Healthcare Corp., 10.00%, 5/01/18 (b)             | 745   | 848,369    |
| UnitedHealth Group, Inc., 6.88%, 2/15/38                | 1,725 | 1,895,242  |
|   |       | 6,831,534  |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>           |       |            |
| Greektown Holdings, LLC, 10.75%, 12/01/13 (a)(b)(d)     | 362   | 23,982     |
| <b>Insurance 4.9%</b>                                   |       |            |
| Lincoln National Corp.:                                 |       |            |
| 8.75%, 7/01/19  | 850   | 1,060,317  |
| 6.25%, 2/15/20  | 1,725 | 1,843,799  |
| Northwestern Mutual Life Insurance,                     |       |            |
| 6.06%, 3/30/40 (b)                                      | 1,800 | 1,859,173  |
| Principal Financial Group, Inc., 8.88%, 5/15/19         | 475   | 585,939    |
| Prudential Financial, Inc., 6.63%, 12/01/37             | 1,725 | 1,901,757  |
| QBE Insurance Group Ltd., 9.75%, 3/14/14 (b)            | 2,975 | 3,623,449  |
|   |       | 10,874,434 |
| <b>Life Sciences Tools &amp; Services 1.8%</b>          |       |            |
| Bio-Rad Laboratories, Inc., 8.00%, 9/15/16              | 1,830 | 1,953,525  |
| Life Technologies Corp., 6.00%, 3/01/20                 | 2,000 | 2,104,320  |
|   |       | 4,057,845  |
| <b>Machinery 1.7%</b>                                   |       |            |
| AGY Holding Corp., 11.00%, 11/15/14                     | 390   | 343,200    |
| Ingersoll-Rand Global Holding Co., Ltd., 9.50%, 4/15/14 | 1,725 | 2,115,017  |
| Navistar International Corp., 8.25%, 11/01/21           | 1,245 | 1,313,475  |
|   |       | 3,771,692  |
| <b>Media 7.4%</b>                                       |       |            |
| CMP Susquehanna Corp., 3.20%, 5/15/14 (a)(b)(d)         | 9     | 180        |

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|  |       |           |
|--|-------|-----------|
| CSC Holdings, Inc., 8.63%, 2/15/19 (b)       | 580   | 633,650   |
| CSC Holdings LLC, 8.50%, 6/15/15 (b)         | 800   | 852,000   |
| Comcast Corp., 6.30%, 11/15/17               | 1,725 | 1,911,980 |
| Cox Communications, Inc., 8.38%, 3/01/39 (b) | 1,725 | 2,239,935 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Credit Allocation Income Trust III (BPP)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Corporate Bonds</b>                               |              |            |
| <b>Media (concluded)</b>                             |              |            |
| DISH DBS Corp.:                                      |              |            |
| 7.00%, 10/01/13                                      | \$ 850       | \$ 879,750 |
| 7.88%, 9/01/19                                       | 550          | 577,500    |
| Intelsat Corp., 9.25%, 6/15/16                       | 850          | 896,750    |
| News America, Inc., 6.15%, 3/01/37                   | 2,000        | 2,047,648  |
| Time Warner Cable, Inc., 6.75%, 6/15/39              | 1,950        | 2,107,729  |
| Time Warner, Inc., 7.70%, 5/01/32                    | 2,000        | 2,347,018  |
| UPC Germany GmbH, 8.13%, 12/01/17 (b)                | 505          | 515,100    |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 (b) | 1,300        | 1,306,500  |
|  |              | 16,315,740 |
| <b>Metals &amp; Mining 1.2%</b>                      |              |            |
| Phelps Dodge Corp., 7.13%, 11/01/27                  | 1,400        | 1,449,169  |
| Teck Resources Ltd., 10.75%, 5/15/19                 | 850          | 1,058,250  |
| United States Steel Corp., 7.38%, 4/01/20            | 175          | 179,813    |
|  |              | 2,687,232  |
| <b>Multi-Utilities 1.5%</b>                          |              |            |
| CenterPoint Energy, Inc.:                            |              |            |
| 5.95%, 2/01/17                                       | 1,500        | 1,579,578  |
| 6.50%, 5/01/18                                       | 1,600        | 1,744,266  |
|  |              | 3,323,844  |
| <b>Multiline Retail 0.8%</b>                         |              |            |
| Dollar General Corp., 10.63%, 7/15/15                | 1,550        | 1,722,437  |
| <b>Oil, Gas &amp; Consumable Fuels 3.7%</b>          |              |            |
| EXCO Resources, Inc., 7.25%, 1/15/11                 | 40           | 39,950     |
| Enbridge Energy Partners LP, 9.88%, 3/01/19          | 1,000        | 1,323,864  |
| Enterprise Products Operating LLC, 6.65%, 4/15/18    | 2,000        | 2,278,896  |
| Kinder Morgan Energy Partners LP, 6.85%, 2/15/20     | 2,000        | 2,303,280  |
| ONEOK Partners LP, 8.63%, 3/01/19                    | 1,725        | 2,164,941  |
|  |              | 8,110,931  |
| <b>Paper &amp; Forest Products 3.1%</b>              |              |            |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b)              | 1,635        | 1,790,325  |
| International Paper Co.:                             |              |            |
| 7.50%, 8/15/21                                       | 1,625        | 1,908,740  |
| 8.70%, 6/15/38                                       | 900          | 1,152,653  |

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|  |              |              |
|--|--------------|--------------|
| 7.30%, 11/15/39  | 1,725        | 1,912,492    |
|  |              | 6,764,210    |
| <b>Pharmaceuticals 7.8%</b>                              |              |              |
| Abbott Laboratories:                                     |              |              |
| 6.15%, 11/30/37  | 235          | 262,297      |
| 6.00%, 4/01/39   | 2,777        | 3,058,357    |
| Bristol-Myers Squibb Co.:                                |              |              |
| 5.88%, 11/15/36  | 1,994        | 2,106,320    |
| 6.13%, 5/01/38   | 588          | 641,962      |
| Eli Lilly & Co., 5.95%, 11/15/37                         | 588          | 639,820      |
| GlaxoSmithKline Capital, Inc., 6.38%, 5/15/38            | 3,460        | 3,917,059    |
| Merck & Co., Inc., 6.50%, 12/01/33                       | 990          | 1,144,520    |
| Pfizer, Inc., 7.20%, 3/15/39                             | 2,500        | 3,102,573    |
| Schering-Plough Corp., 6.55%, 9/15/37                    | 1,979        | 2,308,828    |
|  |              | 17,181,736   |
| <b>Professional Services 0.0%</b>                        |              |              |
| FTI Consulting, Inc., 7.75%, 10/01/16                    | 100          | 102,875      |
| <b>Real Estate Investment Trusts (REITs) 3.3%</b>        |              |              |
| AvalonBay Communities, Inc.:                             |              |              |
| 5.70%, 3/15/17   | 1,625        | 1,740,903    |
| 6.10%, 3/15/20   | 1,725        | 1,869,427    |
| ERP Operating LP:  |              |              |
| 5.38%, 8/01/16   | 1,625        | 1,713,873    |
| 5.75%, 6/15/17   | 1,715        | 1,839,091    |
|  |              | 7,163,294    |
| <b>Corporate Bonds</b>                                   | <b>(000)</b> | <b>Value</b> |
| <b>Semiconductors &amp; Semiconductor Equipment 1.0%</b> |              |              |
| KLA-Tencor Corp., 6.90%, 5/01/18                         | \$ 918       | \$ 1,015,167 |
| National Semiconductor Corp., 6.60%, 6/15/17             | 1,123        | 1,236,778    |
|  |              | 2,251,945    |
| <b>Specialty Retail 1.0%</b>                             |              |              |
| AutoNation, Inc., 6.75%, 4/15/18                         | 940          | 943,525      |
| AutoZone, Inc., 7.13%, 8/01/18                           | 650          | 751,299      |
| Ltd. Brands, Inc., 7.00%, 5/01/20 (g)                    | 470          | 479,400      |
|  |              | 2,174,224    |
| <b>Tobacco 1.9%</b>                                      |              |              |
| Altria Group, Inc.:                                      |              |              |
| 9.70%, 11/10/18  | 1,725        | 2,169,345    |
| 9.25%, 8/06/19   | 1,600        | 1,976,451    |
|  |              | 4,145,796    |

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### Wireless Telecommunication Services 0.6%

|   |       |                        |
|---|-------|------------------------|
| Cricket Communications, Inc., 7.75%, 5/15/16              | 325   | 337,188                |
| Nextel Communications, Inc., Series E,<br>6.88%, 10/31/13 | 1,105 | 1,085,662<br>1,422,850 |

### Total Corporate Bonds 74.9%

165,159,057

### Investment Companies

**Shares**

|  |        |         |
|--|--------|---------|
| ProShares UltraShort Real Estate       | 12,000 | 310,080 |
| <b>Total Investment Companies 0.1%</b> |        | 310,080 |

### Preferred Securities

**Par**

### Capital Trusts

**(000)**

### Building Products 0.3%

|                                      |        |         |
|--------------------------------------|--------|---------|
| C8 Capital SPV Ltd., 6.64% (b)(c)(e) | \$ 970 | 707,557 |
|--------------------------------------|--------|---------|

### Capital Markets 4.0%

|   |       |                        |
|---|-------|------------------------|
| State Street Capital Trust III, 8.25% (c)(e)      | 1,385 | 1,422,104              |
| State Street Capital Trust IV, 1.26%, 6/01/67 (e) | 9,675 | 7,457,635<br>8,879,739 |

### Commercial Banks 7.8%

|  |       |                         |
|--|-------|-------------------------|
| Bank of Ireland Capital Funding II, LP, 5.57% (a)(b)(c)(d)(e)  | 854   | 606,340                 |
| Bank of Ireland Capital Funding III, LP, 6.11% (a)(b)(c)(d)(e) | 1,471 | 1,044,410               |
| Barclays Bank Plc, 5.93% (b)(c)(e)                             | 890   | 805,450                 |
| CBA Capital Trust I, 5.81% (b)(c)                              | 5,000 | 4,943,700               |
| FCB/NC Capital Trust I, 8.05%, 3/01/28                         | 1,100 | 1,039,309               |
| NBP Capital Trust III, 7.38% (c)                               | 2,000 | 1,590,000               |
| National City Preferred Capital Trust I, 12.00% (c)(e)         | 600   | 694,452                 |
| SunTrust Preferred Capital I, 5.85% (c)(e)                     | 303   | 237,097                 |
| USB Capital XIII Trust, 6.63%, 12/15/39                        | 1,725 | 1,814,027               |
| Wells Fargo Capital XIII, Series GMTN, 7.70% (c)(e)            | 1,700 | 1,768,000               |
| Westpac Capital Trust IV, 5.26% (b)(c)(e)                      | 3,000 | 2,753,040<br>17,295,825 |

### Diversified Financial Services 4.7%

|   |       |                         |
|---|-------|-------------------------|
| JPMorgan Chase Capital XXI, Series U,<br>1.29%, 1/15/87 (e) | 7,125 | 5,542,708               |
| JPMorgan Chase Capital XXIII, 1.25%, 5/15/77 (e)            | 6,190 | 4,807,334<br>10,350,042 |

### Electric Utilities 0.4%

|   |     |         |
|---|-----|---------|
| PPL Capital Funding, 6.70%, 3/30/67 (e) | 900 | 823,500 |
|---|-----|---------|

### Insurance 7.5%

|  |     |         |
|--|-----|---------|
| AXA SA, 6.38% (b)(c)(e)                | 900 | 801,000 |
| The Allstate Corp., 6.50%, 5/15/67 (e) | 900 | 864,000 |

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Chubb Corp., 6.38%, 3/29/67 (e)

900

901,125

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## Schedule of Investments (continued)

## BlackRock Credit Allocation Income Trust III (BPP)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Capital Trusts</b>  |              |              |
| <b>Insurance (concluded)</b>                                     |              |              |
| Genworth Financial, Inc., 6.15%, 11/15/66 (e)                    | \$ 1,475     | \$ 1,180,000 |
| Liberty Mutual Group, Inc., 10.75%, 6/15/88 (b)(e)               | 900          | 1,048,500    |
| Lincoln National Corp., 7.00%, 5/17/66 (e)                       | 900          | 832,500      |
| MetLife, Inc., 6.40%, 12/15/66                                   | 900          | 850,500      |
| Nationwide Life Global Funding I, 6.75%, 5/15/67                 | 900          | 769,500      |
| Progressive Corp., 6.70%, 6/15/67 (e)                            | 900          | 891,865      |
| Reinsurance Group of America, 6.75%, 12/15/65 (e)                | 1,300        | 1,230,830    |
| The Travelers Cos., Inc., 6.25%, 3/15/67 (e)                     | 900          | 885,129      |
| White Mountains Re Group Ltd., 7.51% (b)(c)(e)                   | 2,600        | 2,388,776    |
| ZFS Finance (USA) (b)(e):  |              |              |
| Trust IV, 5.88%, 5/09/32   | 190          | 181,522      |
| Trust V, 6.50%, 5/09/67  | 2,209        | 2,115,117    |
| Zenith National Insurance Capital Trust I,<br>8.55%, 8/01/28 (b) | 1,800        | 1,557,000    |
|  |              | 16,497,364   |
| <b>Multi-Utilities 0.4%</b>                                      |              |              |
| Puget Sound Energy, Inc., Series A, 6.97%, 6/01/67 (e)           | 925          | 879,185      |
| <b>Oil, Gas &amp; Consumable Fuels 0.4%</b>                      |              |              |
| TransCanada PipeLines Ltd., 6.35%, 5/15/67 (e)                   | 900          | 865,478      |
| <b>Total Capital Trusts 25.5%</b>                                |              | 56,298,690   |
| <b>Preferred Stocks</b>  |              |              |
| <b>Capital Markets 0.0%</b>                                      |              |              |
| Lehman Brothers Holdings Inc., Series D, 5.67% (c)(d)            | 31,100       | 2,519        |
| <b>Commercial Banks 2.5%</b>                                     |              |              |
| Banesto Holdings, Ltd., Series A, 10.50% (b)                     | 30,000       | 754,689      |
| First Republic Preferred Capital Corp., 7.25%                    | 42,512       | 885,100      |
| Royal Bank of Scotland Group Plc, Series M, 6.40%                | 10,000       | 133,400      |
| Union Planter Preferred Funding Corp., 7.75%                     | 60           | 3,780,000    |
|  |              | 5,553,189    |
| <b>Diversified Financial Services 1.7%</b>                       |              |              |
| JPMorgan Chase & Co., Series E, 6.15%                            | 75,000       | 3,728,250    |
| <b>Electric Utilities 0.6%</b>                                   |              |              |
| Alabama Power Co., 6.50%   | 50,000       | 1,299,500    |
| <b>Insurance 10.2%</b>   |              |              |

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|  |           |            |
|--|-----------|------------|
| Arch Capital Group Ltd., Series A, 8.00%           | 67,414    | 1,701,529  |
| Aspen Insurance Holdings Ltd., 7.40% (e)           | 115,000   | 2,668,000  |
| Endurance Specialty Holdings Ltd., Series A, 7.75% | 122,400   | 2,970,648  |
| MetLife, Inc., Series B, 6.50%                     | 61,294    | 1,485,154  |
| PartnerRe Ltd., Series C, 6.75%                    | 209,400   | 5,182,650  |
| Prudential Plc:                                    |           |            |
| 6.50%  | 62,000    | 1,434,060  |
| 6.50% (c)  | 6,000,000 | 5,235,000  |
| Zurich RegCaPS Funding Trust II, 6.58% (b)(e)      | 2,000     | 1,852,500  |
|  |           | 22,529,541 |
| <b>Media 1.5%</b>                                  |           |            |
| CMP Susquehanna Radio Holdings Corp. (a)(b)(e)     | 2,052     |            |
| Comcast Holdings Corp., 2.00%, 11/15/29 (f)        | 110       | 3,340,068  |
|  |           | 3,340,068  |
| <b>Real Estate Investment Trusts (REITs) 2.2%</b>  |           |            |
| BRE Properties, Inc., Series D, 6.75%              | 20,000    | 456,400    |
| Public Storage:                                    |           |            |
| Series F, 6.45%                                    | 20,000    | 470,800    |
| Series M, 6.63%                                    | 35,000    | 860,300    |
| SunTrust Real Estate Investment Trust, 9.00%       | 30        | 3,027,187  |
|  |           | 4,814,687  |
| <b>Specialty Retail 0.1%</b>                       |           |            |
| Lazydays RV Center, Inc., 8.00%                    | 182       | 181,809    |
| <b>Total Preferred Stocks 18.8%</b>                |           | 41,449,563 |

| <b>Trust Preferreds</b>  | <b>Shares</b> | <b>Value</b> |
|--|---------------|--------------|
| <b>Capital Markets 1.1%</b>  |               |              |
| Structured Asset Trust Unit Repackagings (SATURNS):  |               |              |
| Credit Suisse First Boston (USA), Inc. Debenture Backed, 6.25%, 7/15/32                                  | 11,100        | \$ 249,903   |
| Goldman Sachs Group, Inc. Debenture Backed, 6.00%, 2/15/33   | 102,900       | 2,097,199    |
|  |               | 2,347,102    |
| <b>Diversified Financial Services 0.1%</b>   |               |              |
| PPLUS Trust Certificates, Series VAL-1, Class A, 7.25%, 4/15/32 (f)                                      | 11,100        | 276,510      |
| <b>Food Products 1.1%</b>  |               |              |
| Corporate-Backed Trust Certificates, Kraft Foods, Inc. Debenture Backed, Series 2003-11, 5.88%, 11/01/31 | 100,000       | 2,401,202    |
| <b>Insurance 1.1%</b>  |               |              |



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|   |              |             |
|---|--------------|-------------|
| Assured Guaranty Municipal Holdings, Inc.,          |              |             |
| 5.60%, 7/15/03 (f)                                  | 15,200       | 279,692     |
| Everest Re Capital Trust, 6.20%, 3/29/34            | 30,000       | 642,884     |
| The Phoenix Cos., Inc., 7.45%, 1/15/32              | 79,385       | 1,552,604   |
|   |              | 2,475,180   |
| <br><b>Media 1.4%</b>                               |              |             |
| Comcast Corp.:                                      |              |             |
| 7.00%, 9/15/55                                      | 50,000       | 1,251,825   |
| 6.63%, 5/15/56                                      | 73,000       | 1,772,135   |
| Corporate-Backed Trust Certificates, News           |              |             |
| America Debenture Backed, Series 2002-9,            |              |             |
| 8.13%, 12/01/45 (f)                                 | 7,200        | 180,197     |
|   |              | 3,204,157   |
| <br><b>Oil, Gas &amp; Consumable Fuels 1.7%</b>     |              |             |
| Nexen, Inc., 7.35%, 11/01/43                        | 155,000      | 3,834,702   |
| <br><b>Wireless Telecommunication Services 0.9%</b> |              |             |
| Structured Repackaged Asset-Backed Trust            |              |             |
| Securities, Sprint Capital Corp. Debenture Backed,  |              |             |
| Series 2004-2, 6.50%, 11/15/28                      | 103,439      | 1,892,041   |
| <b>Total Trust Preferreds 7.4%</b>                  |              | 16,430,894  |
| <b>Total Preferred Securities 51.7%</b>             |              | 114,179,147 |
|   | <b>Par</b>   |             |
|   | <b>(000)</b> |             |
| <br><b>Taxable Municipal Bonds</b>                  |              |             |
| Metropolitan Transportation Authority, RB, Build    |              |             |
| America Bonds, 6.55%, 11/15/31                      | \$ 1,675     | 1,765,952   |
| State of California, GO, Build America Bonds,       |              |             |
| 7.35%, 11/01/39                                     | 825          | 891,314     |
| State of Illinois, GO, Pension, 5.10%, 6/01/33      |              |             |
|   | 1,675        | 1,444,738   |
| <b>Total Taxable Municipal Bonds 1.9%</b>           |              | 4,102,004   |
| <br><b>Warrants (h)</b>                             |              |             |
| <br><b>Media 0.0%</b>                               |              |             |
| CMP Susquehanna Radio Holdings Corp.                |              |             |
| (Expires 3/26/19) (b)                               | 2,345        |             |
| <b>Total Warrants 0.0%</b>                          |              |             |
| <br><b>Total Long Term Investments</b>              |              |             |
| <b>(Cost \$295,822,018) 128.6%</b>                  |              | 283,783,732 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Credit Allocation Income Trust III (BPP)

(Percentages shown are based on Net Assets)

| Short-Term Securities   | Shares    | Value          |
|---|-----------|----------------|
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.13% (i)(j) | 6,947,057 | \$ 6,947,057   |
| <b>Total Short-Term Securities</b>  |           |                |
| (Cost \$6,947,057) 3.2%   |           | 6,947,057      |
| <b>Total Investments (Cost \$302,769,075*) 131.8%</b>                     |           | 290,730,789    |
| <b>Other Assets Less Liabilities 0.1%</b>                                 |           | 300,013        |
| <b>Preferred Shares, at Redemption Value (31.9)%</b>                      |           | (70,427,782)   |
| <b>Net Assets Applicable to Common Shares 100.0%</b>                      |           | \$ 220,603,020 |

\* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2010, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$ 304,317,602  |
| Gross unrealized appreciation | \$ 8,338,212    |
| Gross unrealized depreciation | (21,925,025)    |
| Net unrealized depreciation   | \$ (13,586,813) |

(a) Non-income producing security.

(b) 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.

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

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

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

(f) Convertible security.

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

| Counterparty        | Value      | Unrealized<br>Appreciation |
|---------------------|------------|----------------------------|
| Bank of America, NA | \$ 479,400 | \$ 9,400                   |

(h) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.

(i) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

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| Affiliate  | Shares Held at   | Net Activity | Shares Held at | Income   |
|--|------------------|--------------|----------------|----------|
|  | October 31, 2009 |              | April 30, 2010 |          |
| BlackRock Liquidity Funds, TempFund, Institutional Class | 51,450,797       | (44,503,740) | 6,947,057      | \$40,567 |

(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.

This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease.

Financial futures contracts purchased as of April 30, 2010 were as follows:

| Contracts | Issue                      | Expiration Date | Notional Value | Unrealized Appreciation |
|-----------|----------------------------|-----------------|----------------|-------------------------|
| 13        | 30-Year U.S. Treasury Bond | June 2010       | \$ 1,505,693   | \$ 42,120               |

Credit default swaps on single-name issues buy protection outstanding as of April 30, 2010 were as follows:

| Issuer         | Received Fixed Rate | Counter-party    | Expiration | Notional Amount (000) | Unrealized Depreciation |
|----------------|---------------------|------------------|------------|-----------------------|-------------------------|
| Nordstrom, Inc | 5.20%               | Deutsche Bank AG | June 2014  | \$1,000               | \$ (175,919)            |

Fair Value Measurements Various inputs are used in determining the fair value of investments, 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)

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 Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of April 30, 2010 in determining the fair valuation of the Fund's investments:

## Investments in Securities

| Valuation Inputs | Level 1      | Level 2  | Level 3      | Total         |
|------------------|--------------|--|--------------|---------------|
| <b>Assets:</b>   |              |  |              |               |
| Long-Term        |              |  |              |               |
| Investments:     |              |  |              |               |
| Capital          |              |  |              |               |
| Trusts           |              | \$ 56,298,690                                  |              | \$ 56,298,690 |
| Common           |              |  |              |               |
| Stocks           |              |  | \$ 33,444    | 33,444        |
| Corporate        |              |  |              |               |
| Bonds            |              | 165,158,877                                    | 180          | 165,159,057   |
| Investment       |              |  |              |               |
| Companies .\$.   | 310,080      |  |              | 310,080       |
| Preferred        |              |  |              |               |
| Stocks           | 23,278,310   | 14,962,257                                     | 3,208,996    | 41,449,563    |
| Taxable          |              |  |              |               |
| Municipal        |              |  |              |               |
| Bonds            |              | 4,102,004                                      |              | 4,102,004     |
| Trust            |              |  |              |               |
| Preferreds       | 16,151,202   | 279,692  |              | 16,430,894    |
| Short-Term       |              |  |              |               |
| Securities       | 6,947,057    |  |              | 6,947,057     |
| <b>Total</b>     | \$46,686,649 | \$240,801,520                                  | \$ 3,242,620 | \$290,730,789 |
|                  |              | <b>Other Financial Instruments<sup>1</sup></b> |              |               |

| Valuation Inputs | Level 1   | Level 2 <sup>1</sup> | Level 3 | Total        |
|------------------|-----------|----------------------|---------|--------------|
| Assets           | \$ 42,120 |                      |         | \$ 42,120    |
| Liabilities      |           | \$ (175,919)         |         | (175,919)    |
| <b>Total</b>     | \$ 42,120 | \$ (175,919)         |         | \$ (133,799) |

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

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

## BlackRock Credit Allocation Income Trust III (BPP)

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

|   | Investments in Securities |                    |                     | Total            | \$        |
|---|---------------------------|--------------------|---------------------|------------------|-----------|
|   | Common<br>Stocks          | Corporate<br>Bonds | Preferred<br>Stocks |                  |           |
| Balance, as of October 31, 2009                                 |                           | \$ 12,000          | \$ 3,027,189        | 3,039,189        |           |
| Accrued discounts/premiums                                      |                           |                    |                     |                  |           |
| Net realized gain (loss)  |                           |                    |                     |                  |           |
| Net change in unrealized appreciation/depreciation <sup>1</sup> |                           |                    | (2)                 | (2)              |           |
| Net purchases (sales)   | \$ 33,444                 | (11,820)           | 181,809             | 203,433          |           |
| Net transfers in/out  |                           |                    |                     |                  |           |
| <b>Balance, as of April 30, 2010</b>                            | <b>\$ 33,444</b>          | <b>\$ 180</b>      | <b>\$ 3,208,996</b> | <b>3,242,620</b> | <b>\$</b> |

<sup>1</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in unrealized appreciation/depreciation on securities still held at April 30, 2010 was \$(2).

See Notes to Financial Statements.

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## Schedule of Investments April 30, 2010 (Unaudited)

**BlackRock Credit Allocation Income Trust IV (BTZ)**

(Percentages shown are based on Net Assets)

| <b>Common Stocks</b>  | <b>Shares</b> | <b>Value</b> |
|---|---------------|--------------|
| <b>Commercial Banks 1.1%</b>  |               |              |
| Citizens Banking Corp. (a)  | 6,406,596     | \$ 8,008,245 |
| <b>Total Common Stocks 1.1%</b>   |               | 8,008,245    |
|   | <b>Par</b>    |              |
|   | <b>(000)</b>  |              |
| <b>Corporate Bonds</b>  |               |              |
| <b>Aerospace &amp; Defense 2.6%</b>   |               |              |
| BE Aerospace, Inc., 8.50%, 7/01/18  | \$ 3,575      | 3,825,250    |
| Bombardier, Inc., 7.75%, 3/15/20 (b)  | 4,500         | 4,781,250    |
| United Technologies Corp., 5.70%, 4/15/40   | 10,000        | 10,441,310   |
|   |               | 19,047,810   |
| <b>Airlines 0.3%</b>  |               |              |
| Continental Airlines Pass-Through Certificates,<br>Series 2009-2, Class B, 9.25%, 5/10/17 | 2,225         | 2,380,750    |
| <b>Auto Components 0.6%</b>   |               |              |
| Icahn Enterprises LP (b):   |               |              |
| 7.75%, 1/15/16  | 1,700         | 1,653,250    |
| 8.00%, 1/15/18  | 2,500         | 2,431,250    |
|   |               | 4,084,500    |
| <b>Beverages 0.5%</b>   |               |              |
| Constellation Brands, Inc., 7.25%, 5/15/17  | 3,230         | 3,294,600    |
| <b>Capital Markets 1.4%</b>   |               |              |
| Ameriprise Financial, Inc., 5.30%, 3/15/20  | 4,500         | 4,683,757    |
| Lehman Brothers Holdings, Inc. (a)(c):  |               |              |
| 3.95%, 11/10/09   | 105           | 23,100       |
| 4.38%, 11/30/10   | 325           | 71,500       |
| Morgan Stanley, 7.30%, 5/13/19  | 4,750         | 5,215,870    |
|   |               | 9,994,227    |
| <b>Chemicals 0.3%</b>   |               |              |
| CF Industries, Inc., 7.13%, 5/01/20   | 1,850         | 1,947,125    |
| <b>Commercial Banks 0.1%</b>  |               |              |
| Kazkommerts Finance 2 BV, 9.20%, (d)(e)   | 500           | 430,000      |
| <b>Commercial Services &amp; Supplies 2.1%</b>  |               |              |
| Browning-Ferris Industries, Inc., 7.40%, 9/15/35  | 4,420         | 5,044,095    |
| Corrections Corp.of America, 7.75%, 6/01/17   | 4,835         | 5,125,100    |
| Waste Management, Inc., 6.13%, 11/30/39   | 4,750         | 4,946,118    |
|   |               | 15,115,313   |

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**Communications Equipment 0.5%**

|   |       |           |
|---|-------|-----------|
| Brocade Communications Systems, Inc.,<br>6.88%, 1/15/20 (b) | 3,580 | 3,696,350 |
|---|-------|-----------|

**Consumer Finance 4.0%**

|   |        |            |
|---|--------|------------|
| American Express Co., 8.13%, 5/20/19      | 4,725  | 5,787,137  |
| Capital One Bank USA NA, 8.80%, 7/15/19   | 3,950  | 4,843,676  |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (b) | 2,975  | 3,101,438  |
| SLM Corp., 4.00%, 7/25/14 (e)             | 16,300 | 15,175,137 |
|   |        | 28,907,388 |

**Containers & Packaging 0.7%**

|                |       |           |
|----------------|-------|-----------|
| Ball Corp.:    |       |           |
| 7.13%, 9/01/16 | 2,000 | 2,125,000 |
| 6.75%, 9/15/20 | 2,750 | 2,811,875 |
|                |       | 4,936,875 |

**Diversified Financial Services 3.0%**

|                                       |        |            |
|---------------------------------------|--------|------------|
| Bank of America Corp., 7.63%, 6/01/19 | 8,025  | 9,160,682  |
| GMAC, Inc., 8.30%, 2/12/15 (b)        | 3,700  | 3,861,875  |
| ING Groep NV, 5.78% (d)(e)(f)         | 10,000 | 8,629,300  |
| Stan IV Ltd., 2.14%, 7/20/11 (e)      | 283    | 240,550    |
|                                       |        | 21,892,407 |

|  |              |              |
|--|--------------|--------------|
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |

**Corporate Bonds**

**Diversified Telecommunication Services 3.2%**

|  |          |              |
|--|----------|--------------|
| AT&T, Inc., 6.30%, 1/15/38                               | \$ 5,000 | \$ 5,194,595 |
| New Communications Holdings, Inc.,<br>8.50%, 4/15/20 (b) | 4,500    | 4,635,000    |
| Qwest Corp., 8.38%, 5/01/16                              | 3,285    | 3,744,900    |
| Verizon Communications, Inc., 7.35%, 4/01/39             | 4,700    | 5,581,029    |
| Windstream Corp.:  |          |              |
| 8.63%, 8/01/16   | 1,250    | 1,279,688    |
| 7.88%, 11/01/17  | 2,700    | 2,679,750    |
|  |          | 23,114,962   |

**Electric Utilities 1.3%**

|  |       |           |
|--|-------|-----------|
| Progress Energy Inc., 7.00%, 10/30/31          | 5,000 | 5,712,120 |
| Southern California Edison Co., 5.50%, 3/15/40 | 3,850 | 3,918,576 |
|  |       | 9,630,696 |

**Food & Staples Retailing 2.9%**

|  |       |           |
|--|-------|-----------|
| CVS Caremark Corp., 6.30%, 6/01/62 (e) | 7,800 | 7,527,000 |
| Wal-Mart Stores, Inc.:                 |       |           |
| 5.25%, 9/01/35                         | 2,650 | 2,609,654 |



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|  |        |            |
|--|--------|------------|
| 6.20%, 4/15/38                                       | 10,000 | 11,008,140 |
|  |        | 21,144,794 |
| <b>Food Products 0.6%</b>                            |        |            |
| Kraft Foods, Inc.:                                   |        |            |
| 6.50%, 8/11/17                                       | 1,985  | 2,249,058  |
| 6.13%, 8/23/18                                       | 1,990  | 2,195,816  |
|  |        | 4,444,874  |
| <b>Gas Utilities 0.7%</b>                            |        |            |
| Nisource Finance Corp., 6.13%, 3/01/22               | 4,750  | 5,043,346  |
| <b>Health Care Equipment &amp; Supplies 1.2%</b>     |        |            |
| Medtronic, Inc.:                                     |        |            |
| 6.50%, 3/15/39                                       | 1,050  | 1,212,734  |
| 5.55%, 3/15/40                                       | 7,058  | 7,288,268  |
|  |        | 8,501,002  |
| <b>Health Care Providers &amp; Services 2.4%</b>     |        |            |
| Aetna, Inc., 6.75%, 12/15/37                         | 4,075  | 4,491,029  |
| HCA, Inc., 7.25%, 9/15/20 (b)                        | 3,600  | 3,766,500  |
| HCA, Inc./DE, 8.50%, 4/15/19 (b)                     | 2,000  | 2,197,500  |
| Tenet Healthcare Corp., 10.00%, 5/01/18 (b)          | 2,175  | 2,476,781  |
| UnitedHealth Group, Inc., 6.88%, 2/15/38             | 4,075  | 4,477,166  |
|  |        | 17,408,976 |
| <b>IT Services 0.6%</b>                              |        |            |
| International Business Machines Corp.,               |        |            |
| 5.60%, 11/30/39                                      | 4,400  | 4,575,644  |
| <b>Insurance 3.4%</b>                                |        |            |
| Lincoln National Corp.:                              |        |            |
| 8.75%, 7/01/19                                       | 2,000  | 2,494,864  |
| 6.25%, 2/15/20                                       | 4,075  | 4,355,641  |
| Northwestern Mutual Life Insurance,                  |        |            |
| 6.06%, 3/30/40 (b)                                   | 5,500  | 5,680,807  |
| Principal Financial Group, Inc., 8.88%, 5/15/19      | 1,145  | 1,412,421  |
| Prudential Financial, Inc., 6.63%, 12/01/37          | 4,075  | 4,492,557  |
| QBE Insurance Group Ltd., 9.75%, 3/14/14 (b)         | 4,973  | 6,056,945  |
|  |        | 24,493,235 |
| <b>Life Sciences Tools &amp; Services 1.5%</b>       |        |            |
| Bio-Rad Laboratories, Inc., 8.00%, 9/15/16           | 5,480  | 5,849,900  |
| Life Technologies Corp., 6.00%, 3/01/20              | 4,800  | 5,050,368  |
|  |        | 10,900,268 |
| <b>Machinery 1.3%</b>                                |        |            |
| Ingersoll-Rand Global Holding Co LTD, 9.50%, 4/15/14 | 4,075  | 4,996,345  |
| Navistar International Corp., 8.25%, 11/01/21        | 3,975  | 4,193,625  |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Credit Allocation Income Trust IV (BTZ)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Corporate Bonds</b>                               |              |              |
| <b>Media 5.6%</b>                                    |              |              |
| CSC Holdings LLC, 8.50%, 6/15/15 (b)                 | \$ 2,300     | \$ 2,449,500 |
| CSC Holdings, Inc., 8.63%, 2/15/19 (b)               | 1,950        | 2,130,375    |
| Comcast Corp., 6.30%, 11/15/17                       | 4,075        | 4,516,706    |
| Cox Communications, Inc., 8.38%, 3/01/39 (b)         | 4,075        | 5,291,440    |
| DISH DBS Corp:                                       |              |              |
| 7.00%, 10/01/13                                      | 1,950        | 2,018,250    |
| 7.88%, 9/01/19                                       | 1,850        | 1,942,500    |
| Intelsat Corp., 9.25%, 6/15/16                       | 2,000        | 2,110,000    |
| News America, Inc., 6.15%, 3/01/37                   | 4,850        | 4,965,546    |
| Time Warner Cable, Inc., 6.75%, 6/15/39              | 4,675        | 5,053,147    |
| Time Warner, Inc., 7.70%, 5/01/32                    | 4,900        | 5,750,194    |
| UPC Germany GmbH, 8.13%, 12/01/17 (b)                | 1,225        | 1,249,500    |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 (b) | 3,175        | 3,190,875    |
|  |              | 40,668,033   |
| <b>Metals &amp; Mining 0.9%</b>                      |              |              |
| Aleris International, Inc., 10.00%, 12/15/16 (a)(c)  | 5,000        | 25,000       |
| Phelps Dodge Corp., 7.13%, 11/01/27                  | 3,500        | 3,622,924    |
| Teck Resources Ltd., 10.75%, 5/15/19                 | 2,000        | 2,490,000    |
| United States Steel Corp., 7.38%, 4/01/20            | 550          | 565,125      |
|  |              | 6,703,049    |
| <b>Multi-Utilities 2.5%</b>                          |              |              |
| CenterPoint Energy, Inc.:                            |              |              |
| 5.95%, 2/01/17                                       | 3,600        | 3,790,987    |
| 6.50%, 5/01/18                                       | 3,950        | 4,306,156    |
| Dominion Resources, Inc., 8.88%, 1/15/19             | 8,000        | 10,286,944   |
|  |              | 18,384,087   |
| <b>Multiline Retail 0.7%</b>                         |              |              |
| Dollar General Corp., 10.63%, 7/15/15                | 4,225        | 4,695,031    |
| <b>Oil, Gas &amp; Consumable Fuels 2.7%</b>          |              |              |
| Enbridge Energy Partners LP, 9.88%, 3/01/19          | 2,425        | 3,210,370    |
| Enterprise Products Operating LLC, 6.65%, 4/15/18    | 4,800        | 5,469,350    |
| Kinder Morgan Energy Partners LP, 6.85%, 2/15/20     | 4,800        | 5,527,872    |
| ONEOK Partners LP, 8.63%, 3/01/19                    | 4,075        | 5,114,280    |
|  |              | 19,321,872   |

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**Paper & Forest Products 2.4%**

|   |       |            |
|---|-------|------------|
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b) | 3,955 | 4,330,725  |
| International Paper Co.:                |       |            |
| 7.50%, 8/15/21                          | 3,950 | 4,639,705  |
| 8.70%, 6/15/38                          | 3,100 | 3,970,251  |
| 7.30%, 11/15/39                         | 4,075 | 4,517,916  |
|   |       | 17,458,597 |

**Pharmaceuticals 8.3%**

|   |        |            |
|---|--------|------------|
| Abbott Laboratories:                          |        |            |
| 6.15%, 11/30/37                               | 942    | 1,051,422  |
| 6.00%, 4/01/39                                | 9,405  | 10,357,886 |
| Bristol-Myers Squibb Co.:                     |        |            |
| 5.88%, 11/15/36                               | 8,015  | 8,466,477  |
| 6.13%, 5/01/38                                | 2,353  | 2,568,939  |
| Eli Lilly & Co., 5.95%, 11/15/37              | 2,353  | 2,560,368  |
| GlaxoSmithKline Capital, Inc., 6.38%, 5/15/38 | 10,100 | 11,434,190 |
| Merck & Co., Inc., 6.50%, 12/01/33            | 2,885  | 3,335,294  |
| Pfizer, Inc., 7.20%, 3/15/39                  | 10,000 | 12,410,290 |
| Schering-Plough Corp., 6.55%, 9/15/37         | 6,945  | 8,102,481  |
|   |        | 60,287,347 |

**Real Estate Investment Trusts (REITs) 2.4%**

|                              |       |            |
|------------------------------|-------|------------|
| AvalonBay Communities, Inc.: |       |            |
| 5.70%, 3/15/17               | 3,925 | 4,204,951  |
| 6.10%, 3/15/20               | 4,075 | 4,416,183  |
| ERP Operating LP:            |       |            |
| 5.38%, 8/01/16               | 3,925 | 4,139,662  |
| 5.75%, 6/15/17               | 4,080 | 4,375,213  |
|                              |       | 17,136,009 |

|  |              |              |
|--|--------------|--------------|
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |

**Corporate Bonds**

**Semiconductors & Semiconductor Equipment 3.1%**

|                                  |          |              |
|----------------------------------|----------|--------------|
| KLA-Tencor Corp., 6.90%, 5/01/18 | \$ 2,208 | \$ 2,441,710 |
| National Semiconductor Corp.:    |          |              |
| 3.95%, 4/15/15                   | 16,750   | 16,756,851   |
| 6.60%, 6/15/17                   | 2,770    | 3,050,645    |
|                                  |          | 22,249,206   |

**Specialty Retail 0.8%**

|                                       |       |           |
|---------------------------------------|-------|-----------|
| AutoNation, Inc., 6.75%, 4/15/18      | 2,775 | 2,785,406 |
| AutoZone, Inc., 7.13%, 8/01/18        | 1,550 | 1,791,558 |
| Ltd. Brands, Inc., 7.00%, 5/01/20 (g) | 1,370 | 1,397,400 |

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|   |          |               |
|---|----------|---------------|
|   |          | 5,974,364     |
| <b>Tobacco 1.4%</b>   |          |               |
| Altria Group, Inc.:   |          |               |
| 9.70%, 11/10/18   | 4,075    | 5,124,683     |
| 9.25%, 8/06/19  | 3,950    | 4,879,364     |
|   |          | 10,004,047    |
| <b>Wireless Telecommunication Services 3.5%</b>                     |          |               |
| Cricket Communications, Inc., 7.75%, 5/15/16                        | 780      | 809,250       |
| Nextel Communications, Inc., Series E,<br>6.88%, 10/31/13           | 2,890    | 2,839,425     |
| SBA Tower Trust, 5.10%, 4/15/42 (b)                                 | 21,250   | 21,887,617    |
|   |          | 25,536,292    |
| <b>Total Corporate Bonds 69.5%</b>                                  |          | 502,593,046   |
| <b>Investment Companies</b>   |          | <b>Shares</b> |
| ProShares UltraShort Real Estate                                    | 30,000   | 775,200       |
| <b>Total Investment Companies 0.1%</b>                              |          | 775,200       |
| <b>Preferred Securities</b>   |          |               |
|   |          | <b>Par</b>    |
|   |          | <b>(000)</b>  |
| <b>Capital Trusts</b>   |          |               |
| <b>Building Products 0.6%</b>                                       |          |               |
| C10 Capital SPV Ltd., 6.72% (b)(d)(e)                               | \$ 5,000 | 3,655,700     |
| C8 Capital SPV Ltd., 6.64% (b)(d)(e)                                | 1,580    | 1,152,515     |
|   |          | 4,808,215     |
| <b>Capital Markets 3.1%</b>   |          |               |
| Credit Suisse Guernsey Ltd., 5.86% (d)(e)                           | 1,050    | 990,937       |
| State Street Capital Trust III, 8.25% (d)(e)                        | 1,740    | 1,786,615     |
| State Street Capital Trust IV, 1.26%, 6/01/67 (e)                   | 25,245   | 19,459,225    |
|   |          | 22,236,777    |
| <b>Commercial Banks 14.2%</b>                                       |          |               |
| BB&T Capital Trust IV, 6.82%, 6/12/77 (e)(f)                        | 15,300   | 14,688,000    |
| Bank of Ireland Capital Funding II, LP, 5.57% (a)(b)(c)(d)(e)       | 1,422    | 1,009,620     |
| Bank of Ireland Capital Funding III, LP, 6.11% (a)(b)(c)(d)(e)      | 9,153    | 6,498,630     |
| Barclays Bank Plc (b)(d)(e):  |          |               |
| 5.93%   | 4,000    | 3,620,000     |
| 6.86%   | 11,500   | 10,522,500    |
| Commonwealth Bank of Australia, 6.02% (b)(d)(e)                     | 20,000   | 19,073,160    |
| HSBC Capital Funding LP/Jersey Channel Islands,<br>10.18% (b)(d)(e) | 7,000    | 8,953,000     |
| Lloyds Banking Group Plc, 6.66% (b)(d)(e)                           | 10,000   | 6,600,000     |
| National City Preferred Capital Trust I, 12.00% (d)(e)              | 3,713    | 4,297,500     |
| Shinsei Finance II (Cayman) Ltd., 7.16% (b)(d)(e)                   | 1,005    | 775,421       |

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|   |        |             |
|---|--------|-------------|
| Standard Chartered Bank, 7.01% (b)(d)(e)            | 5,000  | 4,692,115   |
| USB Capital XIII Trust, 6.63%, 12/15/39             | 4,100  | 4,311,601   |
| Wells Fargo & Co., Series K, 7.98% (d)(e)           | 12,985 | 13,699,175  |
| Wells Fargo Capital XIII, Series GMTN, 7.70% (d)(e) | 3,900  | 4,056,000   |
|   |        | 102,796,722 |

See Notes to Financial Statements.

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APRIL 30, 2010

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## Schedule of Investments (continued)

## BlackRock Credit Allocation Income Trust IV (BTZ)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value         |
|--|--------------|---------------|
| <b>Capital Trusts</b>  |              |               |
| <b>Diversified Financial Services 3.6%</b>                     |              |               |
| JPMorgan Chase Capital XXI, Series U,<br>1.29%, 1/15/87 (e)(f) | \$ 12,875    | \$ 10,015,772 |
| JPMorgan Chase Capital XXIII, 1.25%, 5/15/77 (e)(f)            | 20,695       | 16,072,337    |
|  |              | 26,088,109    |
| <b>Electric Utilities 0.5%</b>                                 |              |               |
| PPL Capital Funding, 6.70%, 3/30/67 (e)                        | 3,900        | 3,568,500     |
| <b>Insurance 10.6%</b>   |              |               |
| AXA SA, 6.46% (b)(d)(e)  | 12,000       | 10,680,000    |
| Ace Capital Trust II, 9.70%, 4/01/30 (f)                       | 4,000        | 4,855,256     |
| The Allstate Corp. 6.50%, 5/15/67 (e)                          | 4,000        | 3,840,000     |
| Aon Corp., 8.21%, 1/01/27                                      | 4,000        | 4,358,024     |
| Chubb Corp., 6.38%, 3/29/67 (e)(f)                             | 4,000        | 4,005,000     |
| Liberty Mutual Group, Inc., 10.75%, 6/15/88 (b)(e)             | 4,000        | 4,660,000     |
| Lincoln National Corp., 7.00%, 5/17/66 (e)                     | 4,255        | 3,935,875     |
| MetLife, Inc., 6.40%, 12/15/66                                 | 4,550        | 4,299,750     |
| Nationwide Life Global Funding I, 6.75%, 5/15/67               | 4,000        | 3,420,000     |
| Progressive Corp., 6.70%, 6/15/67 (e)(f)                       | 4,000        | 3,963,844     |
| Reinsurance Group of America, 6.75%, 12/15/65 (e)(f)           | 15,000       | 14,201,880    |
| Swiss Re Capital I LP, 6.85% (b)(d)(e)                         | 3,000        | 2,784,270     |
| The Travelers Cos., Inc., 6.25%, 3/15/67 (e)(f)                | 4,000        | 3,933,908     |
| White Mountains Re Group Ltd., 7.51% (b)(d)(e)                 | 4,400        | 4,042,544     |
| ZFS Finance (USA) (b)(e):                                      |              |               |
| Trust IV, 5.88%, 5/09/32                                       | 599          | 572,273       |
| Trust V, 6.50%, 5/09/67  | 3,331        | 3,189,432     |
|  |              | 76,742,056    |
| <b>Multi-Utilities 0.2%</b>                                    |              |               |
| Puget Sound Energy, Inc., Series A, 6.97%, 6/01/67 (e)         | 1,575        | 1,496,990     |
| <b>Oil, Gas &amp; Consumable Fuels 1.2%</b>                    |              |               |
| Enterprise Products Operating LLC, 8.38%, 8/01/66 (e)          | 4,500        | 4,680,000     |
| TransCanada PipeLines Ltd., 6.35%, 5/15/67 (e)(f)              | 4,000        | 3,846,568     |
|  |              | 8,526,568     |
| <b>Real Estate Investment Trusts (REITs) 1.5%</b>              |              |               |
| Sovereign Real Estate Investment Corp., 12.00% (d)             | 10           | 10,900,000    |
| <b>Total Capital Trusts 35.5%</b>                              |              | 257,163,937   |

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| Preferred Stocks                                   | Shares        |              |
|--|---------------|--------------|
| <b>Commercial Banks 0.0%</b>                       |               |              |
| Royal Bank of Scotland Group Plc, Series M, 6.40%  | 15,000        | 200,100      |
| <b>Diversified Financial Services 0.9%</b>         |               |              |
| Falcons Funding Trust I, 8.88% (b)(e)              | 5,650         | 5,634,110    |
| ING Groep NV:                                      |               |              |
| 7.05%  | 5,800         | 115,420      |
| 7.38%  | 40,000        | 818,353      |
|  |               | 6,567,883    |
| <b>Diversified Telecommunication Services 0.1%</b> |               |              |
| AT&T, Inc., 6.38%                                  | 750,000       | 790,563      |
| <b>Electric Utilities 4.1%</b>                     |               |              |
| Alabama Power Co., 6.50%                           | 100,000       | 2,599,000    |
| Entergy Louisiana LLC, 6.95%                       | 40,000        | 3,913,549    |
| Interstate Power & Light Co., Series B, 8.38%      | 785,000       | 22,945,550   |
|  |               | 29,458,099   |
| <b>Insurance 7.0%</b>                              |               |              |
| Arch Capital Group Ltd., Series A, 8.00%           | 100,000       | 2,524,000    |
| Aspen Insurance Holdings Ltd., 7.40% (e)           | 655,000       | 15,196,000   |
| Axis Capital Holdings Ltd., Series B, 7.50% (e)    | 180,000       | 17,010,000   |
| Endurance Specialty Holdings Ltd., Series A, 7.75% | 369,000       | 8,955,630    |
| PartnerRe Ltd., Series C, 6.75%                    | 265,600       | 6,573,600    |
|  |               | 50,259,230   |
| <b>Preferred Stocks</b>                            | <b>Shares</b> | <b>Value</b> |
| <b>Real Estate Investment Trusts (REITs) 0.5%</b>  |               |              |
| BRE Properties, Inc., Series D, 6.75%              | 30,000        | \$ 684,600   |
| iStar Financial, Inc., Series I, 7.50%             | 55,000        | 880,000      |
| Public Storage:                                    |               |              |
| Series F, 6.45%                                    | 30,000        | 706,200      |
| Series M, 6.63%                                    | 55,000        | 1,351,900    |
|  |               | 3,622,700    |
| <b>Wireless Telecommunication Services 1.5%</b>    |               |              |
| Centaur Funding Corp., 9.08%                       | 10,000        | 11,003,125   |
| <b>Total Preferred Stocks 14.1%</b>                |               | 101,901,700  |
| <b>Trust Preferreds</b>                            |               |              |
| <b>Capital Markets 0.0%</b>                        |               |              |
| Credit Suisse Guernsey Ltd., 7.90%, (d)            | 10,000        | 255,424      |
| <b>Insurance 0.6%</b>                              |               |              |
| W.R. Berkley Capital Trust II, 6.75%, 7/26/45      | 170,731       | 4,204,463    |
| <b>Media 1.5%</b>                                  |               |              |



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|  |               |                |
|--|---------------|----------------|
| Comcast Corp., 6.63%, 5/15/56  | 447,000       | 10,818,022     |
| <b>Oil, Gas &amp; Consumable Fuels 0.4%</b>  |               |                |
| Nexen, Inc., 7.35%, 11/01/43   | 120,000       | 2,968,802      |
| <b>Total Trust Preferreds 2.5%</b>   |               | 18,246,711     |
| <b>Total Preferred Securities 52.1%</b>  |               | 377,312,348    |
|  | <b>Par</b>    |                |
|  | <b>(000)</b>  |                |
| <b>Taxable Municipal Bonds</b>   |               |                |
| City of Chicago Illinois, RB, Build America Bonds,<br>6.85%, 1/01/38               | \$ 5,000      | 5,187,200      |
| Metropolitan Transportation Authority, RB,<br>Build America Bonds, 6.55%, 11/15/31 | 4,075         | 4,296,272      |
| State of California, GO, Build America Bonds,<br>7.35%, 11/01/39                   | 2,050         | 2,214,779      |
| State of Illinois, GO, Pension, 5.10%, 6/01/33                                     | 4,075         | 3,514,810      |
| <b>Total Taxable Municipal Bonds 2.1%</b>  |               | 15,213,061     |
| <b>U.S. Treasury Obligations</b>   |               |                |
| U.S. Treasury Notes, 4.63%, 2/15/40 (h)  | 75,000        | 76,183,575     |
| <b>Total U.S. Treasury Obligations 10.5%</b>                                       |               | 76,183,575     |
| <b>Total Long-Term Investments</b>   |               |                |
| <b>(Cost \$1,003,236,130) 135.4%</b>   |               | 980,085,475    |
| <b>Short-Term Securities</b>   | <b>Shares</b> |                |
| BlackRock Liquidity Funds, TempFund<br>Institutional Class, 0.13% (i)(j)           | 41,474,360    | 41,474,360     |
| <b>Total Short-Term Securities</b>   |               |                |
| <b>(Cost \$41,474,360) 5.7%</b>  |               | 41,474,360     |
| <b>Total Investments (Cost \$1,044,710,490*) 141.1%</b>                            |               | 1,021,559,835  |
| <b>Liabilities in Excess of Other Assets (9.2)%</b>                                |               | (66,648,040)   |
| <b>Preferred Shares at Redemption Value (31.9)%</b>                                |               | (231,045,162)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>                               |               | \$ 723,866,633 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

### BlackRock Credit Allocation Income Trust IV (BTZ)

\* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2010, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$1,057,868,824 |
| Gross unrealized appreciation | \$ 29,341,029   |
| Gross unrealized depreciation | (65,650,018)    |
| Net unrealized depreciation   | \$ (36,308,989) |

(a) Non-income producing security.

(b) 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.

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

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

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

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

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

| Counterparty        | Value       | Unrealized<br>Appreciation |
|---------------------|-------------|----------------------------|
| Bank of America, NA | \$1,397,400 | \$ 27,400                  |

(h) All or portion of security has been pledged as collateral in connection with open financial futures contracts.

(i) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate   | Shares Held at      |                 | Shares Held at    |            | Income     |
|---|---------------------|-----------------|-------------------|------------|------------|
|   | October 31,<br>2009 | Net<br>Activity | April 30,<br>2010 |            |            |
| BlackRock Liquidity<br>Funds, TempFund<br>Institutional Class |                     | 267,832,781     | (226,358,421)     | 41,474,360 | \$ 160,242 |

(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.

This definition may not apply for purposes of this report, which may combine indus-

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try sub-classifications for reporting ease.

Reverse repurchase agreements outstanding as of April 30, 2010 were as follows:

| Counterparty  | Interest<br>Rate | Trade<br>Date | Maturity<br>Date | Net Closing<br>Amount | Face<br>Amount |
|---------------|------------------|---------------|------------------|-----------------------|----------------|
| Credit Suisse |                  |               |                  |                       |                |
| International | 0.38%            | 4/22/10       | 5/24/10          | \$68,676,775          | \$68,653,890   |

Financial futures contracts purchased as of April 30, 2010 were as follows:

| Contracts    | Issue                       | Expiration<br>Date | Notional<br>Value | Unrealized<br>Appreciation |
|--------------|-----------------------------|--------------------|-------------------|----------------------------|
| 380          | 10-Year US<br>Treasury Bond | June 2010          | \$44,273,953      | \$ 530,422                 |
| 32           | 30-Year US<br>Treasury Bond | June 2010          | \$ 3,706,320      | 103,680                    |
| <b>Total</b> |                             |                    |                   | <b>\$ 634,102</b>          |

Credit default swaps on single-name issues buy protection outstanding as of April 30, 2010 were as follows:

| Issuer          | Pay<br>Fixed<br>Rate | Counter-<br>party   | Expiration   | Notional<br>Amount<br>(000) | Unrealized<br>Depreciation |
|-----------------|----------------------|---------------------|--------------|-----------------------------|----------------------------|
| Nordstrom, Inc. | 5.20%                | Deutsche<br>Bank AG | June<br>2014 | \$4,000                     | \$ (703,674)               |

**Fair Value Measurements** Various inputs are used in determining the fair value of investments, 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)

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 Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of April 30, 2010 in determining the fair valuation of the Fund's investments:

### Investments in Securities

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| Valuation Inputs | Level 1              | Level 2  | Level 3        | Total                  |
|------------------|----------------------|--|----------------|------------------------|
| <b>Assets:</b>   |                      |  |                |                        |
| Long-Term        |                      |  |                |                        |
| Investments:     |                      |  |                |                        |
| Capital          |                      |  |                |                        |
| Trusts           |                      | \$257,163,937                                  |                | \$ 257,163,937         |
| Common           |                      |  |                |                        |
| Stocks           | \$ 8,008,245         |  |                | 8,008,245              |
| Corporate        |                      |  |                |                        |
| Bonds            |                      | 502,352,496 \$                                 | 240,550        | 502,593,046            |
| Investment       |                      |  |                |                        |
| Companies .      | 775,200              |  |                | 775,200                |
| Preferred        |                      |  |                |                        |
| Stocks           | 64,340,916           | 37,560,784                                     |                | 101,901,700            |
| Taxable          |                      |  |                |                        |
| Municipal        |                      |  |                |                        |
| Bonds            |                      | 15,213,061                                     |                | 15,213,061             |
| Trust            |                      |  |                |                        |
| Preferreds       | 18,246,711           |  |                | 18,246,711             |
| U.S. Treasury    |                      |  |                |                        |
| Obligations .    |                      | 76,183,575                                     |                | 76,183,575             |
| Short-Term       |                      |  |                |                        |
| Securities       | 41,474,360           |  |                | 41,474,360             |
| <b>Total</b>     | <b>\$132,845,432</b> | <b>\$888,473,853</b>                           | <b>240,550</b> | <b>\$1,021,559,835</b> |
|                  |                      | <b>Other Financial Instruments<sup>1</sup></b> |                |                        |

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| Valuation Inputs | Level 1           | Level 2             | Level 3 | Total              |
|------------------|-------------------|---------------------|---------|--------------------|
| Assets           | \$ 634,102        |                     |         | \$ 634,102         |
| Liabilities      |                   | \$ (703,674)        |         | (703,674)          |
| <b>Total</b>     | <b>\$ 634,102</b> | <b>\$ (703,674)</b> |         | <b>\$ (69,572)</b> |

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

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

### BlackRock Credit Allocation Income Trust IV (BTZ)

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

#### Investments in Securities

|   | <b>Corporate<br/>Bonds</b> |
|---|----------------------------|
| Balance, as of October 31, 2009                                 | \$ 240,550                 |
| Accrued discounts/premiums                                      |                            |
| Net realized gain (loss)  |                            |
| Net change in unrealized appreciation/depreciation <sup>1</sup> |                            |
| Net purchases (sales)   |                            |
| Net transfers in/out  |                            |
| <b>Balance, as of April 30, 2010</b>                            | <b>\$ 240,550</b>          |

<sup>1</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in unrealized appreciation/depreciation on securities still held at April 30, 2010 was \$0.

See Notes to Financial Statements.

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## Schedule of Investments April 30, 2010 (Unaudited)

**BlackRock Floating Rate Income Trust (BGT)**

(Percentages shown are based on Net Assets)

| Common Stocks  | Shares       | Value     |
|--|--------------|-----------|
| <b>Chemicals 0.0%</b>  |              |           |
| British Vita Holding Co. (a)(b)                              | 166          | \$ 5,526  |
| <b>Commercial Services &amp; Supplies 0.0%</b>               |              |           |
| SIRVA (b)  | 554          | 5,540     |
| <b>Construction &amp; Engineering 0.0%</b>                   |              |           |
| USI United Subcontractors Common (b)                         | 7,644        | 99,379    |
| <b>Metals &amp; Mining 0.1%</b>                              |              |           |
| Euramax International (b)                                    | 1,135        | 181,632   |
| <b>Paper &amp; Forest Products 0.2%</b>                      |              |           |
| Ainsworth Lumber Co. Ltd. (a)(b)                             | 62,685       | 277,695   |
| Ainsworth Lumber Co. Ltd. (b)                                | 55,855       | 247,438   |
|  |              | 525,133   |
| <b>Software 0.3%</b>   |              |           |
| HMH Holdings/EduMedia  | 154,601      | 1,082,207 |
| <b>Specialty Retail 0.0%</b>                                 |              |           |
| Lazydays RV Center, Inc. (b)                                 | 2,721        | 10,610    |
| <b>Total Common Stocks 0.6%</b>                              |              | 1,910,027 |
|  | <b>Par</b>   |           |
|  | <b>(000)</b> |           |
| <b>Corporate Bonds</b>                                       |              |           |
| <b>Auto Components 1.0%</b>                                  |              |           |
| Delphi International Holdings Unsecured,<br>12.00%, 10/06/14 | USD 39       | 38,768    |
| Icahn Enterprises LP (a):                                    |              |           |
| 7.75%, 1/15/16   | 1,125        | 1,094,062 |
| 8.00%, 1/15/18   | 2,250        | 2,188,125 |
|  |              | 3,320,955 |
| <b>Beverages 0.5%</b>  |              |           |
| Central European Distribution Corp., 2.62%, 5/15/14          | EUR 1,500    | 1,677,629 |
| <b>Capital Markets 0.8%</b>                                  |              |           |
| E*Trade Financial Corp., 3.34%, 8/31/19 (a)(c)(d)            | USD 439      | 717,765   |
| MU Finance Plc, 8.75%, 2/01/17 (a)                           | GBP 544      | 811,626   |
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (a)                 | USD 1,346    | 890,042   |
| Marsico Parent Holdco, LLC, 3.13%, 7/15/16 (a)(e)            | 588          | 159,617   |
| Marsico Parent Superholdco, LLC,<br>3.63%, 1/15/18 (a)(e)    | 388          | 83,826    |
|  |              | 2,662,876 |

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**Chemicals 0.7%**

|  |  |       |           |
|--|--|-------|-----------|
| Ames True Temper, Inc., 4.30%, 1/15/12 (f) |  | 1,100 | 1,050,500 |
| LBI Escrow Corp., 8.00%, 11/01/17 (a)      |  | 1,300 | 1,347,125 |
|  |  |       | 2,397,625 |

**Commercial Banks 1.2%**

|                                |  |       |           |
|--------------------------------|--|-------|-----------|
| VTB Capital SA, 6.88%, 5/29/18 |  | 3,940 | 4,151,775 |
|--------------------------------|--|-------|-----------|

**Containers & Packaging 0.6%**

|  |     |     |           |
|--|-----|-----|-----------|
| Impress Holdings BV, 3.43%, 9/15/13 (a)(f) |     | 150 | 144,000   |
| Smurfit Kappa Acquisitions (a):            |     |     |           |
| 7.25%, 11/15/17                            | EUR | 655 | 902,624   |
| 7.75%, 11/15/19                            |     | 620 | 858,520   |
|  |     |     | 1,905,144 |

**Diversified Financial Services 0.7%**

|                                 |     |       |           |
|---------------------------------|-----|-------|-----------|
| FCE Bank Plc, 7.13%, 1/16/12    |     | 1,300 | 1,756,850 |
| GMAC, Inc., 2.45%, 12/01/14 (f) | USD | 550   | 487,600   |
|                                 |     |       | 2,244,450 |

**Diversified Telecommunication Services 2.0%**

|   |  |       |         |
|---|--|-------|---------|
| ITC Deltacom, Inc., 10.50%, 4/01/16 (a) |  | 1,000 | 995,000 |
| New Communications Holdings, Inc.,      |  |       |         |
| 7.88%, 4/15/15 (a)                      |  | 650   | 671,125 |

|  |  | Par   |       |
|--|--|-------|-------|
|  |  | (000) | Value |

**Corporate Bonds**

**Diversified Telecommunication Services (concluded)**

|  |     |       |              |
|--|-----|-------|--------------|
| Qwest Corp., 8.38%, 5/01/16              | USD | 1,840 | \$ 2,097,600 |
| Telefonica Emisiones SAU, 5.43%, 2/03/14 | EUR | 2,000 | 2,892,525    |
|  |     |       | 6,656,250    |

**Energy Equipment & Services 0.6%**

|   |     |       |           |
|---|-----|-------|-----------|
| Compagnie Generale de Geophysique-Veritas:        |     |       |           |
| 7.50%, 5/15/15                                    | USD | 70    | 70,875    |
| 7.75%, 5/15/17                                    |     | 50    | 50,500    |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (a) |     | 1,750 | 1,793,750 |
|   |     |       | 1,915,125 |

**Food Products 0.8%**

|   |  |       |           |
|---|--|-------|-----------|
| B&G Foods, Inc., 7.63%, 1/15/18             |  | 700   | 719,250   |
| Bumble Bee Foods LLC, 7.75%, 12/15/15 (a)   |  | 560   | 572,600   |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (a) |  | 1,300 | 1,459,250 |
|   |  |       | 2,751,100 |

**Health Care Equipment & Supplies 0.2%**

|                                   |  |     |         |
|-----------------------------------|--|-----|---------|
| DJO Finance LLC, 10.88%, 11/15/14 |  | 635 | 695,325 |
|-----------------------------------|--|-----|---------|

**Health Care Providers & Services 0.6%**

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|  |     |       |           |
|--|-----|-------|-----------|
| American Renal Holdings, 8.38%, 5/15/18 (a)(g)               |     | 360   | 362,700   |
| HCA, Inc., 7.25%, 9/15/20 (a)                                |     | 1,550 | 1,621,688 |
| Tenet Healthcare Corp. (a):                                  |     |       |           |
| 9.00%, 5/01/15   |     | 95    | 103,431   |
| 10.00%, 5/01/18  |     | 35    | 39,856    |
|  |     |       | 2,127,675 |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>                |     |       |           |
| Greektown Holdings, LLC, 10.75%, 12/01/13 (a)(b)(h)          |     | 97    | 6,426     |
| <b>Household Durables 0.5%</b>                               |     |       |           |
| Beazer Homes USA, Inc., 12.00%, 10/15/17                     |     | 1,500 | 1,715,625 |
| Berkline/BenchCraft, LLC, 4.50%, 11/03/12 (b)(h)             |     | 400   |           |
|  |     |       | 1,715,625 |
| <b>IT Services 0.2%</b>                                      |     |       |           |
| SunGard Data Systems, Inc., 4.88%, 1/15/14                   |     | 763   | 725,804   |
| <b>Independent Power Producers &amp; Energy Traders 1.1%</b> |     |       |           |
| AES Ironwood LLC, 8.86%, 11/30/25                            |     | 81    | 79,377    |
| Calpine Construction Finance Co. LP,                         |     |       |           |
| 8.00%, 6/01/16 (a)   |     | 1,000 | 1,035,000 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (a)            |     | 1,000 | 1,050,000 |
| NRG Energy, Inc., 7.25%, 2/01/14                             |     | 1,450 | 1,469,937 |
|  |     |       | 3,634,314 |
| <b>Machinery 0.0%</b>  |     |       |           |
| Synventive Molding Solutions, Sub-Series A,                  |     |       |           |
| 14.00%, 1/14/11 (e)  |     | 1,041 | 52,050    |
| <b>Media 2.2%</b>  |     |       |           |
| Affinion Group, Inc., 10.13%, 10/15/13                       |     | 50    | 51,875    |
| CCH II LLC, 13.50%, 11/30/16                                 |     | 223   | 270,506   |
| Charter Communications Operating, LLC,                       |     |       |           |
| 10.00%, 4/30/12 (a)  |     | 210   | 222,600   |
| Clear Channel Worldwide Holdings, Inc. (a):                  |     |       |           |
| Series A, 9.25%, 12/15/17                                    |     | 501   | 534,818   |
| Series B, 9.25%, 12/15/17                                    |     | 1,704 | 1,825,410 |
| DISH DBS Corp., 7.00%, 10/01/13                              |     | 58    | 60,030    |
| Nielsen Finance LLC, 10.00%, 8/01/14                         |     | 400   | 420,000   |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (a)                  | EUR | 1,118 | 1,458,792 |
| UPC Germany GmbH, 8.13%, 12/01/17 (a)                        | USD | 2,500 | 2,550,000 |
|  |     |       | 7,394,031 |
| <b>Metals &amp; Mining 0.2%</b>                              |     |       |           |
| Foundation PA Coal Co., 7.25%, 8/01/14                       |     | 505   | 516,362   |
| New World Resources NV, 7.38%, 5/15/15                       | EUR | 285   | 368,080   |
|  |     |       | 884,442   |



See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Floating Rate Income Trust (BGT)

(Percentages shown are based on Net Assets)

|   |     | Par<br>(000) | Value      |
|---|-----|--------------|------------|
| <b>Corporate Bonds</b>                                    |     |              |            |
| <b>Oil, Gas &amp; Consumable Fuels 3.5%</b>               |     |              |            |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)             | USD | 380          | \$ 387,600 |
| Morgan Stanley Bank AG for OAO Gazprom,<br>9.63%, 3/01/13 |     | 5,730        | 6,503,550  |
| Petroleos de Venezuela SA, 5.25%, 4/12/17                 |     | 4,000        | 2,595,000  |
| Repsol International Finance B.V., 6.50%, 3/27/14         | EUR | 1,500        | 2,230,947  |
|   |     |              | 11,717,097 |
| <b>Paper &amp; Forest Products 1.8%</b>                   |     |              |            |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (a)(e)         | USD | 494          | 474,195    |
| NewPage Corp., 11.38%, 12/31/14                           |     | 4,970        | 5,106,675  |
| Verso Paper Holdings LLC, Series B, 4.09%, 8/01/14 (f)    |     | 520          | 473,200    |
|   |     |              | 6,054,070  |
| <b>Pharmaceuticals 0.3%</b>                               |     |              |            |
| Angiotech Pharmaceuticals, Inc., 4.00%, 12/01/13 (f)      |     | 900          | 734,625    |
| Novasep Holding SAS, 9.63%, 12/15/16 (a)                  | EUR | 159          | 216,993    |
|   |     |              | 951,618    |
| <b>Tobacco 0.6%</b>                                       |     |              |            |
| Imperial Tobacco Finance Plc, 4.38%, 11/22/13             |     | 1,500        | 2,096,155  |
| <b>Wireless Telecommunication Services 1.3%</b>           |     |              |            |
| Cricket Communications, Inc., 7.75%, 5/15/16              | USD | 1,950        | 2,023,125  |
| iPCS, Inc., 2.47%, 5/01/13 (f)                            |     | 1,155        | 1,091,475  |
| Nextel Communications, Inc., Series E,<br>6.88%, 10/31/13 |     | 975          | 957,938    |
| Sprint Capital Corp., 8.38%, 3/15/12                      |     | 475          | 501,125    |
|   |     |              | 4,573,663  |
| <b>Total Corporate Bonds 21.4%</b>                        |     |              | 72,311,224 |
| <b>Floating Rate Loan Interests (f)</b>                   |     |              |            |
| <b>Aerospace &amp; Defense 1.1%</b>                       |     |              |            |
| Hawker Beechcraft Acquisition Co., LLC:                   |     |              |            |
| Letter of Credit Facility Deposit, 2.29%, 3/26/14         |     | 79           | 67,284     |
| Term Loan, 2.27% 2.29%, 3/26/14                           |     | 1,323        | 1,131,260  |
| TASC, Inc.:   |     |              |            |
| Tranche A Term Loan, 5.50%, 12/18/14                      |     | 829          | 828,750    |
| Tranche B Term Loan, 5.75%, 12/18/15                      |     | 1,646        | 1,650,676  |
|   |     |              | 3,677,970  |

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**Airlines 0.8%**

|   |  |       |           |
|---|--|-------|-----------|
| Delta Air Lines, Inc., Revolving Credit, 2.27%, 4/30/12 |  | 2,700 | 2,551,500 |
|---|--|-------|-----------|

**Auto Components 2.9%**

Affinion Group Holdings, Inc.:

|                             |  |       |           |
|-----------------------------|--|-------|-----------|
| Loan, 7.89%, 3/01/12        |  | 1,063 | 1,004,986 |
| Term Loan B, 5.00%, 4/08/16 |  | 2,000 | 1,985,000 |

Allison Transmission, Inc., Term Loan,  
3.00% 3.05%, 8/07/14

|  |       |           |
|--|-------|-----------|
|  | 4,297 | 4,102,263 |
|--|-------|-----------|

Cooper-Standard Automotive, Inc.:

|                                   |  |     |         |
|-----------------------------------|--|-----|---------|
| Revolving Credit, 5.03%, 12/23/10 |  | 45  | 44,812  |
| Revolving Credit, 5.03%, 12/23/10 |  | 41  | 41,289  |
| Revolving Credit, 5.03%, 12/23/10 |  | 83  | 82,745  |
| Term Loan A, 3.03%, 12/23/11      |  | 35  | 35,288  |
| Term Loan B, 5.03%, 12/03/11      |  | 107 | 107,599 |
| Term Loan C, 5.03%, 12/23/11      |  | 268 | 268,778 |
| Term Loan D, 3.03%, 12/23/11      |  | 298 | 298,775 |
| Term Loan E, 4.03%, 12/23/11      |  | 148 | 148,277 |

Dana Holding Corp., Term Advance,  
4.50% 4.58%, 1/30/15

|  |     |         |
|--|-----|---------|
|  | 854 | 845,215 |
|--|-----|---------|

Dayco Products:

|                               |  |     |         |
|-------------------------------|--|-----|---------|
| Term Loan B, 10.50%, 5/13/14  |  | 205 | 203,569 |
| Term Loan C, 12.50%, 11/13/14 |  | 30  | 27,550  |

Exide Technologies, Term Loan, 3.69%, 5/15/12

|     |     |         |
|-----|-----|---------|
| EUR | 399 | 500,006 |
|-----|-----|---------|

|  |              |              |
|--|--------------|--------------|
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |

**Auto Components (concluded)**

GPX International Tire Corp., Tranche B

Term Loan (b)(h):

|                 |     |     |           |
|-----------------|-----|-----|-----------|
| 12.25%, 3/30/12 | USD | 286 | \$        |
| 14.00%, 4/11/12 |     | 5   |           |
|                 |     |     | 9,696,152 |

**Automobiles 0.6%**

Ford Motor Co., Tranche B-1 Term Loan,  
3.26% 3.31%, 12/15/13

|  |       |           |
|--|-------|-----------|
|  | 2,217 | 2,137,597 |
|--|-------|-----------|

**Beverages 1.2%**

Culligan International Co., Loan (Second Lien),  
5.15%, 4/24/13

|     |       |         |
|-----|-------|---------|
| EUR | 1,000 | 661,288 |
|-----|-------|---------|

Le-Nature s, Inc., Tranche B Term Loan,  
9.50%, 3/01/11 (b)(h)

|     |       |         |
|-----|-------|---------|
| USD | 1,000 | 393,333 |
|-----|-------|---------|

SW Acquisitions Co., Inc., Term Loan, 5.75%, 6/01/16

|  |       |           |
|--|-------|-----------|
|  | 2,993 | 3,007,463 |
|--|-------|-----------|

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|   |     |       |           |
|---|-----|-------|-----------|
|   |     |       | 4,062,084 |
| <b>Building Products 1.2%</b>                         |     |       |           |
| Building Materials Corp. of America, Term Loan        |     |       |           |
| Advance, 3.06%, 2/22/14                               |     | 517   | 508,220   |
| Goodman Global, Inc., Term Loan, 6.25%, 2/13/14       |     | 2,840 | 2,845,851 |
| Momentive Performance Materials (Blitz 06-103         |     |       |           |
| GmbH), Tranche B-1 Term Loan, 2.56%, 12/04/13         |     | 590   | 557,815   |
| United Subcontractors, First Lien Term Loan,          |     |       |           |
| 1.79%, 6/30/15  |     | 179   | 152,293   |
|   |     |       | 4,064,179 |
| <b>Capital Markets 0.4%</b>                           |     |       |           |
| Marsico Parent Co., LLC, Term Loan, 5.31%, 12/15/14   |     |       |           |
|   |     | 380   | 274,586   |
| Nuveen Investments, Inc., Term Loan,                  |     |       |           |
| 3.32% 3.33%, 11/13/14                                 |     | 999   | 910,951   |
|   |     |       | 1,185,537 |
| <b>Chemicals 8.5%</b>                                 |     |       |           |
| Brenntag Holding Gmbh & Co. KG:                       |     |       |           |
| Acquisition Facility 1, 4.07% 4.14%, 1/20/14          |     |       |           |
|   |     | 232   | 231,120   |
| Facility 3B (Second Lien), 6.47%, 7/17/15             |     |       |           |
|   |     | 1,000 | 995,500   |
| Facility B2, 4.01% 4.07%, 1/20/14                     |     |       |           |
|   |     | 1,332 | 1,328,223 |
| Facility B6A and B6B, 4.70%, 11/24/37                 |     |       |           |
|   | EUR | 414   | 547,763   |
| Second Lien Term Loan, 4.73%, 1/20/14                 |     |       |           |
|   |     | 267   | 348,707   |
| CF Industries Holdings, Inc., Bridge Loan,            |     |       |           |
| 5.25%, 3/17/15  | USD | 5,120 | 5,146,675 |
| Chemtura Corp., Debtor in Possession Return of        |     |       |           |
| Capital Term Loan, 6.00%, 1/26/11                     |     |       |           |
|   |     | 2,000 | 2,010,000 |
| Cognis GmbH, Facility B (French):                     |     |       |           |
| 2.65%, 11/16/13                                       | EUR | 197   | 255,777   |
| 2.65%, 11/17/13                                       |     | 803   | 1,043,383 |
| ElectricInvest Holding Co. Ltd. (Viridian Group PLC), |     |       |           |
| Junior Term Facility, 5.05%, 12/21/12                 |     |       |           |
|   | GBP | 1,800 | 2,285,907 |
| Huish Detergents, Inc., Loan (Second Lien),           |     |       |           |
| 4.51%, 10/26/14                                       | USD | 750   | 728,437   |
| Ineos US Finance LLC, Term A4 Facility,               |     |       |           |
| 7.00%, 12/14/12                                       |     | 1,087 | 1,090,300 |
| Lyondell Chemical Co.:                                |     |       |           |
| Debtor in Possession Term Loan,                       |     |       |           |
| 13.00%, 6/03/10                                       |     | 1,165 | 1,199,950 |
| Exit Term Loan, 5.50%, 3/24/16                        |     |       |           |
|   |     | 1,200 | 1,203,205 |
| Matrix Acquisition Corp. (MacDermid, Inc.),           |     |       |           |
| Tranche C Term Loan, 2.62%, 12/15/13                  |     |       |           |
|   | EUR | 1,547 | 1,874,136 |

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|  |     |       |            |
|--|-----|-------|------------|
| Nalco Co., Term Loan, 6.50%, 5/13/16                             | USD | 1,886 | 1,899,501  |
| PQ Corp., Term Loan (First Lien),<br>3.53% 3.59%, 7/30/14        |     | 2,702 | 2,487,654  |
| Rockwood Specialties Group, Inc., Term Loan H,<br>6.00%, 5/15/14 |     | 1,223 | 1,229,697  |
| Solutia, Inc., Term Loan, 4.75%, 3/01/17                         |     | 2,775 | 2,791,187  |
|  |     |       | 28,697,122 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

**BlackRock Floating Rate Income Trust (BGT)**

(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests (f)  | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Commercial Services &amp; Supplies 3.6%</b>  |              |            |
| ARAMARK Corp.:  |              |            |
| Facility Letter of Credit, 2.16%, 1/26/14   | USD 38       | \$ 36,932  |
| Line of Credit, 3.53%, 7/26/16  | 68           | 67,299     |
| Term Loan B, 3.54%, 7/26/16   | 1,031        | 1,023,318  |
| US Term Loan, 2.17%, 1/26/14  | 572          | 561,574    |
| Advanced Disposal Services, Inc., Term B Loan,<br>6.00%, 1/14/15  | 1,247        | 1,254,668  |
| Casella Waste Systems, Inc., Term B Loan,<br>7.00%, 4/09/14   | 1,092        | 1,098,573  |
| International Lease Finance Corp.:  |              |            |
| Term Loan 1, 6.75%, 2/23/15   | 1,625        | 1,653,437  |
| Term Loan 2, 7.00%, 3/05/16   | 1,200        | 1,212,900  |
| John Maneely Co., Term Loan, 3.55%, 12/09/13  | 1,125        | 1,079,439  |
| Johnson Diversey, Inc., Tranche B Dollar,<br>5.50%, 11/24/15  | 1,097        | 1,104,108  |
| Quad Graphics, Term Loan B, 4.00%, 4/20/16  | 725          | 721,828    |
| SIRVA Worldwide, Inc., Loan (Second Lien),<br>12.00%, 5/12/15   | 142          | 35,390     |
| Synagro Technologies, Inc., Term Loan (First Lien),<br>2.26%-2.28%, 4/02/14   | 1,961        | 1,772,195  |
| West Corp., Incremental Term B-3 Loan,<br>7.25%, 10/24/13   | 632          | 636,408    |
|   |              | 12,258,069 |
| <b>Communications Equipment 0.1%</b>  |              |            |
| Safenet, Inc., Loan (Second Lien), 6.26%, 4/12/15   | 500          | 475,000    |
| <b>Construction &amp; Engineering 1.2%</b>  |              |            |
| Brand Energy & Infrastructure Services, Inc.<br>(FR Brand Acquisition Corp.), Synthetic Letter of<br>Credit, Term Loan (First Lien), 2.69%, 2/07/14 |              |            |
|   | 500          | 460,000    |
| Safway Services, LLC, First Out Term Loan,<br>9.00%, 12/14/17   | 2,100        | 2,100,000  |
| Welding Services, Term Loan B, 5.50%, 3/23/16   | 1,450        | 1,457,250  |
|   |              | 4,017,250  |
| <b>Consumer Finance 2.5%</b>  |              |            |

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|   |     |              |                        |
|---|-----|--------------|------------------------|
| American General Finance Corp., Term Loan,<br>7.25%, 4/16/16                        |     | 3,500        | 3,506,125              |
| Chrysler Financial Corp., Second Lien Term Loan,<br>6.76%, 8/02/13                  |     | 2,450        | 2,429,584              |
| Chrysler Financial Services Americas LLC,<br>Term Loan (First Lien), 4.26%, 8/03/12 |     | 2,581        | 2,578,298<br>8,514,007 |
| <b>Containers &amp; Packaging 1.8%</b>  |     |              |                        |
| Anchor Glass Container Corp., Term Loan B,<br>6.00%, 2/18/16                        |     | 1,700        | 1,692,562              |
| Graham Packaging Co., LP, C Term Loan,<br>6.75%, 4/05/14                            |     | 722          | 726,422                |
| OI European Group BV, Tranche D Term Loan,<br>1.90%, 6/14/13                        | EUR | 1,895        | 2,434,792              |
| Smurfit Kappa Acquisitions (JSG):   |     |              |                        |
| C1 Term Loan Facility, 4.02% - 4.27%, 7/16/15                                       |     | 453          | 598,808                |
| Term B1, 3.78% - 4.37%, 7/16/14   |     | 458          | 605,748                |
| Smurfit-Stone Container:  |     |              |                        |
| Revolving Credit, 0.02% - 5.00%, 11/12/09   | USD | 20           | 20,041                 |
| Revolving Credit US, 0.01% - 4.50%, 11/01/09  |     | 60           | 60,279                 |
| Smurfit-Stone Container Canada, Inc.:   |     |              |                        |
| Tranche C, 2.50%, 11/01/11  |     | 26           | 25,836                 |
| Tranche C-1 Term Loan, 2.50%, 11/01/11  |     | 8            | 7,811                  |
| Smurfit-Stone Container Enterprises, Inc.:  |     |              |                        |
| Deposit Funded Facility, 4.50%, 11/01/10  |     | 12           | 12,007                 |
| Tranche B, 2.50%, 11/01/11  |     | 14           | 13,664                 |
|   |     |              | 6,197,970              |
|   |     | <b>Par</b>   |                        |
| <b>Floating Rate Loan Interests (f)</b>   |     | <b>(000)</b> | <b>Value</b>           |
| <b>Diversified Consumer Services 2.1%</b>   |     |              |                        |
| Coinmach Laundry Corp., Delayed Draw Term Loan,<br>3.25% - 3.26%, 11/14/14          | USD | 495          | \$ 444,251             |
| Coinmach Service Corp., Term Loan, 3.26%, 11/14/14                                  |     | 2,526        | 2,265,274              |
| Laureate Education, Series A New Term Loan,<br>7.00%, 8/15/14                       |     | 4,229        | 4,215,535<br>6,925,060 |
| <b>Diversified Financial Services 3.0%</b>  |     |              |                        |
| CIT Group, Inc., Tranche 2A Term Loan, 9.50%, 1/20/12                               |     | 1,806        | 1,846,129              |
| MSCI, Inc., Term Loan B, 4.75%, 6/30/16   |     | 4,500        | 4,483,125              |
| Professional Service Industries, Inc., Term Loan                                    |     |              |                        |

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|  |     |       |                         |
|--|-----|-------|-------------------------|
| (First Lien), 3.02%, 10/31/12  |     | 526   | 421,151                 |
| Reynolds Group Holdings, Inc., Return of<br>Capital Euro, 6.25%, 10/28/15                                  | EUR | 2,484 | 3,316,095<br>10,066,500 |
| <b>Diversified Telecommunication Services 3.4%</b>   |     |       |                         |
| Hawaiian Telcom Communications, Inc., Tranche C<br>Term Loan, 4.75%, 5/30/14                               | USD | 1,235 | 926,102                 |
| Integra Telecom Holdings, Inc., Term Loan,<br>9.25%, 4/12/15   |     | 2,025 | 2,033,100               |
| Level 3 Communications, Incremental Term Loan,<br>2.55%, 3/13/14   |     | 1,975 | 1,847,859               |
| Nordic Telephone Co. Holdings APS:   |     |       |                         |
| Facility B2 Swiss, 1.89%, 4/06/14  | EUR | 885   | 1,138,783               |
| Facility C2 Swiss, 2.52%, 4/06/15  |     | 1,058 | 1,360,623               |
| US Telepacific Corp., Term Loan (Second Lien),<br>9.25%, 7/25/15   | USD | 625   | 630,469                 |
| Wind Telecomunicazioni SpA:  |     |       |                         |
| A1 Term Loan Facility, 2.86% 2.90%, 9/22/12  | EUR | 604   | 789,891                 |
| B1 Term Loan Facility, 3.65%, 9/22/13  |     | 1,000 | 1,313,912               |
| C1 Term Loan Facility, 4.65%, 9/22/14  |     | 1,000 | 1,313,912               |
|  |     |       | 11,354,651              |
| <b>Electric Utilities 0.3%</b>   |     |       |                         |
| Astoria Generating Co. Acquisitions, LLC, Term B<br>Facility, 2.01% 2.03%, 2/23/13                         | USD | 351   | 344,631                 |
| TPF Generation Holdings, LLC:  |     |       |                         |
| Synthetic Letter of Credit Deposit (First Lien),<br>2.29%, 12/15/13  |     | 151   | 145,623                 |
| Synthetic Revolving Deposit, 2.29%, 12/15/11   |     | 47    | 45,650                  |
| Term Loan (First Lien), 2.29%, 12/15/13  |     | 380   | 367,773                 |
|  |     |       | 903,677                 |
| <b>Electrical Equipment 0.0%</b>   |     |       |                         |
| Electrical Components International Holdings Co. (ECI),<br>Term Loan (Second Lien), 11.50%, 5/01/14 (b)(h) |     | 500   | 60,000                  |
| <b>Electronic Equipment, Instruments &amp; Components 1.2%</b>   |     |       |                         |
| CDW Computer Centers, Inc., Term Loan B,<br>3.30%, 10/10/14  |     | 550   | 512,875                 |
| Flextronics International Ltd.:  |     |       |                         |
| A Closing Date Loan, 2.54% 2.55%, 10/01/14   |     | 1,156 | 1,113,435               |
| Term Loan B, 2.54%, 10/01/12   |     | 2,244 | 2,194,686               |
| Matinvest 2 SAS/Butterfly Wendel US, Inc. (Deutsche<br>Connector), Second Lien, 5.09%, 12/22/15            |     | 500   | 330,000                 |



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4,150,996

**Energy Equipment & Services 0.8%**

|  |       |           |
|--|-------|-----------|
| Dresser, Inc., Term Loan (Second Lien), 6.00%, 5/04/15 | 825   | 798,188   |
| MEG Energy Corp., Term Loan D, 6.00%, 4/03/16          | 1,973 | 1,949,780 |
|  |       | 2,747,968 |

**Food & Staples Retailing 3.5%**

|  |     |       |           |
|--|-----|-------|-----------|
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots),<br>Facility B1, 3.55%, 7/09/15 | GBP | 3,000 | 4,286,897 |
| DSW Holdings, Inc., Term Loan, 4.26%, 3/02/12  | USD | 775   | 759,016   |
| Pierre Foods, Term Loan B, 7.00%, 2/17/16  |     | 1,350 | 1,359,000 |
| Pilot Travel Centers, Term Loan B, 5.25%, 11/18/15                                   |     | 3,500 | 3,521,248 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

**BlackRock Floating Rate Income Trust (BGT)**

(Percentages shown are based on Net Assets)

|   |     | Par<br>(000) | Value        |
|---|-----|--------------|--------------|
| <b>Floating Rate Loan Interests (f)</b>   |     |              |              |
| <b>Food &amp; Staples Retailing (concluded)</b>   |     |              |              |
| Rite Aid Corp., Tranche 4 Term Loan, 9.50%, 6/10/15   | USD | 1,400        | \$ 1,456,291 |
| Roundy's, Inc., Term Loan B, 3.75% - 3.78%, 11/03/13  |     | 499          | 501,487      |
|   |     |              | 11,883,939   |
| <b>Food Products 2.8%</b>   |     |              |              |
| Birds Eye Iglo Group Ltd. (Liberator Midco Ltd.), Sterling<br>Tranche Loan (Mezzanine), 8.55%, 11/02/15 | GBP | 419          | 624,927      |
| CII Investment, LLC (FKA Cloverhill), Term Loan B:<br>8.50%, 10/14/14                                   | USD | 1,307        | 1,307,279    |
| 8.50%, 10/14/14   |     | 1,075        | 1,074,864    |
| Dole Food Co., Inc.:  |     |              |              |
| Credit-Linked Deposit, 7.99%, 4/12/13   |     | 192          | 193,784      |
| Term Loan B, 5.00% - 5.50%, 2/10/17   |     | 343          | 345,771      |
| Term Loan C, 5.00%, 2/10/17   |     | 851          | 858,809      |
| FSB Holdings, Inc. (Fresh Start Bakeries), Term Loan<br>(Second Lien), 6.06%, 3/29/14                   |     | 500          | 465,000      |
| Pilgrim's Pride Corp., Term Loan A, 5.29%, 12/01/12   |     | 1,535        | 1,517,731    |
| Pinnacle Foods Finance LLC, Tranche C Term Loan,<br>7.50%, 4/02/14                                      |     | 3,100        | 3,116,470    |
|   |     |              | 9,504,635    |
| <b>Health Care Equipment &amp; Supplies 1.9%</b>  |     |              |              |
| Biomet, Inc., Euro Term Loan,<br>3.37% - 3.58%, 3/25/15   | EUR | 2,508        | 3,251,730    |
| DJO Finance LLC (ReAble Therapeutics Finance LLC),<br>Term Loan, 3.27%, 5/20/14                         | USD | 1,331        | 1,292,012    |
| Fresenius AG:   |     |              |              |
| Term Loan C1, 4.50%, 9/01/14  |     | 1,082        | 1,090,749    |
| Term Loan C2, 4.50%, 9/01/14  |     | 618          | 623,064      |
|   |     |              | 6,257,555    |
| <b>Health Care Providers &amp; Services 3.5%</b>  |     |              |              |
| Ardent Health Services, Inc., Term Loan,<br>6.50%, 8/10/15  |     | 1,500        | 1,480,125    |
| CHS/Community Health Systems, Inc.:   |     |              |              |
| Delayed Draw Term Loan, 2.50%, 7/25/14  |     | 170          | 165,131      |
| Funded Term Loan, 2.50%, 7/25/14  |     | 3,319        | 3,224,677    |

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|   |              |              |
|---|--------------|--------------|
| HCA, Inc., Tranche A-1 Term Loan, 1.79%, 11/16/12   | 2,615        | 2,535,268    |
| Harden Healthcare, Term Loan A, 8.50%, 2/22/15  | 1,000        | 980,000      |
| HealthSouth Corp., Term Loan,<br>2.51% 2.55%, 3/10/13   | 794          | 778,778      |
| Vanguard Health Holding Co. II, LLC (Vanguard Health<br>Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | 2,600        | 2,604,875    |
|   |              | 11,768,854   |
| <b>Health Care Technology 0.9%</b>  |              |              |
| IMS Healthcare, Term Loan B, 5.25%, 2/16/16   | 3,070        | 3,085,860    |
| <b>Hotels, Restaurants &amp; Leisure 3.4%</b>   |              |              |
| BLB Worldwide Holdings, Inc. (Wembley, Inc.):   |              |              |
| First Priority Term Loan, 4.75%, 7/18/11  | 2,418        | 1,704,838    |
| Second Priority Term Loan, 7.06%, 7/18/12 (b)(h)  | 1,500        | 75,000       |
| Golden Nugget, Inc. (First Lien):   |              |              |
| Additional Term Advance, 3.26% 3.28%, 6/30/14   | 270          | 208,820      |
| Term Advance, 3.28%, 6/30/14  | 474          | 366,751      |
| Green Valley Ranch Gaming, LLC, Loan (Second Lien),<br>8.00%, 8/16/14 (b)(h)                              | 1,500        | 92,500       |
| Harrah s Operating Co., Inc.:   |              |              |
| Term B-3 Loan, 3.29% 3.32%, 1/28/15   | 2,047        | 1,792,214    |
| Term B-4 Loan, 9.50%, 10/31/16  | 1,496        | 1,551,527    |
| OSI Restaurant Partners, LLC, Pre-Funded RC Loan,<br>2.63%, 4.58% 6/14/13                                 | 32           | 29,090       |
| Penn National Gaming, Inc., Term Loan B,<br>2.00% 2.07%, 10/03/12   | 997          | 985,182      |
| Six Flags Theme Parks, Inc., Exit Term Loan,<br>6.00%, 4/19/16  | 2,750        | 2,749,142    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (f)</b>   |              |              |
| <b>Hotels, Restaurants &amp; Leisure (concluded)</b>  |              |              |
| VML US Finance LLC (aka Venetian Macau):  |              |              |
| New Project Term Loan, 4.80%, 5/27/13   | USD 158      | \$ 155,768   |
| Term B Delayed Draw Project Loan, 4.80%, 5/25/12  | 721          | 710,169      |
| Term B Funded Project Loan, 4.80%, 5/27/13  | 1,090        | 1,073,447    |
|   |              | 11,494,448   |
| <b>Household Durables 0.0%</b>  |              |              |
| Berkline/Benchcraft, LLC, Term Loan,<br>14.00%, 11/03/11 (b)(h)   | 120          | 5,982        |
| <b>Household Products 0.2%</b>  |              |              |
| VI-JON, Inc. (VJCS Acquisition, Inc.), Tranche B  |              |              |

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|  |     |       |            |
|--|-----|-------|------------|
| Term Loan, 2.27%, 4/24/14                                    |     | 634   | 608,936    |
| <b>IT Services 4.3%</b>                                      |     |       |            |
| Amadeus IT Group SA/Amadeus Verwaltungs GmbH:                |     |       |            |
| Term B3 Facility, 2.40%, 6/30/13                             | EUR | 615   | 801,345    |
| Term B4 Facility, 2.40%, 6/30/13                             |     | 489   | 637,920    |
| Term C3 Facility, 2.90%, 6/30/14                             |     | 615   | 801,607    |
| Term C3 Facility, 2.90%, 6/30/14                             |     | 489   | 638,129    |
| Audio Visual Services Group, Inc., Loan (Second Lien),       |     |       |            |
| 5.80%, 8/28/14   | USD | 1,077 | 344,653    |
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14                |     | 1,737 | 1,635,640  |
| First Data Corp.:  |     |       |            |
| Initial Tranche B-1 Term Loan,                               |     |       |            |
| 3.01% 3.04%, 9/24/14   |     | 2,441 | 2,195,014  |
| Initial Tranche B-2 Term Loan,                               |     |       |            |
| 3.03% 3.04%, 9/24/14   |     | 1,582 | 1,419,796  |
| Initial Tranche B-3 Term Loan,                               |     |       |            |
| 3.03% 3.04%, 9/24/14   |     | 2,355 | 2,115,425  |
| SunGard Data Systems, Inc. (Solar Capital Corp.),            |     |       |            |
| Incremental Term Loan, 6.75%, 2/28/14                        |     | 1,686 | 1,686,711  |
| Travelex Plc:  |     |       |            |
| Term Loan B, 2.79%, 10/31/13                                 |     | 1,250 | 1,176,389  |
| Term Loan C, 3.29%, 10/31/14                                 |     | 1,250 | 1,176,389  |
|  |     |       | 14,629,018 |
| <b>Independent Power Producers &amp; Energy Traders 1.3%</b> |     |       |            |
| Dynergy Holdings, Inc.:                                      |     |       |            |
| Term Letter of Credit Facility, 4.03%, 4/02/13               |     | 1,110 | 1,088,698  |
| Tranche B Term Loan, 4.03%, 4/02/13                          |     | 89    | 87,416     |
| Texas Competitive Electric Holdings Co., LLC (TXU):          |     |       |            |
| Initial Tranche B-1 Term Loan,                               |     |       |            |
| 3.75% 3.79%, 10/10/14  |     | 2,465 | 2,019,151  |
| Initial Tranche B-2 Term Loan,                               |     |       |            |
| 3.75% 3.79%, 10/10/14  |     | 1,080 | 884,694    |
| Initial Tranche B-3 Term Loan,                               |     |       |            |
| 3.75% 3.79%, 10/10/14  |     | 379   | 308,491    |
|  |     |       | 4,388,450  |
| <b>Industrial Conglomerates 1.4%</b>                         |     |       |            |
| Sequa Corp., Term Loan, 3.48% 3.55%, 12/03/14                |     | 5,124 | 4,755,931  |
| <b>Insurance 0.3%</b>  |     |       |            |
| Alliant Holdings I, Inc., Term Loan, 3.29%, 8/21/14          |     | 975   | 927,469    |
| <b>Internet &amp; Catalog Retail 0.2%</b>                    |     |       |            |
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14         |     | 573   | 573,173    |

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**Machinery 2.3%**

|   |     |       |           |
|---|-----|-------|-----------|
| Accuride Corp., Term Loan, 9.75%, 1/31/12                             | GBP | 1,150 | 1,148,850 |
| Blount International, Term Loan,<br>5.50% 5.75%, 2/09/12              | USD | 532   | 530,547   |
| Bucyrus International, Term Loan C, 4.50%, 1/26/16                    |     | 2,750 | 2,763,239 |
| Generac Acquisition Corp., Term Loan (First Lien),<br>2.79%, 11/10/13 |     | 1,176 | 1,103,738 |
| LN Acquisition Corp. (Lincoln Industrial)(First Lien):                |     |       |           |
| Delayed Draw Term Loan, 3.51%, 7/11/14                                |     | 245   | 230,021   |
| Initial US Term Loan, 3.50% 3.51%, 7/11/14                            |     | 637   | 596,912   |
| Oshkosh Truck Corp., Term B Loan,<br>6.25% 6.26%, 12/06/13            |     | 1,238 | 1,241,452 |
|   |     |       | 7,614,759 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Floating Rate Income Trust (BGT)

(Percentages shown are based on Net Assets)

|  |     | Par   |            |
|--|-----|-------|------------|
|  |     | (000) | Value      |
| <b>Floating Rate Loan Interests (f)</b>  |     |       |            |
| <b>Marine 0.3%</b>   |     |       |            |
| Horizon Lines, Inc.:   |     |       |            |
| Return of Capital, 3.51% 5.50%, 8/08/12  | USD | 845   | \$ 722,535 |
| Term Loan A, 3.55%, 8/08/12  |     | 405   | 365,955    |
|  |     |       | 1,088,490  |
| <b>Media 19.1%</b>   |     |       |            |
| Amsterdamse Beheer En Consultingmaatschappij BV<br>(Casema):   |     |       |            |
| B1 Term Loan Facility, 2.91%, 11/02/14   | EUR | 625   | 812,542    |
| C Term Loan Facility, 3.41%, 11/02/15  |     | 625   | 812,542    |
| Atlantic Broadband Finance, LLC:   |     |       |            |
| Term Loan B, 6.75%, 6/01/13  | USD | 1,854 | 1,850,916  |
| Tranche B-2 Term Loan, 2.55%, 9/01/11  |     | 69    | 67,926     |
| Catalina Marketing Corp., Initial Term Loan,<br>3.01%, 10/01/14  |     |       |            |
|  |     | 389   | 380,687    |
| Cengage Learning Acquisitions, Inc. (Thomson Learning),<br>Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 |     |       |            |
|  |     | 5,384 | 5,410,821  |
| Cequel Communications, LLC (Second Lien):  |     |       |            |
| Tranche A Term Loan, 4.75% 4.79%, 5/05/14  |     | 500   | 500,000    |
| Tranche B Facility, 6.29%, 5/05/14(e)  |     | 2,975 | 2,997,313  |
| Charter Communications Operating, LLC:   |     |       |            |
| New Term Loan, 2.30%, 3/06/14  |     | 548   | 519,212    |
| Term Loan C, 3.55%, 9/06/16  |     | 4,440 | 4,243,261  |
| FoxCo Acquisition Sub, LLC, Term Loan, 7.50%, 7/14/15  |     |       |            |
|  |     | 1,019 | 1,009,415  |
| HIT Entertainment, Inc., Term Loan (Second Lien),<br>5.75%, 2/26/13  |     |       |            |
|  |     | 300   | 188,000    |
| HMH Publishing Co., Ltd., Tranche A Term Loan,<br>5.50%, 6/12/14   |     |       |            |
|  |     | 2,426 | 2,307,398  |
| Hanley-Wood, LLC (FSC Acquisition), Term Loan,<br>2.50% 2.56%, 3/10/14                                     |     |       |            |
|  |     | 2,201 | 1,127,809  |
| Hargray Acquisition Co./DPC Acquisition LLC/<br>HCP Acquisition LLC, Loan (Second Lien),<br>5.75%, 1/29/15 |     |       |            |
|  |     | 500   | 457,500    |
| Harland Clarke Holdings Corp. (FKA Clarke American<br>Corp.), Tranche B Term Loan, 2.79%, 6/30/14          |     |       |            |
|  |     | 1,451 | 1,336,982  |

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|  |     |       |           |
|--|-----|-------|-----------|
| Kabel Deutschland Holding GMBH, A Facility,<br>2.66%, 6/01/12  | EUR | 4,000 | 5,203,755 |
| Lamar Media Corp., Term Loan B, 4.25%, 12/30/16  | USD | 3,500 | 3,505,835 |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG):   |     |       |           |
| Facility B1, 3.34%, 6/28/15  | EUR | 337   | 357,142   |
| Facility C1, 3.59%, 6/30/16  |     | 674   | 714,285   |
| Liberty Cablevision of Puerto Rico, Ltd., Initial Term<br>Facility, 2.26%, 6/17/14                   | USD | 1,459 | 1,352,991 |
| Local TV Finance, LLC, Term Loan, 2.30%, 5/07/13   |     | 474   | 433,116   |
| MCNA Cable Holdings LLC (OneLink Communications),<br>Loan, 6.89%, 3/01/13(e)                         |     | 1,004 | 828,039   |
| Mediacom Illinois, LLC (FKA Mediacom<br>Communications, LLC), Tranche D Term Loan,<br>5.50%, 3/31/17 |     | 1,244 | 1,247,170 |
| Mediannuaire Holding (Pages Jaunes), Term Loan D,<br>4.90%, 1/11/17                                  | EUR | 500   | 473,775   |
| Newsday, LLC:  |     |       |           |
| Fixed Rate Term Loan, 10.50%, 8/01/13  | USD | 1,500 | 1,631,250 |
| Floating Rate Term Loan, 6.55%, 8/01/13  |     | 1,250 | 1,270,834 |
| Nielsen Finance LLC, Class B, Dollar Term Loan,<br>4.00%, 5/01/16                                    |     | 2,281 | 2,252,046 |
| Nielsen Finance LLC, Dollar Term Loan, 2.25%, 8/09/13  |     | 1,145 | 1,114,559 |
| Penton Media, Inc., Term Loan (First Lien),<br>5.00%, 8/01/14  |     | 1,092 | 816,561   |
| Springer Science and Business Media SA, Facility A1,<br>6.75%, 7/01/16                               | EUR | 3,200 | 4,246,444 |
| Sunshine Acquisition Ltd. (aka HIT Entertainment),<br>Term Facility, 5.50%, 3/20/12                  | USD | 1,473 | 1,400,319 |
| UPC Financing Partnership, Facility U,<br>4.99%, 12/31/17  | EUR | 3,017 | 3,855,884 |
| Virgin NTL Cable Plc, Term Loan B, 4.40%, 12/31/15   | GBP | 2,000 | 3,022,415 |

|  |     | <b>Par</b>   |              |
|--|-----|--------------|--------------|
|  |     | <b>(000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (f)</b>  |     |              |              |
| <b>Media (concluded)</b>   |     |              |              |
| Weather Channel, Term Loan B, 5.00%, 9/14/15   | USD | 2,830        | \$ 2,852,492 |
| Worldcolor Press Inc. and Worldcolor (USA)<br>Corp. (FKA Quebecor World, Inc.), Advance,<br>9.00%, 7/23/12 |     | 2,015        | 2,032,268    |
| Yell Group Plc, Term Loan B, 4.02%, 7/31/14  |     | 2,113        | 1,721,987    |
|  |     |              | 64,355,491   |

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### Metals & Mining 0.2%

|  |     |         |
|--|-----|---------|
| Drummond Co., Inc., Term Advance, 1.51%, 2/14/11 | 700 | 679,000 |
|--|-----|---------|

### Multi-Utilities 0.2%

FirstLight Power Resources, Inc. (FKA NE Energy, Inc.):

|   |    |        |
|---|----|--------|
| Synthetic Letter of Credit, 2.81%, 11/01/13 | 65 | 62,288 |
|---|----|--------|

|  |     |         |
|--|-----|---------|
| Term B Advance (First Lien), 2.81%, 11/01/13 | 624 | 602,107 |
|--|-----|---------|

Mach Gen, LLC, Synthetic Letter of Credit Loan

|                              |    |        |
|------------------------------|----|--------|
| (First Lien), 2.29%, 2/22/13 | 69 | 63,811 |
|------------------------------|----|--------|

728,206

### Multiline Retail 1.9%

Dollar General Corp.:

|   |     |         |
|---|-----|---------|
| Tranche B-1 Term Loan, 3.01% 3.09%, 7/07/14 | 377 | 370,991 |
|---|-----|---------|

|   |     |         |
|---|-----|---------|
| Tranche B-2 Term Loan, 3.01% 3.02%, 7/07/14 | 427 | 417,923 |
|---|-----|---------|

Hema Holding BV:

|                            |     |       |           |
|----------------------------|-----|-------|-----------|
| Facility D, 5.40%, 1/01/17 | EUR | 3,800 | 4,477,672 |
|----------------------------|-----|-------|-----------|

|                                    |  |     |         |
|------------------------------------|--|-----|---------|
| (Term Loan B) Euro, 2.42%, 7/06/15 |  | 175 | 223,975 |
|------------------------------------|--|-----|---------|

|                                    |  |     |         |
|------------------------------------|--|-----|---------|
| (Term Loan C) Euro, 3.17%, 7/05/16 |  | 175 | 223,975 |
|------------------------------------|--|-----|---------|

The Neiman Marcus Group, Inc., Term Loan,

|                |     |     |         |
|----------------|-----|-----|---------|
| 2.25%, 4/06/13 | USD | 845 | 808,031 |
|----------------|-----|-----|---------|

6,522,567

### Oil, Gas & Consumable Fuels 1.3%

Big West Oil, LLC:

|                                   |     |         |
|-----------------------------------|-----|---------|
| Delayed Draw Loan, 4.50%, 5/15/14 | 920 | 909,406 |
|-----------------------------------|-----|---------|

|                                      |     |         |
|--------------------------------------|-----|---------|
| Initial Advance Loan, 4.50%, 5/15/14 | 731 | 723,291 |
|--------------------------------------|-----|---------|

|                                       |     |         |
|---------------------------------------|-----|---------|
| Initial Advance Loan, 12.00%, 1/26/15 | 775 | 781,458 |
|---------------------------------------|-----|---------|

Tronox Worldwide LLC, Tranche B-1 Term Loan:

|                |       |           |
|----------------|-------|-----------|
| 9.00%, 6/24/10 | 1,576 | 1,600,118 |
|----------------|-------|-----------|

|                |     |         |
|----------------|-----|---------|
| 9.00%, 6/24/10 | 424 | 429,882 |
|----------------|-----|---------|

4,444,155

### Paper & Forest Products 0.3%

Georgia-Pacific LLC, Term Loan B,

|                       |     |         |
|-----------------------|-----|---------|
| 2.25% 2.34%, 12/23/12 | 853 | 846,789 |
|-----------------------|-----|---------|

Verso Paper Finance Holdings LLC,

|                         |     |         |
|-------------------------|-----|---------|
| 6.50% 7.25%, 2/01/13(e) | 372 | 204,802 |
|-------------------------|-----|---------|

1,051,591

### Personal Products 0.3%

American Safety Razor Co., LLC:

|                                     |       |         |
|-------------------------------------|-------|---------|
| Loan (Second Lien), 10.50%, 1/30/14 | 1,150 | 667,000 |
|-------------------------------------|-------|---------|

|  |     |         |
|--|-----|---------|
| Term Loan (First Lien), 6.75%, 7/31/13 | 530 | 488,458 |
|--|-----|---------|

1,155,458

### Pharmaceuticals 1.1%



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|   |       |           |
|---|-------|-----------|
| Warner Chilcott Co., LLC, Term A Loan,<br>5.50%, 10/30/14 | 1,355 | 1,355,644 |
| Warner Chilcott Corp.:                                    |       |           |
| Additional Term Loan, 5.75%, 4/30/15                      | 624   | 624,203   |
| Term B-1 Loan, 5.75%, 4/30/15                             | 1,038 | 1,039,412 |
| Term B-2 Loan, 5.75%, 4/30/15                             | 723   | 723,637   |
|   |       | 3,742,896 |
| <b>Professional Services 0.7%</b>                         |       |           |
| Booz Allen Hamilton, Inc.:                                |       |           |
| Term Loan C, 6.00%, 7/31/15                               | 1,247 | 1,247,810 |
| Tranche B Term Loan, 7.50%, 7/31/15                       | 987   | 991,172   |
|   |       | 2,238,982 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Floating Rate Income Trust (BGT)

(Percentages shown are based on Net Assets)

|   |     | Par<br>(000) | Value     |
|---|-----|--------------|-----------|
| <b>Floating Rate Loan Interests (f)</b>                                     |     |              |           |
| <b>Real Estate Management &amp; Development 1.5%</b>                        |     |              |           |
| Enclave, First Lien Term Loan, 6.14%, 3/01/12 (b)(h)                        | USD | 2,000        | \$ 1      |
| Georgian Towers, Term Loan, 6.14%, 3/01/12                                  |     | 2,000        |           |
| Pivotal Promontory, LLC, Second Lien Term Loan,<br>12.00%, 8/31/11 (b)(h)   |     | 750          | 37,500    |
| Realogy Corp.:  |     |              |           |
| Delayed Draw Term B Loan, 3.29%, 10/10/13                                   |     | 1,072        | 968,731   |
| Initial Term B Loan, 3.29%, 10/10/13  |     | 2,261        | 2,043,400 |
| Synthetic Letter of Credit, 3.28%, 10/10/13                                 |     | 609          | 550,146   |
| Term Loan (Second Lien), 13.50%, 10/15/17                                   |     | 1,250        | 1,403,125 |
|   |     |              | 5,002,903 |
| <b>Software 0.9%</b>  |     |              |           |
| Bankruptcy Management Solutions, Inc.:                                      |     |              |           |
| Term Loan (First Lien), 4.28%, 7/31/12                                      |     | 935          | 635,969   |
| Term Loan (Second Lien), 6.52%, 7/31/13                                     |     | 482          | 96,500    |
| Reynolds & Reynolds, Term Loan, 5.25%, 4/16/17                              |     | 1,340        | 1,337,907 |
| Telecommunications Management, LLC:   |     |              |           |
| Multi-Draw Term Loan, 3.52%, 6/30/13  |     | 231          | 195,979   |
| Term Loan, 3.52%, 6/30/13   |     | 914          | 777,218   |
|   |     |              | 3,043,573 |
| <b>Specialty Retail 2.1%</b>  |     |              |           |
| Bass Pro Group LLC Term Loan B, Term Loan B,<br>5.75%, 4/06/15              |     |              |           |
|   |     | 1,400        | 1,401,166 |
| Burlington Coat Factory Warehouse Corp.,<br>Term Loan, 2.51% 4.50%, 5/28/13 |     |              |           |
|   |     | 740          | 706,873   |
| Matalan, Term Loan, 5.56%, 3/24/16  | GBP | 1,300        | 1,984,103 |
| Michaels Stores, Inc., B-1 Term Loan:                                       |     |              |           |
| 2.50% 2.63%, 10/31/13   | USD | 1,585        | 1,518,317 |
| 4.75% 4.88%, 7/31/16  |     | 65           | 64,098    |
| Orchard Supply Hardware, Term Loan B,<br>2.71%, 12/21/13                    |     |              |           |
|   |     | 1,500        | 1,357,050 |
|   |     |              | 7,031,607 |
| <b>Trading Companies &amp; Distributors 0.1%</b>                            |     |              |           |
| Beacon Sales Acquisition, Inc., Term B Loan,<br>2.25% 2.29%, 9/30/13        |     |              |           |
|   |     | 469          | 459,942   |

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**Transportation Infrastructure 0.3%**

Airport Development and Investment Ltd. (BAA),  
Facility (Second Lien), 4.85%, 4/07/11

GBP 566 836,219

**Wireless Telecommunication Services 2.4%**

BCM Ireland Holdings Ltd. (Eircom):

Facility B, 2.28%, 8/14/14

EUR 499 588,547

Facility C, 2.53%, 8/14/13

499 588,565

Cavtel Holdings, LLC, Term Loan,

10.50%, 12/31/12

USD 1,158 1,095,905

Digicel International Finance Ltd., Tranche A,

2.81%, 3/30/12

4,070 3,983,662

MetroPCS Wireless, Inc., Tranche B Term Loan,

2.50% 2.56%, 11/03/13

1,846 1,801,517

8,058,196

**Total Floating Rate Loan Interests 95.4%**

321,681,574

**Foreign Government Obligations**

Argentina Bonos:

0.39%, 8/03/12 (f)

3,750 3,371,395

7.00%, 10/03/15

2,000 1,610,555

Brazilian Government International Bond,

8.00%, 1/15/18

7,111 8,248,889

Colombia Government International Bond,

3.81%, 3/17/13 (f)

1,200 1,203,000

Republic of Venezuela, 1.31%, 4/20/11 (f)

4,000 3,660,000

**Foreign Government Obligations**

Par

(000)

Value

South Africa Government International Bond,

7.38%, 4/25/12

USD 2,400 \$ 2,616,000

Turkey Government International Bond,

7.00%, 9/26/16

2,735 3,039,269

Uruguay Government International Bond,

6.88%, 1/19/16

EUR 950 1,343,934

**Total Foreign Government Obligations 7.4%**

25,093,042

**Beneficial**

**Interest**

(000)

**Other Interests (i)**

**Auto Components 1.2%**

Dayco Products LLC Mark IV Industrials, Inc.

USD 9 387,912

Delphi Debtor-in-Possession Hold Co. LLP,

Class B Membership Interests

(j) 3,672,230

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|   |               |             |
|---|---------------|-------------|
| Lear Corp. Escrow                                 | 500           | 11,500      |
|   |               | 4,071,642   |
| <b>Diversified Financial Services 0.3%</b>        |               |             |
| J.G. Wentworth LLC Preferred Equity Interests (k) | 1             | 1,130,844   |
| <b>Health Care Providers &amp; Services 0.0%</b>  |               |             |
| Critical Care Systems International, Inc.         | 1             | 191         |
| <b>Household Durables 0.0%</b>                    |               |             |
| Berklene Benchcraft Equity LLC                    | 6             |             |
| <b>Total Other Interests 1.5%</b>                 |               | 5,202,677   |
| <b>Preferred Securities</b>                       |               |             |
| <b>Preferred Stocks</b>                           | <b>Shares</b> |             |
| <b>Specialty Retail 0.0%</b>                      |               |             |
| Lazydays RV Center, Inc. (b)                      | 58            | 57,680      |
| <b>Total Preferred Securities 0.0%</b>            |               | 57,680      |
| <b>Warrants (l)</b>                               |               |             |
| <b>Chemicals 0.0%</b>                             |               |             |
| British Vita Holding Co. (Non-Expiring) (a)       | 166           |             |
| <b>Machinery 0.0%</b>                             |               |             |
| Synventive Molding Solutions (Expires 1/15/13)    | 2             |             |
| <b>Media 0.0%</b>                                 |               |             |
| Cumulus Media (Expires 12/31/19)                  | 2,315         | 8,589       |
| New Vision Holdings LLC:                          |               |             |
| (Expires 9/30/14)                                 | 3,424         | 34          |
| (Expires 9/30/14)                                 | 19,023        | 190         |
|   |               | 8,813       |
| <b>Software 0.0%</b>                              |               |             |
| HMH Holdings/EduMedia (Expires 3/09/17)           | 21,894        |             |
| <b>Total Warrants 0.0%</b>                        |               | 8,813       |
| <b>Total Long-Term Investments</b>                |               |             |
| <b>(Cost \$442,415,652) 126.3%</b>                |               | 426,265,037 |
| <b>Short-Term Securities</b>                      |               |             |
| BlackRock Liquidity Funds, TempFund,              |               |             |
| Institutional Class, 0.13% (m)(n)                 | 8,662,749     | 8,662,749   |
| <b>Total Short-Term Securities</b>                |               |             |
| <b>(Cost \$8,662,749) 2.6%</b>                    |               | 8,662,749   |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

**BlackRock Floating Rate Income Trust (BGT)**

(Percentages shown are based on Net Assets)

| Options Purchased                                     | Contracts | Value          |
|---|-----------|----------------|
| <b>Over-the-Counter Call Options</b> 0.0%             |           |                |
| Marsico Parent Superholdco LLC, expires 12/21/19      |           |                |
| at USD 942.86, Broker Goldman Sachs Group, Inc.       | 26        | \$ 5,460       |
| <b>Total Options Purchased (Cost \$25,422)</b> 0.0%   |           | 5,460          |
| <b>Total Investments (Cost \$451,103,823*)</b> 128.9% |           | 434,933,246    |
| <b>Liabilities in Excess of Other Assets</b> (11.5)%  |           | (38,783,153)   |
| <b>Preferred Shares, at Redemption Value</b> (17.4)%  |           | (58,812,346)   |
| <b>Net Assets Applicable to Common Shares</b> 100.0%  |           | \$ 337,337,747 |

\* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2010, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$ 451,145,378  |
| Gross unrealized appreciation | \$ 14,229,926   |
| Gross unrealized depreciation | (30,442,058)    |
| Net unrealized depreciation   | \$ (16,212,132) |

(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) Non-income producing security.

(c) Convertible security.

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

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

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

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

| Counterparty        | Value      | Unrealized<br>Appreciation |
|---------------------|------------|----------------------------|
| Bank of America, NA | \$ 362,700 | \$ 5,292                   |

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

(i) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.

(j) Amount is less than \$1,000.

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(k) The investment is held by a wholly owned taxable subsidiary of the Fund.

(l) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.

(m) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| <b>Affiliate</b>   | <b>Shares Held at<br/>October 31,<br/>2009</b> | <b>Net<br/>Activity</b> | <b>Shares Held at<br/>April 30,<br/>2010</b> | <b>Income</b> |
|--|--|-------------------------|--|---------------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 9,320,934                                      | (658,185)               | 8,662,749 \$                                 | 2,288         |

(n) 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.

Foreign currency exchange contracts as of April 30, 2010 were as follows:

| <b>Currency<br/>Purchased</b> | <b>Currency<br/>Sold</b> | <b>Counterparty</b> | <b>Settlement<br/>Date</b> | <b>Unrealized<br/>Appreciation</b> |                     |
|-------------------------------|--------------------------|---------------------|----------------------------|------------------------------------|---------------------|
| USD66,548,101                 | EUR                      | 49,177,000          | Citibank NA                | 5/26/10                            | \$ 1,065,395        |
| USD 3,066,901                 | GBP                      | 1,980,000           | Citibank NA                | 7/28/10                            | 38,532              |
| USD18,787,022                 | GBP                      | 12,142,500          | RBS<br>Securities Inc.     | 7/28/10                            | 215,321             |
| <b>Total</b>                  |                          |                     |                            |                                    | <b>\$ 1,319,248</b> |

Credit default swaps on single-name issues sold protection outstanding as of April 30, 2010 were as follows:

| <b>Issuer</b>                        | <b>Receive<br/>Fixed<br/>Rate</b> | <b>Counter-<br/>party</b> | <b>Expiration<br/>Rating<sup>1</sup></b> | <b>Credit</b> | <b>Notional<br/>Amount<br/>(000)<sup>2</sup></b> | <b>Unrealized<br/>Depreciation</b> |
|--------------------------------------|-----------------------------------|---------------------------|--|---------------|--|------------------------------------|
| BAA Ferrovial<br>Junior Term<br>Loan | 2.00%                             | Deutsche<br>Bank AG       | March<br>2012                            | NR            | GBP 1,800  | \$ (173,967)                       |

<sup>1</sup> Using Standard & Poor's rating of the issuer.

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

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Fair Value Measurements Various inputs are used in determining the fair value of investments, 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)

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 Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of April 30, 2010 in determining the fair valuation of the Fund's investments:

### Investments in Securities

| Valuation Inputs | Level 1             | Level 2              | Level 3             | Total                |
|------------------|---------------------|----------------------|---------------------|----------------------|
| <b>Assets:</b>   |                     |                      |                     |                      |
| Long-Term        |                     |                      |                     |                      |
| Investments:     |                     |                      |                     |                      |
| Common           |                     |                      |                     |                      |
| Stocks           | \$ 247,438          | \$ 283,235           | \$ 1,379,354        | \$ 1,910,027         |
| Corporate        |                     |                      |                     |                      |
| Bonds            |                     | 72,220,406           | 90,818              | 72,311,224           |
| Floating         |                     |                      |                     |                      |
| Rate Loan        |                     |                      |                     |                      |
| Interests        |                     | 245,603,580          | 76,077,994          | 321,681,574          |
| Foreign          |                     |                      |                     |                      |
| Government       |                     |                      |                     |                      |
| Obligations      |                     | 25,093,042           |                     | 25,093,042           |
| Other            |                     |                      |                     |                      |
| Interests        |                     | 11,500               | 5,191,177           | 5,202,677            |
| Preferred        |                     |                      |                     |                      |
| Stocks           |                     |                      | 57,680              | 57,680               |
| Warrants         |                     | 8,589                | 224                 | 8,813                |
| Short-Term       |                     |                      |                     |                      |
| Securities       | 8,662,749           |                      |                     | 8,662,749            |
| <b>Total</b>     | <b>\$ 8,910,187</b> | <b>\$343,220,352</b> | <b>\$82,797,247</b> | <b>\$434,927,786</b> |



See Notes to Financial Statements.

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## Schedule of Investments (concluded)

### BlackRock Floating Rate Income Trust (BGT)

The following table summarizes the inputs used as of April 30, 2010 in determining the fair valuation of the Fund's other financial instruments:

#### Other Financial Instruments<sup>1</sup>

| Valuation Inputs | Level 1 | Level 2      | Level 3         | Total     |
|------------------|---------|--------------|-----------------|-----------|
| Assets           |         | \$ 1,324,708 | \$ 9,486 \$     | 1,334,194 |
| Liabilities      |         |              | (196,065)       | (196,065) |
| <b>Total</b>     |         | \$ 1,324,708 | \$ (186,579) \$ | 1,138,129 |

<sup>1</sup> Other financial instruments are swaps, foreign currency exchange contracts, unfunded loan commitments and options. Swaps, foreign currency exchange contracts and unfunded loan commitments are shown at the unrealized appreciation/depreciation on the instrument and options are shown at market value.

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

|  | Investments in Securities |                    |                                       |                     |                     |               | Total               |
|--|---------------------------|--------------------|---------------------------------------|---------------------|---------------------|---------------|---------------------|
|  | Common<br>Stocks          | Corporate<br>Bonds | Floating<br>Rate<br>Loan<br>Interests | Other<br>Interests  | Preferred<br>Stocks | Warrants      |                     |
|  |                           |                    |                                       |                     |                     |               |                     |
| Balance, as of October 31, 2009                                    | \$ 112,485                | \$ 288,246         | \$84,427,073                          | \$ 2,726,281        |                     | \$ 224        | \$87,554,309        |
| Accrued discounts/premiums   |                           | 113,227            | 690,268                               |                     |                     |               | 803,495             |
| Realized gain (loss)   |                           |                    | (6,804,623)                           | (2,000,875)         |                     |               | (8,805,498)         |
| Change in unrealized<br>appreciation/<br>depreciation <sup>2</sup> | 174,051                   | 74,918             | 11,686,521                            | 4,482,269           |                     |               | 16,417,759          |
| Net purchases (sales)  | 10,611                    | (385,573)          | (25,768,459)                          | (404,410)           | \$ 57,680           |               | (26,490,151)        |
| Net transfers in/out   | 1,082,207                 |                    | 11,847,214                            | 387,912             |                     |               | 13,317,333          |
| <b>Balance, as of April 30, 2010</b>                               | <b>\$ 1,379,354</b>       | <b>\$ 90,818</b>   | <b>\$76,077,994</b>                   | <b>\$ 5,191,177</b> | <b>\$ 57,680</b>    | <b>\$ 224</b> | <b>\$82,797,247</b> |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in unrealized appreciation/depreciation on securities still held at April 30, 2010 was \$5,661,500.

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

**Investments in Other  
Financial Instruments<sup>3</sup>**

|  | <b>Assets</b>   | <b>Liabilities</b>  |
|--|-----------------|---------------------|
| Balance, as of October 31, 2009                                | \$ 1,531        | \$ (461,174)        |
| Accrued discounts/premiums                                     |                 |                     |
| Realized gain (loss)   |                 |                     |
| Change in unrealized<br>appreciation/depreciation <sup>4</sup> | 7,955           | 265,109             |
| Net purchases (sales)  |                 |                     |
| Net transfers in/out   |                 |                     |
| <b>Balance, as of April 30, 2010</b>                           | <b>\$ 9,486</b> | <b>\$ (196,065)</b> |

<sup>3</sup> Other financial instruments are swaps and unfunded loan commitments.

<sup>4</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in unrealized appreciation/depreciation on securities still held at April 30, 2010 was \$273,064.

See Notes to Financial Statements.

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## Statements of Assets and Liabilities

|  | BlackRock<br>Credit<br>Allocation<br>Income<br>Trust I, Inc.<br>(PSW) | BlackRock<br>Credit<br>Allocation<br>Income<br>Trust II, Inc.<br>(PSY) | BlackRock<br>Credit<br>Allocation<br>Income<br>Trust III<br>(BPP) | BlackRock<br>Credit<br>Allocation<br>Income<br>Trust IV<br>(BTZ) | BlackRock<br>Floating<br>Rate<br>Income<br>Trust<br>(BGT) |
|--|---|--|---|--|---|
| <b>April 30, 2010 (Unaudited)</b>                              |   |  |   |  |   |
| <b>Assets</b>  |   |  |   |  |   |
|  |   |  |   |  | \$  |
| Investments at value unaffiliated <sup>1</sup>                 | \$ 149,785,695  | \$ 637,264,195   | \$ 283,783,732  | \$ 980,085,475   | 426,270,497   |
| Investments at value affiliated <sup>2</sup>                   | 124,379   | 1,817,048  | 6,947,057   | 41,474,360   | 8,662,749   |
| Unrealized appreciation on foreign currency exchange contracts |   |  |   |  | 1,319,248   |
| Unrealized appreciation on unfunded loan commitments           |   |  |   |  | 9,486   |
| Cash   |   |  |   | 10,585   |   |
| Cash pledged as collateral for financial futures contracts     | 50,000  |  | 40,000  | 850,000  |   |
| Cash pledged as collateral for swaps                           |   |  |   | 600,000  | 600,000   |
| Foreign currency at value <sup>3</sup>                         | 383   |  | 478   | 44   | 11,220,886  |
| Investments sold receivable                                    |   |  | 68,575  |  | 19,574,067  |
| Interest receivable  | 2,219,885   | 9,365,164  | 4,248,900   | 14,334,034   | 3,114,886   |
| Dividends receivable   | 20,344  | 80,916   | 33,707  | 95,076   | 355   |
| Margin variation receivable                                    | 12,375  | 18,563   | 10,969  | 205,125  |   |
| Income receivable affiliated                                   |   | 204  | 208   | 520  |   |
| Swaps receivable   |   |  |   |  | 6,426   |
| Commitment fees receivable                                     |   |  |   |  | 539   |
| Principal paydown receivable                                   |   |  |   |  | 13,916  |
| Other assets   |   | 72,794   | 52,203  | 112,664  | 100,452   |
| Prepaid expenses   | 54,878  | 86,085   | 41,606  | 119,075  | 127,541   |
| Total assets   | 152,267,939   | 648,704,969  | 295,227,435   | 1,037,886,958  | 471,021,048   |
| <b>Liabilities</b>   |   |  |   |  |   |
| Bank overdraft   |   |  |   |  | 11,921  |
| Loan payable   |   |  |   |  | 37,000,000  |
| Unrealized depreciation on swaps                               | 175,918   | 351,837  | 175,919   | 703,674  | 173,967   |
| Unrealized depreciation on unfunded loan commitments           |   |  |   |  | 22,098  |
| Reverse repurchase agreements                                  | 2,662,946   | 7,707,202  |   | 68,653,890   |   |
| Investments purchased payable                                  | 1,749,493   | 7,509,850  | 3,631,029   | 12,229,581   | 37,202,721  |
| Investment advisory fees payable                               | 76,917  | 329,225  | 162,849   | 563,764  | 218,360   |
| Income dividends payable Common Shares                         | 34,119  | 189,927  | 62,316  | 520,120  |   |
| Swaps payable  | 6,067   | 12,133   | 6,067   | 24,267   |   |
| Officer's and Directors' fees payable                          | 978   | 76,661   | 53,469  | 113,451  | 93,179  |

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|   |                       |                       |                       |                       |                    |
|---|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|
| Deferred income   |                       |                       |                       |                       | 9,486              |
| Other affiliates payable  | 888                   | 3,728                 | 1,764                 | 5,932                 | 2,513              |
| Interest payable  | 305                   | 883                   |                       | 7,867                 | 25,452             |
| Other accrued expenses payable  | 48,486                | 104,451               | 103,220               | 152,617               | 111,258            |
| Total liabilities   | 4,756,117             | 16,285,897            | 4,196,633             | 82,975,163            | 74,870,955         |
| <b>Preferred Shares at Redemption Value</b>                                       |                       |                       |                       |                       |                    |
| \$25,000 per share liquidation preference, plus unpaid dividends <sup>4,5,6</sup> | 40,259,152            | 169,091,457           | 70,427,782            | 231,045,162           | 58,812,346         |
|   |                       |                       |                       |                       | \$                 |
| <b>Net Assets Applicable to Common Shareholders</b>                               | <b>\$ 107,252,670</b> | <b>\$ 463,327,615</b> | <b>\$ 220,603,020</b> | <b>\$ 723,866,633</b> | <b>337,337,747</b> |
| <b>Net Assets Applicable to Common Shareholders</b>                               |                       |                       |                       |                       |                    |
| <b>Consist of</b>   |                       |                       |                       |                       |                    |
|   |                       |                       |                       |                       | \$                 |
| Paid-in capital <sup>4,7,8</sup>  | \$ 237,664,112        | \$ 942,700,922        | \$ 423,649,824        | \$1,138,011,175       | 427,834,152        |
| Undistributed (distributions in excess of) net investment income                  | (540,094)             | (3,493,073)           | (804,992)             | (12,201,408)          | 794,510            |
| Accumulated net realized loss   | (129,558,170)         | (462,183,032)         | (190,069,747)         | (378,722,908)         | (76,159,238)       |
| Net unrealized appreciation/depreciation  | (313,178)             | (13,697,202)          | (12,172,065)          | (23,220,226)          | (15,131,677)       |
|   |                       |                       |                       |                       | \$                 |
| <b>Net Assets Applicable to Common Shareholders</b>                               | <b>\$ 107,252,670</b> | <b>\$ 463,327,615</b> | <b>\$ 220,603,020</b> | <b>\$ 723,866,633</b> | <b>337,337,747</b> |
| Net asset value per Common Share  | \$ 10.40              | \$ 11.35              | \$ 11.95              | \$ 13.97              | \$ 14.32           |
|   |                       |                       |                       |                       | \$                 |
| <sup>1</sup> Investments at cost unaffiliated                                     | \$ 149,969,746        | \$ 650,680,840        | \$ 295,822,018        | \$1,003,236,130       | 442,441,074        |
| <sup>2</sup> Investments at cost affiliated                                       | \$ 124,379            | \$ 1,817,048          | \$ 6,947,057          | \$ 41,474,360         | \$ 8,662,749       |
| <sup>3</sup> Foreign currency at cost   | \$ 368                |                       | \$ 459                | \$ 43                 | \$ 11,312,614      |
| <sup>4</sup> Preferred and Common Shares par value per share                      | \$ 0.10               | \$ 0.10               | \$ 0.001              | \$ 0.001              | \$ 0.001           |
| <sup>5</sup> Preferred Shares outstanding   | 1,610                 | 6,761                 | 2,817                 | 9,240                 | 2,352              |
| <sup>6</sup> Preferred Shares authorized  | 5,460                 | 22,000                | unlimited             | unlimited             | unlimited          |
| <sup>7</sup> Common Shares outstanding  | 10,311,941            | 40,807,418            | 18,467,785            | 51,828,157            | 23,564,801         |
| <sup>8</sup> Common Shares authorized   | 199,994,540           | 199,978,000           | unlimited             | unlimited             | unlimited          |

See Notes to Financial Statements.

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## Statements of Operations

|  | BlackRock     | BlackRock      | BlackRock    | BlackRock     | BlackRock   |
|--|---------------|----------------|--------------|---------------|-------------|
|  | Credit        | Credit         | Credit       | Credit        | Floating    |
|  | Allocation    | Allocation     | Allocation   | Allocation    | Rate        |
|  | Income        | Income         | Income       | Income        | Income      |
|  | Trust I, Inc. | Trust II, Inc. | Trust III    | Trust IV      | Trust       |
| Six Months Ended April 30, 2010 (Unaudited)          | (PSW)         | (PSY)          | (BPP)        | (BTZ)         | (BGT)       |
| <b>Investment Income</b>                             |               |                |              |               |             |
|  |               |                |              |               | \$          |
| Interest   | \$ 2,457,577  | \$ 11,090,605  | \$ 5,397,384 | \$ 16,318,520 | 12,769,115  |
| Dividends  | 910,188       | 5,066,074      | 2,052,105    | 6,497,752     | 4,162       |
| Income affiliated                                    | 25,184        | 90,414         | 43,062       | 164,333       | 2,288       |
| Facility and other fees                              |               |                |              |               | 364,415     |
| Total income   | 3,392,949     | 16,247,093     | 7,492,551    | 22,980,605    | 13,139,980  |
| <b>Expenses</b>                                      |               |                |              |               |             |
| Investment advisory                                  | 427,527       | 1,813,388      | 907,950      | 3,104,956     | 1,515,471   |
| Commissions for Preferred Shares                     | 30,648        | 131,079        | 53,486       | 172,274       | 42,764      |
| Professional   | 26,915        | 32,741         | 29,759       | 51,418        | 103,581     |
| Transfer agent                                       | 24,517        | 65,299         | 18,638       | 19,627        | 15,137      |
| Accounting services                                  | 14,412        | 74,921         | 43,378       | 81,982        | 31,068      |
| Printing   | 6,999         | 28,589         | 40,823       | 129,371       | 35,363      |
| Officers and Directors                               | 5,512         | 27,930         | 15,304       | 40,987        | 21,979      |
| Registration   | 5,020         | 7,913          | 5,143        | 9,065         | 4,569       |
| Custodian  | 4,166         | 12,754         | 9,406        | 18,315        | 74,280      |
| Borrowing cost <sup>1</sup>                          |               |                |              |               | 208,351     |
| Miscellaneous  | 21,338        | 45,290         | 33,502       | 67,428        | 58,436      |
| Total expenses excluding interest expense            | 567,054       | 2,239,904      | 1,157,389    | 3,695,423     | 2,110,999   |
| Interest expense                                     | 5,683         | 13,855         |              | 113,838       | 165,117     |
| Total expenses                                       | 572,737       | 2,253,759      | 1,157,389    | 3,809,261     | 2,276,116   |
| Less fees waived by advisor                          | (14,257)      | (48,676)       | (22,496)     | (91,034)      | (304,457)   |
| Less fees paid indirectly                            |               |                | (3,804)      | (70)          |             |
| Total expenses after fees waived and paid indirectly | 558,480       | 2,205,083      | 1,131,089    | 3,718,157     | 1,971,659   |
| Net investment income                                | 2,834,469     | 14,042,010     | 6,361,462    | 19,262,448    | 11,168,321  |
| <b>Realized and Unrealized Gain (Loss)</b>           |               |                |              |               |             |
| Net realized gain (loss) from:                       |               |                |              |               |             |
| Investments  | (1,280,649)   | (10,839,240)   | (2,368,330)  | 20,300,392    | (9,531,475) |
| Financial futures contracts                          | 151,309       | (14,840)       | (8,662)      | 6,287,543     |             |
| Swaps  | (26,289)      | (52,578)       | (26,289)     | (105,156)     | (40,786)    |
| Foreign currency transactions                        |               |                |              |               | 6,510,307   |
| Options written                                      |               |                |              | (2,202,351)   |             |

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|  |               |               |             |               |             |
|--|---------------|---------------|-------------|---------------|-------------|
|  | (1,155,629)   | (10,906,658)  | (2,403,281) | 24,280,428    | (3,061,954) |
| Net change in unrealized appreciation/depreciation on: |               |               |             |               |             |
| Investments  | 13,591,954    | 70,500,903    | 20,614,474  | 59,030,355    | 23,567,083  |
| Financial futures contracts                            | (48,196)      | 36,435        | 22,607      | (203,337)     |             |
| Swaps  | (6,966)       | (13,933)      | (6,967)     | (27,865)      | 275,079     |
| Foreign currency transactions                          | (41)          |               | (49)        | (6)           | 2,161,128   |
| Options written  |               |               |             | (661,829)     |             |
| Unfunded loan commitments                              |               |               |             |               | 58,337      |
|  | 13,536,751    | 70,523,405    | 20,630,065  | 58,137,318    | 26,061,627  |
| Total realized and unrealized gain                     | 12,381,122    | 59,616,747    | 18,226,784  | 82,417,746    | 22,999,673  |
| <b>Dividends to Preferred Shareholders From</b>        |               |               |             |               |             |
| Net investment income                                  | (298,930)     | (1,260,733)   | (84,996)    | (1,715,794)   | (436,859)   |
| <b>Net Increase in Net Assets Applicable to Common</b> |               |               |             |               |             |
|  |               |               |             | \$            | \$          |
| <b>Shareholders Resulting from Operations</b>          | \$ 14,916,661 | \$ 72,398,024 | 24,503,250  | \$ 99,964,400 | 33,731,135  |

<sup>1</sup> See Note 8 of the Notes to the Financial Statements for details of short-term borrowings.

See Notes to Financial Statements.

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## Statements of Changes in Net Assets

|   | BlackRock Credit Allocation<br>Income Trust I, Inc. (PSW) |               | BlackRock Credit Allocation<br>Income Trust II, Inc. (PSY) |                |
|---|---|---------------|--|----------------|
|   | Six Months  | Year          | Six<br>Months  | Year           |
|   | Ended   | Ended         | Ended  | Ended          |
|   | April 30, 2010  | October 31,   | April 30, 2010   | October<br>31, |
| Increase (Decrease) in Net Assets Applicable to Common<br>Shareholders:                     | (Unaudited)   | 2009          | (Unaudited)  | 2009           |
| <b>Operations</b>   |   |               |  |                |
| Net investment income   | \$ 2,834,469  | \$ 8,880,738  | \$ 14,042,010  | \$ 45,246,551  |
| Net realized loss   | (1,155,629)   | (56,926,270)  | (10,906,658)   | (196,959,541)  |
| Net change in unrealized appreciation/depreciation  | 13,536,751  | 78,150,799    | 70,523,405   | 285,726,033    |
| Dividends to Preferred Shareholders from net investment income                              | (298,930)   | (774,824)     | (1,260,733)  | (3,570,342)    |
| Net increase in net assets applicable to Common Shareholders resulting<br>from operations   | 14,916,661  | 29,330,443    | 72,398,024   | 130,442,701    |
| <b>Dividends and Distributions to Common Shareholders From</b>                              |   |               |  |                |
| Net investment income   | (3,712,299)   | (8,498,069)   | (18,363,338)   | (45,358,157)   |
| Tax return of capital   |   | (1,345,345)   |  | (116,310)      |
| Decrease in net assets resulting from dividends and distributions<br>to Common Shareholders | (3,712,299)   | (9,843,414)   | (18,363,338)   | (45,474,467)   |
| <b>Capital Share Transactions</b>   |   |               |  |                |
| Reinvestment of common dividends  |   | 131,419       |  | 1,192,453      |
| <b>Net Assets Applicable to Common Shareholders</b>   |   |               |  |                |
| Total increase in net assets applicable to Common Shareholders                              | 11,204,362  | 19,618,448    | 54,034,686   | 86,160,687     |
| Beginning of period   | 96,048,308  | 76,429,860    | 409,292,929  | 323,132,242    |
| End of period   | \$ 107,252,670  | \$ 96,048,308 | \$ 463,327,615   | \$ 409,292,929 |
| Undistributed (distributions in excess of) net investment income                            | \$ (540,094)  | \$ 636,666    | \$ (3,493,073)   | \$ 2,088,988   |
|   | BlackRock Credit Allocation<br>Income Trust III (BPP)     |               | BlackRock Credit Allocation<br>Income Trust IV (BTZ)       |                |
|   | Six Months  | Year          | Six<br>Months  | Year           |
|   | Ended   | Ended         | Ended  | Ended          |
|   | April 30, 2010  | October 31,   | April 30, 2010   | October<br>31, |
| Increase (Decrease) in Net Assets Applicable to Common<br>Shareholders:                     | (Unaudited)   | 2009          | (Unaudited)  | 2009           |
| <b>Operations</b>   |   |               |  |                |
| Net investment income   | \$ 6,361,462  | \$ 20,010,967 | \$ 19,262,448  | \$ 51,505,911  |
| Net realized gain (loss)  | (2,403,281)   | (116,393,404) | 24,280,428   | (247,029,147)  |
| Net change in unrealized appreciation/depreciation  | 20,630,065  | 160,906,851   | 58,137,318   | 378,816,964    |
|   | (84,996)  | (577,861)     | (1,715,794)  | (3,828,948)    |



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Dividends and distributions to Preferred Shareholders from net investment income

Net increase in net assets applicable to Common Shareholders

|                           |            |            |            |             |
|---------------------------|------------|------------|------------|-------------|
| resulting from operations | 24,503,250 | 63,946,553 | 99,964,400 | 179,464,780 |
|---------------------------|------------|------------|------------|-------------|

### Dividends and Distributions to Common Shareholders From

|                       |             |              |              |              |
|-----------------------|-------------|--------------|--------------|--------------|
| Net investment income | (8,033,486) | (17,461,459) | (31,096,894) | (48,398,817) |
|-----------------------|-------------|--------------|--------------|--------------|

|                       |  |             |  |              |
|-----------------------|--|-------------|--|--------------|
| Tax return of capital |  | (4,250,036) |  | (24,678,883) |
|-----------------------|--|-------------|--|--------------|

Decrease in net assets resulting from dividends and distributions

|                        |             |              |              |              |
|------------------------|-------------|--------------|--------------|--------------|
| to Common Shareholders | (8,033,486) | (21,711,495) | (31,096,894) | (73,077,700) |
|------------------------|-------------|--------------|--------------|--------------|

### Capital Share Transactions

|                                  |  |         |  |  |
|----------------------------------|--|---------|--|--|
| Reinvestment of common dividends |  | 587,363 |  |  |
|----------------------------------|--|---------|--|--|

### Net Assets Applicable to Common Shareholders

|  |            |            |            |             |
|--|------------|------------|------------|-------------|
| Total increase in net assets applicable to Common Shareholders | 16,469,764 | 42,822,421 | 68,867,506 | 106,387,080 |
|--|------------|------------|------------|-------------|

|                     |             |             |             |             |
|---------------------|-------------|-------------|-------------|-------------|
| Beginning of period | 204,133,256 | 161,310,835 | 654,999,127 | 548,612,047 |
|---------------------|-------------|-------------|-------------|-------------|

|               |                |                |                |                |
|---------------|----------------|----------------|----------------|----------------|
| End of period | \$ 220,603,020 | \$ 204,133,256 | \$ 723,866,633 | \$ 654,999,127 |
|---------------|----------------|----------------|----------------|----------------|

\$

|  |              |            |              |              |
|--|--------------|------------|--------------|--------------|
| Undistributed (distributions in excess of) net investment income | \$ (804,992) | \$ 952,028 | (12,201,408) | \$ 1,348,832 |
|--|--------------|------------|--------------|--------------|

See Notes to Financial Statements.

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## Statements of Changes in Net Assets (concluded)

|  | BlackRock  |                                      |
|--|--|--------------------------------------|
|  | Floating Rate Income Trust (BGT)                     |                                      |
|  | Six Months<br>Ended<br>April 30, 2010<br>(Unaudited) | Year<br>Ended<br>October 31,<br>2009 |
| <b>Increase (Decrease) in Net Assets Applicable to Common Shareholders:</b>              |  |                                      |
| <b>Operations</b>  |  |                                      |
| Net investment income  | \$ 11,168,321  | \$ 23,060,864                        |
| Net realized loss  | (3,061,954)  | (48,386,859)                         |
| Net change in unrealized appreciation/depreciation                                       | 26,061,627   | 112,537,512                          |
| Dividends to Preferred Shareholders from net investment income                           | (436,859)  | (971,243)                            |
| Net increase in net assets applicable to Common Shareholders resulting from operations   | 33,731,135   | 86,240,274                           |
| <b>Dividends and Distributions to Common Shareholders From</b>                           |  |                                      |
| Net investment income  | (9,539,342)  | (27,963,106)                         |
| Tax return of capital  |  | (9,994,857)                          |
| Decrease in net assets resulting from dividends and distributions to Common Shareholders | (9,539,342)  | (37,957,963)                         |
| <b>Capital Share Transactions</b>  |  |                                      |
| Reinvestment of common dividends   | 273,755  |                                      |
| <b>Net Assets Applicable to Common Shareholders</b>                                      |  |                                      |
| Total increase in net assets applicable to Common Shareholders                           | 24,465,548   | 48,282,311                           |
| Beginning of period  | 312,872,199  | 264,589,888                          |
| End of period  | \$ 337,337,747                                       | 312,872,199                          |
| Undistributed (distributions in excess of) net investment income                         | \$ 794,510   | \$ (397,610)                         |

See Notes to Financial Statements.

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## Statement of Cash Flows

|  | Six Months<br>Ended<br>April 30, 2010<br>(Unaudited) |
|--|--|
| <b>BlackRock Floating Rate Income Trust (BGT)</b>  |  |
| <b>Cash Used for Operating Activities</b>  |  |
| Net increase in net assets resulting from operations, excluding dividends to Preferred Shareholders                      | \$ 34,167,994  |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash used for operating activities: |  |
| Decrease in interest receivable  | 16,946   |
| Decrease in swap receivable  | 467  |
| Increase in commitment fees receivable   | (539)  |
| Decrease in other assets   | 24,202   |
| Increase in dividends receivable   | (355)  |
| Decrease in income receivable - affiliated   | 341  |
| Increase in investment advisory fees payable   | 12,141   |
| Decrease in interest expense payable   | (15,374)   |
| Increase in other affiliates payable   | 289  |
| Decrease in accrued expenses payable   | (73,794)   |
| Decrease in swaps payable  | (4,317)  |
| Decrease in other liabilities  | (845,950)  |
| Increase in Officer and Directors payable  | 14,303   |
| Net periodic and termination payments of swaps   | 35,386   |
| Realized and unrealized gain - net   | (16,317,203)   |
| Amortization of premium and discount on investments  | (1,948,886)  |
| Paid-in-kind income  | (256,753)  |
| Proceeds from sales and paydowns of long-term investments  | 205,141,042  |
| Purchases and payups of long-term investments  | (232,120,335)  |
| Net proceeds from sales of short-term securities   | 658,185  |
| Cash used for operating activities   | (11,512,210)   |
| <b>Cash Provided by Financing Activities</b>   |  |
| Cash receipts from borrowings  | 166,000,000  |
| Cash payments from borrowings  | (143,000,000)  |
| Cash dividends paid to Common Shareholders   | (9,316,700)  |
| Cash dividends paid to Preferred Shareholders  | (436,548)  |
| Increase in bank overdraft   | 11,921   |
| Cash provided by financing activities  | 13,258,673   |
| <b>Cash Impact from Foreign Exchange Fluctuations</b>  |  |
| Cash impact from foreign exchange fluctuations   | (42,879)   |
| <b>Cash</b>  |  |
| Net increase in cash   | 1,703,584  |

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|   |               |
|---|---------------|
| Cash at beginning of period   | 9,517,302     |
| Cash at end of period   | \$ 11,220,886 |
| <b>Cash Flow Information</b>  |               |
| Cash paid for interest  | \$ 180,491    |
| <b>Noncash Financing Activities</b>                                     |               |
| Capital shares issued in reinvestment of dividends paid to shareholders | \$ 273,755    |

A Statement of Cash Flows is presented when a Fund had a significant amount of borrowing during the period, based on the average borrowing outstanding in relation to total assets.

See Notes to Financial Statements.

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## Financial Highlights

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

|  | Six Months<br>Ended |                   | Year Ended October<br>31, |                   |                   |            |
|--|---------------------|-------------------|---------------------------|-------------------|-------------------|------------|
|  | April 30, 2010      | 2009              | 2008                      | 2007              | 2006              | 2005       |
|  | (Unaudited)         |                   |                           |                   |                   |            |
| <b>Per Share Operating Performance</b>   |                     |                   |                           |                   |                   |            |
| Net asset value, beginning of period   | \$ 9.31             | \$ 7.43           | \$ 19.54                  | \$ 22.25          | \$ 22.36          | \$ 23.69   |
| Net investment income  | 0.27 <sup>1</sup>   | 0.86 <sup>1</sup> | 1.70 <sup>1</sup>         | 2.01 <sup>1</sup> | 2.14 <sup>1</sup> | 2.16       |
| Net realized and unrealized gain (loss)  | 1.21                | 2.06              | (12.06)                   | (2.41)            | 0.07              | (1.09)     |
| Dividends to Preferred Shareholders from net investment income                                   | (0.03)              | (0.08)            | (0.48)                    | (0.71)            | (0.63)            | (0.40)     |
| Net increase (decrease) from investment operations   | 1.45                | 2.84              | (10.84)                   | (1.11)            | 1.58              | 0.67       |
| Dividends and distributions to Common Shareholders from:   |                     |                   |                           |                   |                   |            |
| Net investment income  | (0.36) <sup>2</sup> | (0.83)            | (1.22)                    | (1.18)            | (1.69)            | (2.00)     |
| Tax return of capital  |                     | (0.13)            | (0.05)                    | (0.42)            |                   |            |
| Total dividends and distributions  | (0.36)              | (0.96)            | (1.27)                    | (1.60)            | (1.69)            | (2.00)     |
| Net asset value, end of period   | \$ 10.40            | \$ 9.31           | \$ 7.43                   | \$ 19.54          | \$ 22.25          | \$ 22.36   |
| Market price, end of period  | \$ 9.32             | \$ 8.24           | \$ 7.00                   | \$ 17.29          | \$ 21.26          | \$ 21.03   |
| <b>Total Investment Return<sup>3</sup></b>   |                     |                   |                           |                   |                   |            |
| Based on net asset value   | 16.40% <sup>4</sup> | 46.46%            | (58.09)%                  | (5.03)%           | 7.97%             | 3.25%      |
| Based on market price  | 17.86% <sup>4</sup> | 37.59%            | (55.38)%                  | (12.05)%          | 9.69%             | 0.73%      |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>                            |                     |                   |                           |                   |                   |            |
| Total expenses <sup>5</sup>  | 1.15% <sup>6</sup>  | 1.61%             | 2.00%                     | 1.32%             | 1.29%             | 1.26%      |
| Total expenses after fees waived and paid indirectly <sup>5</sup>                                | 1.12% <sup>6</sup>  | 1.59%             | 2.00%                     | 1.32%             | 1.29%             | 1.26%      |
| Total expenses after fees waived and paid indirectly and excluding interest expense <sup>5</sup> | 1.11% <sup>6</sup>  | 1.44%             | 1.48%                     | 1.29%             | 1.29%             | 1.26%      |
| Net investment income <sup>5</sup>   | 5.67% <sup>6</sup>  | 12.45%            | 10.79%                    | 9.38%             | 9.70%             | 9.23%      |
| Dividends to Preferred Shareholders  | 0.60% <sup>6</sup>  | 1.09%             | 3.03%                     | 3.29%             | 2.84%             | 1.71%      |
| Net investment income to Common Shareholders   | 5.07% <sup>6</sup>  | 11.36%            | 7.76%                     | 6.09%             | 6.86%             | 7.52%      |
| <b>Supplemental Data</b>   |                     |                   |                           |                   |                   |            |
| Net assets applicable to Common Shareholders, end of period (000)                                | \$ 107,253          | \$ 96,048         | \$ 76,430                 | \$ 201,155        | \$ 228,734        | \$ 229,850 |
| Preferred Shares outstanding at \$25,000 liquidation preference,                                 |                     |                   |                           |                   |                   |            |
| end of period (000)  | \$ 40,250           | \$ 40,250         | \$ 68,250                 | \$ 136,500        | \$ 136,500        | \$ 136,500 |
| Borrowings outstanding, end of period (000)  | \$ 2,663            | \$ 4,972          | \$ 4,024                  | \$ 590            |                   |            |
| Average borrowings outstanding, during the period (000)  | \$ 2,442            | \$ 5,321          | \$ 25,692                 | \$ 2,690          |                   |            |
| Portfolio turnover   | 28%                 | 36%               | 119%                      | 88%               | 19%               | 25%        |
| Asset coverage per Preferred Share at \$25,000 liquidation preference,                           |                     |                   |                           |                   |                   |            |

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|               |           |           |           |           |           |           |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|
| end of period | \$ 91,622 | \$ 84,663 | \$ 53,009 | \$ 61,846 | \$ 66,907 | \$ 67,115 |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> A portion of the dividends from net investment income may be deemed a tax return of capital or net realized gain at fiscal year end.

<sup>3</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns.

Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Do not reflect the effect of dividends to Preferred Shareholders.

<sup>6</sup> Annualized.

See Notes to Financial Statements.

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## Financial Highlights

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

|  | Six Months          |                     | Year Ended October |            |            |            |
|--|---------------------|---------------------|--------------------|------------|------------|------------|
|  | Ended               |                     | 31,                |            |            |            |
|  | April 30, 2010      | 2009                | 2008               | 2007       | 2006       | 2005       |
|  | (Unaudited)         |                     |                    |            |            |            |
| <b>Per Share Operating Performance</b>   |                     |                     |                    |            |            |            |
| Net asset value, beginning of period   | \$ 10.03            | \$ 7.96             | \$ 19.93           | \$ 22.36   | \$ 22.26   | \$ 23.48   |
| Net investment income <sup>1</sup>   | 0.34                | 1.11                | 1.73               | 2.02       | 2.03       | 2.09       |
| Net realized and unrealized gain (loss)  | 1.46                | 2.17                | (11.84)            | (2.35)     | 0.32       | (0.91)     |
| Dividends to Preferred Shareholders  |                     |                     |                    |            |            |            |
| from net investment income   | (0.03)              | (0.09)              | (0.49)             | (0.73)     | (0.65)     | (0.40)     |
| Net increase (decrease) from investment operations   | 1.77                | 3.19                | (10.60)            | (1.06)     | 1.70       | 0.78       |
| Dividends and distributions to Common Shareholders from:   |                     |                     |                    |            |            |            |
| Net investment income  | (0.45) <sup>2</sup> | (1.12)              | (1.15)             | (1.16)     | (1.51)     | (2.00)     |
| Tax return of capital  |                     | (0.00) <sup>3</sup> | (0.22)             | (0.21)     | (0.09)     |            |
| Total dividends and distributions  | (0.45)              | (1.12)              | (1.37)             | (1.37)     | (1.60)     | (2.00)     |
| Net asset value, end of period   | \$ 11.35            | \$ 10.03            | \$ 7.96            | \$ 19.93   | \$ 22.36   | \$ 22.26   |
| Market price, end of period  | \$ 10.35            | \$ 8.90             | \$ 8.10            | \$ 16.94   | \$ 20.12   | \$ 21.20   |
| <b>Total Investment Return<sup>4</sup></b>   |                     |                     |                    |            |            |            |
| Based on net asset value   | 18.47% <sup>5</sup> | 48.36%              | (55.71)%           | (4.35)%    | 8.77%      | 3.73%      |
| Based on market price  | 21.75% <sup>5</sup> | 29.37%              | (46.97)%           | (9.65)%    | 2.77%      | 1.43%      |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>                            |                     |                     |                    |            |            |            |
| <b>Shareholders</b>  |                     |                     |                    |            |            |            |
| Total expenses <sup>6</sup>  | 1.05% <sup>7</sup>  | 1.41%               | 1.90%              | 1.27%      | 1.23%      | 1.20%      |
| Total expenses after fees waived and paid indirectly <sup>6</sup>                                | 1.03% <sup>7</sup>  | 1.41%               | 1.90%              | 1.27%      | 1.23%      | 1.20%      |
| Total expenses after fees waived and paid indirectly and excluding interest expense <sup>6</sup> | 1.02% <sup>7</sup>  | 1.33%               | 1.40%              | 1.23%      | 1.23%      | 1.20%      |
| Net investment income <sup>6</sup>   | 6.53% <sup>7</sup>  | 15.05%              | 10.71%             | 9.29%      | 9.26%      | 8.96%      |
| Dividends to Preferred Shareholders  | 0.59% <sup>7</sup>  | 1.19%               | 3.04%              | 3.34%      | 2.96%      | 1.73%      |
| Net investment income to Common Shareholders   | 5.94% <sup>7</sup>  | 13.86%              | 7.67%              | 5.95%      | 6.30%      | 7.23%      |
| <b>Supplemental Data</b>   |                     |                     |                    |            |            |            |
| Net assets applicable to Common Shareholders, end of period (000)                                | \$ 463,328          | \$ 409,293          | \$ 323,132         | \$ 809,411 | \$ 907,897 | \$ 903,601 |
| Preferred Shares outstanding at \$25,000 liquidation preference,                                 |                     |                     |                    |            |            |            |
| end of period (000)  | \$ 169,025          | \$ 169,025          | \$ 275,000         | \$ 550,000 | \$ 550,000 | \$ 550,000 |
| Borrowings outstanding, end of period (000)  | \$ 7,707            | \$ 9,511            | \$ 54,369          |            |            |            |
| Average borrowings outstanding, during the period (000)  | \$ 5,817            | \$ 15,842           | \$ 94,908          | \$ 14,375  |            |            |
| Portfolio turnover   | 37%                 | 16%                 | 120%               | 81%        | 18%        | 28%        |

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Asset coverage per Preferred Share at \$25,000 liquidation preference,

|               |           |           |           |           |           |           |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|
| end of period | \$ 93,539 | \$ 85,547 | \$ 54,408 | \$ 61,817 | \$ 66,294 | \$ 66,077 |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> A portion of the dividends from net investment income may be deemed a tax return of capital or net realized gain at fiscal year end.

<sup>3</sup> Amount is less than \$(0.01) per share.

<sup>4</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns.

Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>5</sup> Aggregate total investment return.

<sup>6</sup> Do not reflect the effect of dividends to Preferred Shareholders.

<sup>7</sup> Annualized.

See Notes to Financial Statements.

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## Financial Highlights

BlackRock Credit Allocation Income  
Trust III (BPP)

|   | Period  |   |   |          |  |          |          |
|---|---|---|---|----------|--|----------|----------|
|   | Six Months<br>Ended<br>April 30,<br>2010<br>(Unaudited) | Year<br>Ended<br>October<br>31,<br>2009 | January 1,<br>2008 to<br>October<br>31,<br>2008 | 2007     | Year Ended<br>December 31,<br>2006 2005 2004 |          |          |
| <b>Per Share Operating Performance</b>                                |   |   |   |          |  |          |          |
| Net asset value, beginning of period                                  | \$ 11.05  | \$ 8.77                                 | \$ 19.47  | \$ 24.52 | \$ 24.43                                     | \$ 25.88 | \$ 25.58 |
| Net investment income   | 0.34 <sup>1</sup>                                       | 1.09 <sup>1</sup>                       | 1.48 <sup>1</sup>                               | 2.05     | 2.05   | 2.11     | 2.22     |
| Net realized and unrealized gain (loss)                               | 1.00  | 2.40                                    | (10.74)   | (4.72)   | 0.62   | (0.82)   | 0.33     |
| Dividends and distributions to Preferred Shareholders from:           |   |   |   |          |  |          |          |
| Net investment income   | (0.00) <sup>2</sup>                                     | (0.03)                                  | (0.31)  | (0.62)   | (0.46)                                       | (0.26)   | (0.16)   |
| Net realized gain   |   |   |   |          | (0.12)                                       | (0.13)   | (0.02)   |
| Net increase (decrease) from investment operations                    | 1.34  | 3.46                                    | (9.57)  | (3.29)   | 2.09   | 0.90     | 2.37     |
| Dividends and distributions to Common Shareholders from:              |   |   |   |          |  |          |          |
| Net investment income   | (0.44) <sup>3</sup>                                     | (0.95)                                  | (0.83)  | (1.59)   | (1.58)                                       | (1.74)   | (2.00)   |
| Net realized gain   |   |   |   | (0.02)   | (0.42)                                       | (0.61)   | (0.07)   |
| Tax return of capital   |   | (0.23)                                  | (0.30)  | (0.15)   |  |          |          |
| Total dividends and distributions                                     | (0.44)  | (1.18)                                  | (1.13)  | (1.76)   | (2.00)                                       | (2.35)   | (2.07)   |
| Net asset value, end of period  | \$ 11.95  | \$ 11.05                                | \$ 8.77   | \$ 19.47 | \$ 24.52                                     | \$ 24.43 | \$ 25.88 |
| Market price, end of period   | \$ 10.78  | \$ 9.94                                 | \$ 8.51   | \$ 17.31 | \$ 26.31                                     | \$ 24.20 | \$ 25.39 |
| <b>Total Investment Return<sup>4</sup></b>                            |   |   |   |          |  |          |          |
| Based on net asset value  | 12.74% <sup>5</sup>                                     | 47.16%                                  | (51.22)% <sup>5</sup>                           | (13.86)% | 8.89%  | 3.81%    | 10.15%   |
| Based on market price   | 13.05% <sup>5</sup>                                     | 36.42%                                  | (46.76)% <sup>5</sup>                           | (28.62)% | 17.98%                                       | 4.83%    | 11.01%   |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b> |   |   |   |          |  |          |          |
| Total expenses <sup>6</sup>   | 1.11% <sup>7</sup>                                      | 1.66%                                   | 1.96% <sup>7</sup>                              | 1.46%    | 1.62%  | 1.51%    | 1.44%    |
| Total expenses after fees waived and before fees                      |   |   |   |          |  |          |          |
| paid indirectly <sup>6</sup>  | 1.09% <sup>7</sup>                                      | 1.64%                                   | 1.96% <sup>7</sup>                              | 1.45%    | 1.62%  | 1.51%    | 1.44%    |
| Total expenses after fees waived and paid indirectly <sup>6</sup>     | 1.08% <sup>7</sup>                                      | 1.64%                                   | 1.96% <sup>7</sup>                              | 1.45%    | 1.62%  | 1.51%    | 1.44%    |
| Total expenses after fees waived and paid indirectly                  |   |   |   |          |  |          |          |
| and excluding interest expense <sup>6</sup>                           | 1.08% <sup>7</sup>                                      | 1.39%                                   | 1.39% <sup>7</sup>                              | 1.24%    | 1.25%  | 1.22%    | 1.19%    |
| Net investment income <sup>6</sup>                                    | 6.09% <sup>7</sup>                                      | 13.08%                                  | 10.53% <sup>7</sup>                             | 8.90%    | 8.46%  | 8.37%    | 8.66%    |
| Dividends to Preferred Shareholders                                   | 0.08% <sup>7</sup>                                      | 0.38%                                   | 2.19% <sup>7</sup>                              | 2.70%    | 1.89%  | 1.27%    | 0.62%    |
| Net investment income to Common Shareholders                          | 6.01% <sup>7</sup>                                      | 12.70%                                  | 8.34% <sup>7</sup>                              | 6.20%    | 6.58%  | 7.10%    | 8.04%    |
| <b>Supplemental Data</b>  |   |   |   |          |  |          |          |

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Net assets applicable to Common Shareholders,

|   |            |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|------------|
| end of period (000)                                     | \$ 220,603 | \$ 204,133 | \$ 161,311 | \$ 358,017 | \$ 449,995 | \$ 447,190 | \$ 473,809 |
| Preferred Shares outstanding at \$25,000                |            |            |            |            |            |            |            |
| liquidation preference, end of period (000)             | \$ 70,425  | \$ 70,425  | \$ 110,400 | \$ 220,800 | \$ 220,800 | \$ 220,800 | \$ 220,800 |
| Borrowings outstanding, end of period (000)             |            | \$ 13,235  | \$ 44,281  |            |            |            |            |
| Average borrowings outstanding, during the period (000) | \$ 145     | \$ 16,330  | \$ 51,995  | \$ 903     | \$ 1,303   | \$ 2,904   | \$ 782     |
| Portfolio turnover                                      | 31%        | 16%        | 121%       | 97%        | 91%        | 77%        | 88%        |
| Asset coverage per Preferred Share at \$25,000          |            |            |            |            |            |            |            |
| liquidation preference, end of period                   | \$ 103,312 | \$ 97,465  | \$ 61,540  | \$ 65,554  | \$ 75,965  | \$ 75,642  | \$ 78,650  |

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> Amount is less than \$(0.01) per share.

<sup>3</sup> A portion of the dividends from net investment income may be deemed a tax return of capital or net realized gain at fiscal year end.

<sup>4</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns.

Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>5</sup> Aggregate total investment return.

<sup>6</sup> Do not reflect the effect of dividends to Preferred Shareholders.

<sup>7</sup> Annualized.

See Notes to Financial Statements.

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## Financial Highlights

## BlackRock Credit Allocation Income Trust IV (BTZ)

|  | Six Months          |                   | Period               |                       |
|--|---------------------|-------------------|----------------------|-----------------------|
|  | Ended               |                   | December 27,         |                       |
|  |                     |                   | 2006 <sup>1</sup> to |                       |
|  |                     |                   | Year Ended           |                       |
|  | April 30, 2010      |                   | October 31,          | October 31,           |
|  | (Unaudited)         | 2009              | 2008                 | 2007                  |
| <b>Per Share Operating Performance</b>   |                     |                   |                      |                       |
| Net asset value, beginning of period   | \$ 12.64            | \$ 10.59          | \$ 21.39             | \$ 23.88 <sup>2</sup> |
| Net investment income  | 0.37 <sup>3</sup>   | 0.99 <sup>3</sup> | 1.33 <sup>3</sup>    | 1.25                  |
| Net realized and unrealized gain (loss)  | 1.59                | 2.54              | (10.06)              | (1.86)                |
| Dividends to Preferred Shareholders from net investment income                                   | (0.03)              | (0.07)            | (0.33)               | (0.31)                |
| Net increase (decrease) from investment operations   | 1.93                | 3.46              | (9.06)               | (0.92)                |
| Dividends and distributions to Common Shareholders from:   |                     |                   |                      |                       |
| Net investment income  | (0.60) <sup>4</sup> | (0.93)            | (0.90)               | (0.93)                |
| Tax return of capital  |                     | (0.48)            | (0.84)               | (0.47)                |
| Total dividends and distributions  | (0.60)              | (1.41)            | (1.74)               | (1.40)                |
| Capital charge with respect to issuance of:  |                     |                   |                      |                       |
| Common Shares  |                     |                   |                      | (0.04)                |
| Preferred Shares   |                     |                   |                      | (0.13)                |
| Total capital charges  |                     |                   |                      | (0.17)                |
| Net asset value, end of period   | \$ 13.97            | \$ 12.64          | \$ 10.59             | \$ 21.39              |
| Market price, end of period  | \$ 12.59            | \$ 10.96          | \$ 9.36              | \$ 18.65              |
| <b>Total Investment Return<sup>5</sup></b>   |                     |                   |                      |                       |
| Based on net asset value   | 16.29% <sup>6</sup> | 41.06%            | (44.27)%             | (4.42)% <sup>6</sup>  |
| Based on market price  | 20.86% <sup>6</sup> | 38.38%            | (43.51)%             | (20.34)% <sup>6</sup> |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>                            |                     |                   |                      |                       |
| Total expenses <sup>7</sup>  | 1.12% <sup>8</sup>  | 1.60%             | 1.65%                | 1.90% <sup>8</sup>    |
| Total expenses after fees waived and paid indirectly <sup>7</sup>                                | 1.10% <sup>8</sup>  | 1.58%             | 1.65%                | 1.88% <sup>8</sup>    |
| Total expenses after fees waived and paid indirectly and excluding interest expense <sup>7</sup> | 1.06% <sup>8</sup>  | 1.24%             | 1.21%                | 1.04% <sup>8</sup>    |
| Net investment income <sup>7</sup>   | 5.69% <sup>8</sup>  | 9.93%             | 7.63%                | 6.50% <sup>8</sup>    |
| Dividends to Preferred Shareholders  | 0.51% <sup>8</sup>  | 0.74%             | 1.89%                | 1.64% <sup>8</sup>    |
| Net investment income to Common Shareholders   | 5.18% <sup>8</sup>  | 9.19%             | 5.74%                | 4.86% <sup>8</sup>    |
| <b>Supplemental Data</b>   |                     |                   |                      |                       |
| Net assets applicable to Common Shareholders, end of period (000)                                | \$ 723,867          | \$ 654,999        | \$ 548,612           | \$ 1,108,534          |
| Preferred Shares outstanding at \$25,000 liquidation preference, end of period (000)             | \$ 231,000          | \$ 231,000        | \$ 231,000           | \$ 462,000            |
| Borrowings outstanding, end of period (000)  | \$ 68,654           | \$ 61,576         | \$ 223,512           | \$ 88,291             |
| Average borrowings outstanding, during the period (000)  | \$ 47,478           | \$ 76,521         | \$ 107,377           | \$ 96,468             |
| Portfolio turnover   | 30%                 | 30%               | 126%                 | 35%                   |

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|  |            |           |           |           |
|--|------------|-----------|-----------|-----------|
| Asset coverage per Preferred Share at \$25,000 liquidation preference, end of period | \$ 103,345 | \$ 95,892 | \$ 84,384 | \$ 89,737 |
|--|------------|-----------|-----------|-----------|

<sup>1</sup> Commencement of operations.

<sup>2</sup> Net asset value, beginning of period, reflects a deduction of \$1.12 per share sales charge from initial offering price of \$25.00 per share.

<sup>3</sup> Based on average shares outstanding.

<sup>4</sup> A portion of the dividends from net investment income may be deemed a tax return of capital or net realized gain at fiscal year end.

<sup>5</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns.

Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>6</sup> Aggregate total investment return.

<sup>7</sup> Do not reflect the effect of dividends to Preferred Shareholders.

<sup>8</sup> Annualized.

See Notes to Financial Statements.

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## Financial Highlights

BlackRock Floating Rate Income Trust  
(BGT)

|  | Six Months<br>Ended<br>April 30, | Year<br>Ended<br>October<br>31, | Period<br>January 1,<br>2008 to<br>October<br>31, | Year Ended December<br>31, |          |                     | Period<br>August 30,<br>2004 <sup>1</sup> to<br>December<br>31, |
|--|----------------------------------|---------------------------------|---|----------------------------|----------|---------------------|---|
|  | 2010<br>(Unaudited)              | 2009                            | 2008  | 2007                       | 2006     | 2005                | 2004  |
| <b>Per Share Operating Performance</b>   |                                  |                                 |   |                            |          |                     |   |
| Net asset value, beginning of period   | \$ 13.29                         | \$ 11.24                        | \$ 17.71  | \$ 19.11                   | \$ 19.13 | \$ 19.21            | \$ 19.10 <sup>2</sup>   |
| Net investment income  | 0.47 <sup>3</sup>                | 0.98 <sup>3</sup>               | 1.42 <sup>3</sup>                                 | 2.03                       | 1.99     | 1.64                | 0.33  |
| Net realized and unrealized gain (loss)  | 0.99                             | 2.72                            | (6.62)  | (1.39)                     | (0.06)   | (0.17)              | 0.35  |
| Dividends and distributions to Preferred Shareholders from:                                      |                                  |                                 |   |                            |          |                     |   |
| Net investment income  | (0.02)                           | (0.04)                          | (0.24)  | (0.54)                     | (0.48)   | (0.33)              | (0.04)  |
| Net realized gain  |                                  |                                 |   |                            | (0.01)   | (0.00) <sup>4</sup> |   |
| Net increase (decrease) from investment operations   | 1.44                             | 3.66                            | (5.44)  | 0.10                       | 1.44     | 1.14                | 0.64  |
| Dividends and distributions to Common Shareholders from:   |                                  |                                 |   |                            |          |                     |   |
| Net investment income  | (0.41)                           | (1.19)                          | (1.03)  | (1.14)                     | (1.44)   | (1.22)              | (0.37)  |
| Net realized gain  |                                  |                                 |   |                            | (0.02)   | (0.00) <sup>4</sup> |   |
| Tax return of capital  |                                  | (0.42)                          |   | (0.36)                     |          |                     |   |
| Total dividends and distributions  | (0.41)                           | (1.61)                          | (1.03)  | (1.50)                     | (1.46)   | (1.22)              | (0.37)  |
| Capital charges with respect to issuance of:   |                                  |                                 |   |                            |          |                     |   |
| Common Shares  |                                  |                                 |   |                            |          |                     | (0.04)  |
| Preferred Shares   |                                  |                                 |   |                            |          |                     | (0.12)  |
| Total capital charges  |                                  |                                 |   |                            |          |                     | (0.16)  |
| Net asset value, end of period   | \$ 14.32                         | \$ 13.29                        | \$ 11.24  | \$ 17.71                   | \$ 19.11 | \$ 19.13            | \$ 19.21  |
| Market price, end of period  | \$ 15.00                         | \$ 12.58                        | \$ 9.63   | \$ 15.78                   | \$ 19.27 | \$ 17.16            | \$ 18.63  |
| <b>Total Investment Return<sup>5</sup></b>   |                                  |                                 |   |                            |          |                     |   |
| Based on net asset value   | 10.90% <sup>6</sup>              | 39.51%                          | (31.62)% <sup>6</sup>                             | 0.98%                      | 7.93%    | 6.63%               | 2.57% <sup>6</sup>  |
| Based on market price  | 22.72% <sup>6</sup>              | 54.14%                          | (34.24)% <sup>6</sup>                             | (10.92)%                   | 21.31%   | (1.34)%             | (5.00)% <sup>6</sup>  |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>                            |                                  |                                 |   |                            |          |                     |   |
| Total expenses <sup>7</sup>  | 1.41% <sup>8</sup>               | 1.96%                           | 2.22% <sup>8</sup>                                | 1.67%                      | 1.75%    | 1.56%               | 1.26% <sup>8</sup>  |
| Total expenses after fees waived and paid indirectly <sup>7</sup>                                | 1.22% <sup>8</sup>               | 1.68%                           | 1.89% <sup>8</sup>                                | 1.33%                      | 1.43%    | 1.23%               | 0.97% <sup>8</sup>  |
| Total expenses after fees waived and paid indirectly and excluding interest expense <sup>7</sup> | 1.12% <sup>8</sup>               | 1.24%                           | 1.21% <sup>8</sup>                                | 1.16%                      | 1.19%    | 1.15%               | 0.97% <sup>8</sup>  |

## Edgar Filing: BLACKROCK CREDIT ALLOCATION INCOME TRUST II - Form N-CSRS

|  |                    |       |                     |        |        |       |                    |
|--|--------------------|-------|---------------------|--------|--------|-------|--------------------|
| Net investment income <sup>7</sup>           | 6.91% <sup>8</sup> | 8.92% | 10.56% <sup>8</sup> | 10.83% | 10.38% | 8.52% | 5.04% <sup>8</sup> |
| Dividends to Preferred Shareholders          | 0.27% <sup>8</sup> | 0.38% | 1.75% <sup>8</sup>  | 2.88%  | 2.51%  | 1.71% | 0.62% <sup>8</sup> |
| Net investment income to Common Shareholders | 6.64% <sup>8</sup> | 8.54% | 8.81% <sup>8</sup>  | 7.95%  | 7.87%  | 6.81% | 4.42% <sup>8</sup> |

### Supplemental Data

|   |            |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|------------|
| Net assets applicable to Common Shareholders,<br>end of period (000)                    | \$ 337,338 | \$ 312,872 | \$ 264,590 | \$ 417,086 | \$ 449,065 | \$ 449,219 | \$ 451,126 |
| Preferred Shares outstanding at \$25,000<br>liquidation preference, end of period (000) | \$ 58,800  | \$ 58,800  | \$ 58,800  | \$ 243,450 | \$ 243,450 | \$ 243,450 | \$ 243,450 |
| Borrowings outstanding, end of period (000)   | \$ 37,000  | \$ 14,000  | \$ 123,150 |            | \$ 26,108  |            |            |
| Average borrowings outstanding during the<br>period (000)                               | \$ 22,264  | \$ 53,156  | \$ 71,780  | \$ 10,524  | \$ 19,562  | \$ 10,722  | \$ 114     |
| Portfolio turnover  | 52%        | 42%        | 25%        | 41%        | 50%        | 46%        | 11%        |
| Asset coverage per Preferred Share at \$25,000<br>liquidation preference, end of period | \$ 168,431 | \$ 158,029 | \$ 137,505 | \$ 67,849  | \$ 73,810  | \$ 71,139  | \$ 71,330  |

<sup>1</sup> Commencement of operations. This information includes the initial investment by BlackRock Funding, Inc.

<sup>2</sup> Net asset value, beginning of period, reflects a deduction of \$0.90 per share sales charge from initial offering price of \$20.00 per share.

<sup>3</sup> Based on average shares outstanding.

<sup>4</sup> Amount is less than \$(0.01) per share.

<sup>5</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns.

Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>6</sup> Aggregate total investment return.

<sup>7</sup> Do not reflect the effect of dividends to Preferred Shareholders.

<sup>8</sup> Annualized.

See Notes to Financial Statements.

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## Notes to Financial Statements (Unaudited)

### 1. Organization and Significant Accounting Policies:

BlackRock Credit Allocation Income Trust I, Inc. (formerly BlackRock Preferred and Corporate Income Strategies Fund, Inc.) ( PSW ) and BlackRock Credit Allocation Income Trust II, Inc. (formerly BlackRock Preferred Income Strategies Fund, Inc.) ( PSY ) are registered as diversified, closed-end management investment companies under the Investment Company Act of 1940, as amended (the 1940 Act ). BlackRock Credit Allocation Income Trust III (formerly BlackRock Preferred Opportunity Trust) ( BPP ), BlackRock Credit Allocation Income Trust IV (formerly BlackRock Preferred and Equity Advantage Trust) ( BTZ ) and BlackRock Floating Rate Income Trust (formerly BlackRock Global Floating Rate Income Trust) ( BGT ) are registered as non-diversified, closed-end management investment companies under the 1940 Act. PSW and PSY are organized as Maryland corporations. BPP, BTZ and BGT are organized as Delaware statutory trusts. PSW, PSY, BPP, BTZ and BGT are collectively referred to as the Funds or individually as the Fund. The Funds financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ( US GAAP ), which may require the use of management accruals and estimates. Actual results may differ from these estimates. The Board of Directors and Board of Trustees of the Funds, as applicable, are referred to throughout this report as the Board of Directors or the Board. The Funds determine and make available for publication the net asset values of their Common Shares on a daily basis.

The following is a summary of significant accounting policies followed by the Funds:

Valuation: The Funds policy is to value their financial investments at market value using independent dealers or pricing services selected under the supervision of the Board. The Funds value their bond investments on the basis of last available bid prices or current market quotations provided by dealers or pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more brokers or dealers as obtained from a pricing service. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures based on valuation technology commonly employed in the market for such investments. Financial futures contracts traded on exchanges are valued at their last sale price. Swap agreements are valued utilizing quotes received daily by the Funds pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows and trades and values of the underlying reference instruments. Investments in open-end investment companies are valued at net asset value each business day. Short-term securities with remaining maturities of 60 days or less may be value at amortized cost,

which approximates fair value.

Securities and other assets and liabilities denominated in foreign currencies are translated into US dollars using exchange rates determined as of the close of business on the New York Stock Exchange ( NYSE ). Foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of business on the NYSE.

Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.

Equity investments traded on a recognized securities exchange or the NASDAQ Global Market System are valued at the last reported sale price that day or the NASDAQ official closing price, if applicable. For equity investments traded on more than one exchange, the last reported sale price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day are valued at the last available bid (long positions) or ask (short positions) price. If no bid or ask price is available, the prior day's price will be used, unless it is determined that such prior day's price no longer reflects the fair value of the security.

Exchange-traded options are valued at the mean between the last bid and ask prices at the close of the options market in which the options trade. An exchange-traded option for which there is no mean price is valued at the last bid (long positions) or ask (short positions) price. If no bid or ask price is available, the prior day's price will be used, unless it is determined that the prior day's price no longer reflects the fair value of the option. Over-the-counter ( OTC ) options and swaptions are valued by an independent pricing service using a mathematical model which incorporates a number of market data factors, such as the trades and prices of the underlying instruments.

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment or is not available, the investment will be valued by a method approved by the Funds' Board as reflecting fair value ( Fair Value Assets ). When determining the price for Fair Value Assets, the investment advisor and/or the sub-advisor seeks to determine the price that the Funds might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of business on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of business on the NYSE that may not be reflected in the computation of the Fund's net assets. If events (for example, a company announcement, market volatility or a nat-



ural disaster) occur during such periods that are expected to materially affect the value of such instruments, those instruments may be Fair Value Assets and be valued at their fair value, as determined in good faith by the Board or by the investment advisor using a pricing service and/or procedures approved by the Board.

Foreign Currency Transactions: The Funds' books and records are maintained in US dollars. Foreign currency amounts are translated into US dollars as follows: (i) market value of investment securities, assets and liabilities at the current rate of exchange; and (ii) purchases and sales of investment securities, income and expenses at the rates of exchange prevailing on the respective dates of such transactions. Generally, when the

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## Notes to Financial Statements (continued)

US dollar rises in value against foreign currency, the Funds' investments denominated in that currency will lose value because its currency is worth fewer US dollars; the opposite effect occurs if the US dollar falls in relative value.

The Funds report foreign currency related transactions as components of realized gain (loss) for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

**Capital Trusts and Trust Preferreds:** These securities are typically issued by corporations, generally in the form of interest-bearing notes with preferred securities characteristics, or by an affiliated business trust of a corporation, generally in the form of beneficial interests in subordinated debentures or similarly structured securities. The securities can be structured as either fixed or adjustable coupon securities that can have either a perpetual or stated maturity date. Dividends can be deferred without creating an event of default or acceleration, although maturity cannot take place unless all cumulative payment obligations have been met. The deferral of payments does not affect the purchase or sale of these securities in the open market. Payments on these securities are treated as interest rather than dividends for federal income tax purposes. These securities can have a rating that is slightly below that of the issuing company's senior debt securities.

**Preferred Stock:** Certain Funds may invest in preferred stocks. Preferred stock has a preference over common stock in liquidation (and generally in receiving dividends as well) but is subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

**Floating Rate Loans:** The Funds may invest in floating rate loan interests that are issued to companies (the borrower) by banks, other financial institutions, and privately and publicly offered corporations (the lender). Floating rate loan interests are generally non-investment grade, often involve borrowers whose financial condition is troubled or uncertain and companies that are highly leveraged. The Funds may invest in obligations of borrowers who are in bankruptcy proceedings. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the issuer. Floating rate loan interests generally pay interest at rates that

are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally the lending rate offered by one or more European banks, such as LIBOR (London Interbank Offered Rate), the prime rate offered by one or more US banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. The Funds consider these investments to be investments in debt securities for purposes of their investment policies.

When the Funds buy a floating rate loan interest it may receive a facility fee and when it sells a floating rate loan interest it may pay a facility fee. On an ongoing basis, the Funds may receive a commitment fee based on the undrawn portion of the underlying line of credit amount of a floating rate loan interest. The Funds earn and/or pay facility and other fees on floating rate loan interests, which are shown as facility and other fees in the Statements of Operations. Facility and commitment fees are typically amortized to income over the term of the loan or term of the commitment, respectively. Consent and amendment fees are recorded to income as earned. Prepayment penalty fees, which may be received by the Funds upon the prepayment of a floating rate loan interest by a borrower, are recorded as realized gains. The Funds may invest in multiple series or tranches of a loan. A different series or tranche may have varying terms and carry different associated risks.

Floating rate loan interests are usually freely callable at the issuer's option. The Funds may invest in such loans in the form of participations in loans ( Participations ) and assignments of all or a portion of loans from third parties. Participations typically will result in the Funds having a contractual relationship only with the lender, not with the borrower. The Funds will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing Participations, the Funds generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of offset against the borrower, and the Funds may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, the Funds will assume the credit risk of both the borrower and the lender that is selling the Participation. The Funds' investment in loan participation interests involves the risk of insolvency of the financial intermediaries who are parties to the transactions. In the event of the insolvency of the lender selling the Participation, the Funds may be treated as a general creditor of the lender and may not benefit from any offset between the lender and the borrower.

Reverse Repurchase Agreements: The Funds may enter into reverse repurchase agreements with qualified third party broker-dealers. In a reverse repurchase agreement, the Funds sell securities to a bank or broker-dealer and agrees to repurchase the same securities at a mutually agreed upon date and price. Certain agreements have no stated maturity and can be terminated by either party at any time. Interest on the value of the reverse repurchase agreements issued and outstanding is based upon

competitive market rates determined at the time of issuance. The Funds may utilize reverse repurchase agreements when it is anticipated that the interest income to be earned from the investment of the proceeds of the transaction is greater than the interest expense of the transaction. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Funds are obligated to repurchase under the agreement may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Funds' use of the proceeds of the agreement may be restricted while the other party, or its trustee or receiver, determines whether or not to enforce the Funds' obligation to repurchase the securities.

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## Notes to Financial Statements (continued)

**Defensive Positions:** Each of PSW, PSY, BPP and BTZ may vary their investment policies for temporary defensive purposes during periods in which the investment advisor believes that conditions in the securities markets or other economic, financial or political conditions warrant. Under such conditions, the Funds for temporary defensive purposes may invest up to 100% of its total assets in, as applicable and described in each Fund's prospectus, U.S. government securities, certificates of deposit, repurchase agreements that involve purchases of debt securities, bankers' acceptances and other bank obligations, commercial paper, money market funds and/or other debt securities deemed by the investment advisor to be consistent with a defensive posture, or may hold its assets in cash.

**Zero-Coupon Bonds:** The Fund may invest in zero-coupon bonds, which are normally issued at a significant discount from face value and do not provide for periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide for regular interest payments.

**Segregation and Collateralization:** In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Funds either deliver collateral or segregate assets in connection with certain investments (e.g., financial futures contracts, foreign currency exchange contracts and swaps), or certain borrowings (e.g., reverse repurchase agreements and loan payable) the Funds will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or designate on its books and records cash or other liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit securities as collateral for certain investments.

**Investment Transactions and Investment Income:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Funds have determined the ex-dividend date. Under the applicable foreign tax laws, a withholding tax at various rates may be imposed on capital gains, dividends and interest. Upon notification from issuers, some of the dividend income received from a real estate investment trust may be redesignated as a reduction of cost of the related investment and/or realized gain. Interest income, including amortization of premium and accretion of discount on debt securities, is recognized on the accrual basis.

**Dividends and Distributions:** Dividends from net investment income are

declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. If the total dividends and distributions made in any tax year exceeds net investment income and accumulated realized capital gains, a portion of the total distribution may be treated as a tax return of capital. The amount and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP.

**Income Taxes:** It is each Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies ( RIC ) and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

BGT has a wholly owned taxable subsidiary organized as a limited liability company (the Taxable Subsidiary ), which holds one of the investments listed in the Schedule of Investments. The Taxable Subsidiary allows the Fund to indirectly hold an investment that is organized as an operating partnership while still satisfying RIC tax requirements. Income earned on the investment held by the Taxable Subsidiary is taxable to such subsidiary. The income tax expense, if any, of the Taxable Subsidiary is reflected in the market value of the investment held by the Taxable Subsidiary.

Each Fund files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on PSW's and PSY's US federal tax returns remains open for the four years ended October 31, 2009. The statute of limitations on BPP's and BGT's US federal tax returns remains open for the two years ended December 31, 2007, the period ended October 31, 2008 and year ended October 31, 2009. The statute of limitations on BTZ's US Federal tax returns remains open for the two years ended October 31, 2009 and the period ended October 31, 2007. The statutes of limitations on the Funds state and local tax returns may remain open for an additional year depending upon the jurisdiction. There are no uncertain tax positions that require recognition of a tax liability.

**Recent Accounting Standard:** In January 2010, the Financial Accounting Standards Board issued amended guidance to improve disclosure about fair value measurements, which will require additional disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). It also clarifies existing disclosure requirements relating to the levels of disaggregation for fair value measurement and inputs and valuation techniques used to measure fair value. The amended guidance is effective for financial statements for fiscal years beginning after December 15, 2009, and interim periods within those fiscal years, except for disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. The impact of this guidance on the Fund's financial statements

and disclosures is currently being assessed.

Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan: Under the deferred compensation plan approved by each Fund's Board, non-interested Directors ( Independent Directors ) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of other certain BlackRock Closed-End Funds selected by the Independent Directors. This has approximately the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in other certain BlackRock Closed-End Funds.

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## Notes to Financial Statements (continued)

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Fund. Each Fund may, however, elect to invest in common shares of other certain BlackRock Closed-End Funds selected by the Independent Directors in order to match its deferred compensation obligations. Investments to cover each Fund's deferred compensation liability, if any, are included in other assets in the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in income affiliated in the Statements of Operations.

Other: Expenses directly related to a Fund are charged to the Fund. Other operating expenses shared by several funds are pro rated among those funds on the basis of relative net assets or other appropriate methods. The Funds have an arrangement with the custodian whereby fees may be reduced by credits earned on uninvested cash balances, which if applicable are shown as fees paid indirectly in the Statements of Operations. The custodian imposes fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

### 2. Derivative Financial Instruments:

The Funds may engage in various portfolio investment strategies both to increase the returns of the Funds and to economically hedge, or protect, their exposure to certain risks such as credit risk, equity risk, interest rate risk and foreign currency exchange rate risk. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying instrument or if the counterparty does not perform under the contract. The Funds may mitigate counterparty risk through master netting agreements included within an International Swap and Derivatives Association, Inc. ( ISDA ) Master Agreement between a Fund and separately each of its counterparties. The ISDA Master Agreement allows each Fund to offset with its counterparty certain derivative financial instruments payables and/or receivables with collateral held with each separate counterparty. The amount of collateral moved to/from applicable counterparties is based upon minimum transfer amounts of up to \$500,000. To the extent amounts due to the Funds from their counterparties are not fully collateralized, contractually or otherwise, the Funds bear the risk of loss from counterparty non-performance. See Note 1 Segregation and Collateralization for information with respect to collateral practices. In addition, the Fund manages counterparty risk by entering into agreements only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

The Fund's maximum risk of loss from counterparty credit risk on OTC derivatives is generally the aggregate unrealized gain in excess of any collateral pledged by the counterparty to the Fund. For OTC options purchased, the Fund bears the risk of loss in the amount of the premiums paid and change in market value of the options should the counterparty



not perform under the contracts. Options written by the Fund do not give rise to counterparty credit risk, as options written obligate the Fund to perform and not the counterparty. Certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Fund's net assets decline by a stated percentage or the Fund fails to meet the terms of its ISDA Master Agreements, which would cause the Fund to accelerate payment of any net liability owed to

the counterparty. Counterparty risk related to exchange-traded financial futures contracts and options is minimal because of the protection against defaults provided by the exchange on which they trade.

**Financial Futures Contracts:** The Funds may purchase or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in interest rates (interest rate risk) or foreign currencies (foreign currency exchange rate risk). Financial futures contracts are contracts for delayed delivery of securities or currencies at a specific future date and at a specific price or yield. Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as margin variation and are recognized by the Funds as unrealized gains or losses. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of financial futures transactions involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest or foreign currency exchange rates and the underlying assets.

**Foreign Currency Exchange Contracts:** The Funds may enter into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to gain exposure to foreign currencies (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when used by the Funds, help to manage the overall exposure to the currency backing some of the investments held by the Funds. The contract is marked-to-market daily and the change in market value is recorded by the Funds as an unrealized gain or loss. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed. The use of foreign currency exchange contracts involves the risk that counterparties may not meet the terms of the agreement or unfavorable movements in the value of a foreign currency relative to the US dollar.

**Options:** The Funds may purchase and write call and put options to increase or decrease its exposure to underlying instruments (equity risk) and/or, in the case of options written, to generate gains from options premiums. A call option gives the purchaser of the option the right (but not the obligation) to buy, and obligates the seller to sell (when the option is exercised), the underlying instrument at the exercise price at any time or at

a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying instrument at the exercise price at any time or at a specified time during the option period. When the Funds purchase (writes) an option, an amount equal to the premium paid (received) by the Funds is reflected as an asset (liability). The amount of the asset (liability) is subsequently marked-to-market to reflect the current market value of the option purchased (written). When an instrument is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the instrument acquired or deducted from (or added to) the proceeds of the instrument sold. When an option expires (or the Funds enter into a closing

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## Notes to Financial Statements (continued)

transaction), the Funds realize a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium received or paid). When the Funds write a call option, such option is covered, meaning that the Funds hold the underlying instrument subject to being called by the option counterparty, or cash in an amount sufficient to cover the obligation. When the Funds write a put option, such option is covered by cash in an amount sufficient to cover the obligation.

In purchasing and writing options, the Fund bears the risk of an unfavorable change in the value of the underlying instrument or the risk that the Fund may not be able to enter into a closing transaction due to an illiquid market. Exercise of an option written could result in the Fund purchasing or selling a security at a price different from the current market value. The Fund may execute transactions in both listed and OTC options.

**Swaps:** The Funds may enter into swap agreements, in which the Funds and a counterparty agree to make periodic net payments on a specified notional amount. These periodic payments received or made by the Funds are recorded in the Statements of Operations as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities and amortized over the term of the swap. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). When the swap is terminated, the Funds will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Funds' basis in the contract, if any. Generally, the basis of the contracts is the premium received or paid. Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Statements of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

**Credit default swaps** The Funds may enter into credit default swaps to manage their exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which it is not otherwise exposed (credit risk). The Funds enter into credit default agreements to provide a measure of protection against the default of an issuer (as buyer protection) and/or gain credit exposure to an issuer to which it is not otherwise exposed (as seller of protection). The Funds may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single name issuers or traded indexes. Credit default swaps on single-name issuers are agreements in which the buyer pays fixed peri-

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odic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a negative credit event take place (e.g., bankruptcy, failure to pay, obligation accelerators, repudiation, moratorium or restructuring). Credit default swaps on traded indexes are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a write-down, principal or interest shortfall or default of all or individual underlying securities included in the index occurs. As a buyer, if an underlying credit event occurs, the Funds will either receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising of an index or receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising of an index. As a seller (writer), if an underlying credit event occurs, the Funds will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising of an index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising of an index.

**Derivatives Categorized by Risk**

**Exposure:**

**Fair Values of Derivative Instruments as of April 30, 2010**

| <b>Asset Derivatives</b>            |   |            |            |            |            |             |
|-------------------------------------|---|------------|------------|------------|------------|-------------|
|                                     | <b>Statements of Assets<br/>and Liabilities Location</b>          | <b>PSW</b> | <b>PSY</b> | <b>BPP</b> | <b>BTZ</b> | <b>BGT</b>  |
| Foreign currency exchange contracts | Unrealized appreciation on foreign<br>currency exchange contracts |            |            |            |            | \$1,319,248 |
| Interest rate contracts*            | Net unrealized<br>appreciation/depreciation                       | \$ 46,776  | \$ 71,280  | \$ 42,120  | \$ 634,102 |             |
| Equity contracts                    | Investments at value - unaffiliated                               |            |            |            |            | 5,460       |
| <b>Total</b>                        |   | \$ 46,776  | \$ 71,280  | \$ 42,120  | \$ 634,102 | \$1,324,708 |

| <b>Liability Derivatives</b> |  |            |            |            |            |            |
|------------------------------|--|------------|------------|------------|------------|------------|
|                              | <b>Statements of Assets<br/>and Liabilities Location</b> | <b>PSW</b> | <b>PSY</b> | <b>BPP</b> | <b>BTZ</b> | <b>BGT</b> |
| Credit contracts             | Unrealized depreciation on swaps                         | \$ 175,918 | \$ 351,837 | \$ 175,919 | \$ 703,674 | \$ 173,967 |

\* Includes cumulative unrealized appreciation/depreciation of financial futures contracts as reported in the Schedules of Investments. Only the current day's margin variation is reported within the Statements of Assets and Liabilities.



## Notes to Financial Statements (continued)

## The Effect of Derivative Instruments on the Statements of Operations

The Effect of Derivative Instruments on the Statements of Operations  
Six Months Ended April 30, 2010

| Net Realized Gain (Loss) From                                |                   |                    |                    |                     |                     |
|--|-------------------|--------------------|--------------------|---------------------|---------------------|
|  | PSW               | PSY                | BPP                | BTZ                 | BGT                 |
| Interest rate contracts:                                     |                   |                    |                    |                     |                     |
| Financial futures contracts                                  | \$ 151,309        | \$ (14,840)        | \$ (8,662)         | \$ 1,179,920        |                     |
| Options*   |                   |                    | (17,338)           | (42,018)            |                     |
| Foreign currency exchange contracts:                         |                   |                    |                    |                     |                     |
| Foreign currency transactions                                |                   |                    |                    |                     | \$ 6,409,739        |
| Credit contracts:  |                   |                    |                    |                     |                     |
| Swaps  | (26,289)          | (52,578)           | (26,289)           | (105,156)           | (40,786)            |
| Equity contracts:  |                   |                    |                    |                     |                     |
| Financial futures contracts                                  |                   |                    |                    | 5,107,623           |                     |
| Options  |                   |                    |                    | (2,202,351)         |                     |
| <b>Total</b>   | <b>\$ 125,020</b> | <b>\$ (67,418)</b> | <b>\$ (52,289)</b> | <b>\$ 3,938,018</b> | <b>\$ 6,368,953</b> |
| <b>Net Change in Unrealized Appreciation/Depreciation on</b> |                   |                    |                    |                     |                     |

|                                      | PSW                | PSY              | BPP              | BTZ                 | BGT                 |
|--------------------------------------|--------------------|------------------|------------------|---------------------|---------------------|
| Interest rate contracts:             |                    |                  |                  |                     |                     |
| Financial futures contracts          | \$ (48,196)        | \$ 36,435        | \$ 22,607        | \$ (348,772)        |                     |
| Foreign currency exchange contracts: |                    |                  |                  |                     |                     |
| Foreign currency transactions        |                    |                  |                  |                     | \$ 1,970,211        |
| Credit contracts:                    |                    |                  |                  |                     |                     |
| Swaps                                | (6,966)            | (13,933)         | (6,967)          | (27,865)            | 275,079             |
| Equity contracts:                    |                    |                  |                  |                     |                     |
| Financial futures contracts          |                    |                  |                  | 145,435             |                     |
| Options*                             |                    |                  |                  | (661,829)           | (650)               |
| <b>Total</b>                         | <b>\$ (55,162)</b> | <b>\$ 22,502</b> | <b>\$ 15,640</b> | <b>\$ (893,031)</b> | <b>\$ 2,244,640</b> |

\* Includes options purchased which are shown in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments.

For the six months ended April 30, 2010, the average quarterly balance of outstanding derivative financial instruments was as follows:

|   | PSW          | PSY          | BPP       | BTZ           | BGT |
|---|--------------|--------------|-----------|---------------|-----|
| Financial futures contracts:                  |              |              |           |               |     |
| Average number of contracts purchased         | 48           | 23           | 13        | 824           |     |
| Average notional value of contracts purchased | \$ 9,719,872 | \$ 2,656,567 | 1,534,270 | \$ 71,911,180 |     |
| Foreign currency exchange contracts:          |              |              |           |               |     |



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|     |       |
|-----|-------|
| PSW | 0.60% |
| PSY | 0.60% |
| BPP | 0.65% |
| BTZ | 0.65% |
| BGT | 0.75% |

The Manager has voluntarily agreed to waive a portion of the investment advisory fees or other expenses on BGT as a percentage of its average weekly net assets as follows: 0.15% for the period September 1, 2009 to

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## Notes to Financial Statements (continued)

August 31, 2010, 0.10% for the period September 1, 2010 to August 31, 2011 and 0.05% for the period September 1, 2011 to August 31, 2012. For the six months ended April 30, 2010, the Manager waived \$303,094, which is included in fees waived by advisor in the Statements of Operations.

The Manager has voluntarily agreed to waive its advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds, which are shown as fees waived by advisor in the Statements of Operations. For the six months ended April 30, 2010, the amounts waived were as follows:

|     |          |
|-----|----------|
| PSW | \$14,257 |
| PSY | \$48,676 |
| BPP | \$22,496 |
| BTZ | \$91,034 |
| BGT | \$ 1,363 |

The Manager has entered into a separate sub-advisory agreement with BlackRock Financial Management, Inc. ( BFM ), an affiliate of the Manager. The Manager pays BFM for services it provides, a monthly fee that is a percentage of the investment advisory fees paid by each Fund to the Manager.

For the six months ended April 30, 2010, the Funds reimbursed the Manager for certain accounting services, which are included in accounting services in the Statements of Operations. The reimbursements were as follows:

|     | <b>Accounting<br/>Services</b> |
|-----|--------------------------------|
| PSW | \$1,413                        |
| PSY | \$5,980                        |
| BPP | \$2,763                        |
| BTZ | \$8,925                        |
| BGT | \$3,834                        |

Certain officers and/or directors of the Funds are officers and/or directors of BlackRock or its affiliates. The Funds reimburse the Manager for compensation paid to the Funds Chief Compliance Officer.

#### 4. Investments:

Purchases and sales of investments including paydowns, excluding short-

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term securities and US government securities for the six months ended April 30, 2010, were as follows:

|     | <b>Purchases</b> | <b>Sales</b>   |
|-----|------------------|----------------|
| PSW | \$ 87,203,044    | \$ 29,967,351  |
| PSY | \$ 354,987,135   | \$ 175,962,970 |
| BPP | \$ 161,179,639   | \$ 67,898,742  |
| BTZ | \$ 486,228,429   | \$ 214,649,244 |
| BGT | \$ 234,074,818   | \$ 218,100,549 |

Purchases and sales of US government securities for the six months ended April 30, 2010, were as follows:

|     | <b>Purchases</b> | <b>Sales</b> |
|-----|------------------|--------------|
| BTZ | \$ 74,355,769    |              |

Transactions in call options written for the six months ended April 30, 2010, were as follows:

|  | <b>BTZ</b>       | <b>Premiums</b> |
|--|------------------|-----------------|
| <b>Call Options Written</b>                      | <b>Contracts</b> | <b>Received</b> |
| Outstanding options written, beginning of period | 400              | \$ 828,039      |
| Options written                                  | 3,040            | 5,516,038       |
| Options closed                                   | (2,654)          | (4,834,709)     |
| Options expired                                  | (786)            | (1,509,368)     |
| Outstanding options written, end of period       | -                | \$              |

### 5. Commitments:

BGT invests in floating rate loans. In connection with these investments, the Fund may also enter into unfunded corporate loans ( commitments ). Commitments may obligate the Fund to furnish temporary financing to a borrower until permanent financing can be arranged. In connection with these commitments, the Fund earns a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is classified in the Statements of Operations as facility and other fees, is recognized ratably over the commitment period. As of April 30, 2010, the Fund had the following unfunded loan commitments:

| <b>Unfunded</b> | <b>Value of</b><br><b>Underlying</b> |
|-----------------|--------------------------------------|
|-----------------|--------------------------------------|

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| <b>Borrower</b> | <b>Commitment</b> | <b>Loans</b> |
|-----------------|-------------------|--------------|
| Cloverhill      | \$517,857         | \$527,343    |
| Delphi          | \$368,293         | \$346,195    |

### 6. Concentration, Market and Credit Risk:

PSW, PSY, BPP and BTZ invest a significant portion of its assets in securities in the financials sector and BGT invests a significant portion of its assets in the consumer discretionary sector. Changes in economic conditions affecting the financials and media sectors would have a greater impact on the Funds and could affect the value, income and/or liquidity of positions in such securities.

In the normal course of business, the Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to credit risk, the Funds may be exposed to counterparty risk, or the risk that an entity with which the Funds have unsettled or open transactions may default. The Funds manage counterparty risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to credit and counterparty risks, consist principally of investments and cash due from counterparties. The extent of the Funds' exposure to credit and counterparty risks with respect to these financial assets is

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## Notes to Financial Statements (continued)

generally approximated by their value recorded in the Funds' Statements of Assets and Liabilities, less any collateral held by the Funds.

### 7. Capital Share Transactions:

PSW and PSY are authorized to issue 200 million of \$0.10 par value shares, all of which were initially classified as Common Shares. Each Board is authorized, however, to reclassify any unissued shares without approval of Common Shareholders. There are an unlimited number of \$0.001 par value shares authorized for BPP, BTZ and BGT.

#### Common Shares

As of April 30, 2010, the shares owned by an affiliate of the Manager of the Funds were as follows:

|     | <b>Shares</b> |
|-----|---------------|
| PSW | 7,978         |
| PSY | 8,299         |
| BTZ | 4,817         |
| BGT | 8,239         |

Shares issued and outstanding during the six months ended April 30, 2010 and the year ended October 31, 2009 increased by the following amounts as a result of dividend reinvestment:

|     | <b>Six Months</b> |                    |
|-----|-------------------|--------------------|
|     | <b>Ended</b>      | <b>Year Ended</b>  |
|     | <b>April 30,</b>  | <b>October 31,</b> |
|     | <b>2010</b>       | <b>2009</b>        |
| PSW | -                 | 20,060             |
| PSY | -                 | 200,878            |
| BPP | -                 | 76,154             |
| BGT | 19,562            |                    |

Shares issued and outstanding for the six months ended April 30, 2010 and the year ended October 31, 2009 remained constant for BTZ.

#### Preferred Shares

The Preferred Shares are redeemable at the option of each Fund, in whole or in part, on any dividend payment date at their liquidation preference per share plus any accumulated and unpaid dividends whether or not

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declared. The Preferred Shares are also subject to mandatory redemption at their liquidation preference plus any accumulated and unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of a Fund, as set forth in each Fund's Articles Supplementary (the "Governing Instrument") are not satisfied.

From time to time in the future, each Fund may effect repurchases of its Preferred Shares at prices below their liquidation preference as agreed upon by the Fund and seller. Each Fund also may redeem its Preferred Shares from time to time as provided in the applicable Governing Instrument. Each Fund intends to effect such redemptions and/or repurchases to the extent necessary to maintain applicable asset coverage requirements or for such other reasons as the Board may determine.

The holders of Preferred Shares have voting rights equal to the holders of Common Shares (one vote per share) and will vote together with holders of Common Shares (one vote per share) as a single class. However, the holders of Preferred Shares, voting as a separate class, are also entitled to elect two Directors for each Fund. In addition, the 1940 Act requires that along with approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding Preferred Shares, voting separately as a class would be required to (a) adopt any plan of reorganization that would adversely affect the Preferred Shares, (b) change a Fund's sub-classification as a closed-end investment company or change its fundamental investment restrictions or (c) change its business so as to cease to be an investment company.

The Funds had the following series of Preferred Shares outstanding, effective yields and reset frequency as of April 30, 2010:

|     |        | Preferred | Effective | Reset     |
|-----|--------|-----------|-----------|-----------|
|     | Series | Shares    | Yield     | Frequency |
|     |        |           |           | Days      |
| PSW | M7     | 805       | 1.51%     | 7         |
|     | T7     | 805       | 1.51%     | 7         |
| PSY | M7     | 861       | 1.51%     | 7         |
|     | T7     | 861       | 1.51%     | 7         |
|     | W7     | 861       | 1.51%     | 7         |
|     | TH7    | 861       | 1.51%     | 7         |
|     | F7     | 861       | 1.51%     | 7         |
|     | W28    | 1,228     | 1.51%     | 28        |
|     | TH28   | 1,228     | 1.51%     | 28        |
| BPP | T7     | 939       | 0.36%     | 7         |
|     | W7     | 939       | 0.36%     | 7         |
|     | R7     | 939       | 0.36%     | 7         |
| BTZ | T7     | 2,310     | 1.51%     | 7         |
|     | W7     | 2,310     | 1.51%     | 7         |

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|     |    |       |       |   |
|-----|----|-------|-------|---|
|     | R7 | 2,310 | 1.52% | 7 |
|     | F7 | 2,310 | 1.52% | 7 |
| BGT | T7 | 784   | 1.51% | 7 |
|     | W7 | 784   | 1.51% | 7 |
|     | R7 | 784   | 1.52% | 7 |

Dividends on seven-day and 28-day Preferred Shares are cumulative at a rate which is reset every seven or 28 days, respectively, based on the results of an auction. If the Preferred Shares fail to clear the auction on an auction date, each Fund is required to pay the maximum applicable rate on the Preferred Shares to holders of such shares for successive dividend periods until such time as the shares are successfully auctioned. The maximum applicable rate on the Preferred Shares is as follows: for PSW, PSY and BGT, the higher of 125% times or 1.25% plus the Telerate/BBA LIBOR rate; or BPP 150% of the interest equivalent of the 30-day commercial paper rate and for BTZ, the higher of 150% times or 1.25% plus the

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## Notes to Financial Statements (continued)

Telerate/BBA IBOR rate. The low, high and average dividend rates for the six months ended April 30, 2010, were as follows:

|     | <b>Series</b> | <b>Low</b> | <b>High</b> | <b>Average</b> |
|-----|---------------|------------|-------------|----------------|
| PSW | M7            | 1.46%      | 1.51%       | 1.47%          |
|     | T7            | 1.46%      | 1.51%       | 1.47%          |
| PSY | M7            | 1.46%      | 1.51%       | 1.47%          |
|     | T7            | 1.46%      | 1.51%       | 1.47%          |
|     | W7            | 1.46%      | 1.51%       | 1.47%          |
|     | TH7           | 1.46%      | 1.52%       | 1.52%          |
|     | F7            | 1.47%      | 1.52%       | 1.47%          |
|     | W28           | 1.48%      | 1.50%       | 1.49%          |
| BPP | TH28          | 1.48%      | 1.51%       | 1.49%          |
|     | T7            | 0.15%      | 0.35%       | 0.25%          |
|     | W7            | 0.15%      | 0.38%       | 0.24%          |
|     | R7            | 0.15%      | 0.35%       | 0.24%          |
| BTZ | T7            | 1.46%      | 1.51%       | 1.47%          |
|     | W7            | 1.46%      | 1.51%       | 1.47%          |
|     | R7            | 1.46%      | 1.52%       | 1.47%          |
|     | F7            | 1.46%      | 1.52%       | 1.47%          |
| BGT | T7            | 1.46%      | 1.51%       | 1.47%          |
|     | W7            | 1.46%      | 1.51%       | 1.47%          |
|     | R7            | 1.46%      | 1.51%       | 1.47%          |

Since February 13, 2008, the Preferred Shares of the Funds failed to clear any of their auctions. As a result, the Preferred Shares dividend rates were reset to the maximum applicable rate, which ranged from 1.46% to 1.52% for the six months ended April 30, 2010. A failed auction is not an event of default for the Funds but it has a negative impact on the liquidity of Preferred Shares. A failed auction occurs when there are more sellers of a fund's auction rate preferred shares than buyers. It is impossible to predict how long this imbalance will last. A successful auction for the Funds Preferred Shares may not occur for some time, if ever, and even if liquidity does resume, holders of the Preferred Shares may not have the ability to sell the Preferred Shares at their liquidation preference.

The Funds may not declare dividends or make other distributions on Common Shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Preferred Shares is less than 200%.

During the year ended October 31, 2009 the Funds announced the following redemptions, as of the date indicated, of Preferred Shares at a price of

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\$25,000 per share plus any accrued and unpaid dividends through the redemption dates:

**March 26, 2009**

|     |               | <b>Redemption</b> | <b>Shares</b>   | <b>Aggregate</b> |
|-----|---------------|-------------------|-----------------|------------------|
|     | <b>Series</b> | <b>Date</b>       | <b>Redeemed</b> | <b>Principle</b> |
| PSY | M7            | 4/14/09           | 107             | \$2,675,000      |
|     | T7            | 4/15/09           | 107             | \$2,675,000      |
|     | W7            | 4/16/09           | 107             | \$2,675,000      |
|     | TH7           | 4/13/09           | 107             | \$2,675,000      |
|     | F7            | 4/13/09           | 107             | \$2,675,000      |
|     | W28           | 5/07/09           | 153             | \$3,825,000      |
|     | TH28          | 4/24/09           | 153             | \$3,825,000      |
|     | BPP           | T7                | 4/15/09         | 267              |
| W7  |               | 4/16/09           | 267             | \$6,675,000      |
| R7  |               | 4/17/09           | 267             | \$6,675,000      |

**February 24, 2009**

|     |               | <b>Redemption</b> | <b>Shares</b>   | <b>Aggregate</b> |
|-----|---------------|-------------------|-----------------|------------------|
|     | <b>Series</b> | <b>Date</b>       | <b>Redeemed</b> | <b>Principle</b> |
| PSY | M7            | 3/17/09           | 160             | \$4,000,000      |
|     | T7            | 3/18/09           | 160             | \$4,000,000      |
| PSY | M7            | 3/17/09           | 203             | \$5,075,000      |
|     | T7            | 3/18/09           | 203             | \$5,075,000      |
|     | W7            | 3/19/09           | 203             | \$5,075,000      |
|     | TH7           | 3/13/09           | 203             | \$5,075,000      |
|     | F7            | 3/16/09           | 203             | \$5,075,000      |
|     | W28           | 4/09/09           | 292             | \$7,300,000      |
|     | TH28          | 3/27/09           | 292             | \$7,300,000      |

**November 25, 2008**

|     |               | <b>Redemption</b> | <b>Shares</b>   | <b>Aggregate</b> |
|-----|---------------|-------------------|-----------------|------------------|
|     | <b>Series</b> | <b>Date</b>       | <b>Redeemed</b> | <b>Principle</b> |
| PSY | M7            | 12/16/08          | 400             | \$10,000,000     |
|     | T7            | 12/17/08          | 400             | \$10,000,000     |
| PSY | M7            | 12/16/08          | 229             | \$5,725,000      |
|     | T7            | 12/17/08          | 229             | \$5,725,000      |
|     | W7            | 12/18/08          | 229             | \$5,725,000      |
|     | TH7           | 12/12/08          | 229             | \$5,725,000      |
|     | F7            | 12/15/08          | 229             | \$5,725,000      |
|     | W28           | 12/18/08          | 327             | \$8,175,000      |
|     | TH28          | 1/02/09           | 327             | \$8,175,000      |
| BPP | T7            | 12/17/09          | 266             | \$6,650,000      |



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|    |          |     |             |
|----|----------|-----|-------------|
| W7 | 12/18/09 | 266 | \$6,650,000 |
| R7 | 12/19/09 | 266 | \$6,650,000 |

All of the Funds, except BGT, financed the Preferred Share redemptions with cash received from reverse repurchase agreements. BGT financed the Preferred Share redemption with cash received from a loan.

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## Notes to Financial Statements (concluded)

### 8. Borrowings:

BGT entered into a senior committed secured, 364-day revolving line of credit and a separate security agreement (the SSB Agreement) with State Street Bank and Trust Company (SSB). The Fund has granted a security interest in substantially all of its assets to SSB.

Advances are made by SSB to the Fund, at the Fund's option of (a) the higher of (i) 1.0% above the Fed Effective Rate and (ii) 1.0% above the Overnight LIBOR or (b) 1.0% above 7-day, 30-day, 60-day or 90-day LIBOR. In addition, the Fund pays a facility fee and a commitment fee based upon SSB's total commitment to the Fund. The fees associated with each of the agreements are included in the Statements of Operations as borrowing costs. Advances to the Fund as of April 30, 2010 are shown in the Statements of Assets and Liabilities as loan payable. The SSB Agreement was renewed for 364 days under substantially the same terms effective March 4, 2010. The commitment amount was increased from \$134 million to \$145 million. For the six months ended April 30, 2010, the daily weighted average interest rate was 1.49%.

BGT may not declare dividends or make other distributions on shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding short-term borrowings is less than 300%.

For the six months ended April 30, 2010, the daily weighted average interest rates for Funds with reverse repurchase agreements were as follows:

|     |       |
|-----|-------|
| PSW | 0.47% |
| PSY | 0.48% |
| BTZ | 0.48% |

### 9. Capital Loss CarryForwards:

As of October 31, 2009, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

| Expires October 31, | PSW          | PSY           | BPP           |
|---------------------|--------------|---------------|---------------|
| 2011                | \$ 1,276,621 |               |               |
| 2012                | 10,243,141   | \$ 62,733,648 |               |
| 2013                | 5,058,900    | 17,911,331    |               |
| 2014                | 8,481,628    | 12,145,117    |               |
| 2015                | 6,724,694    | 19,582,978    | \$ 18,184,893 |
| 2016                | 40,232,230   | 140,413,242   | 58,197,929    |

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|                            |                      |                      |                      |
|----------------------------|----------------------|----------------------|----------------------|
| 2017                       | 55,825,534           | 194,970,854          | 108,996,120          |
| <b>Total</b>               | <b>\$127,842,748</b> | <b>\$447,757,170</b> | <b>\$185,378,942</b> |
| <b>Expires October 31,</b> |                      | <b>BTZ</b>           | <b>BGT</b>           |
| 2015                       |                      | \$ 49,741,712        | \$ 3,268,804         |
| 2016                       |                      | 113,355,213          | 24,616,531           |
| 2017                       |                      | 223,939,227          | 45,385,443           |
| <b>Total</b>               |                      | <b>\$387,036,152</b> | <b>\$ 73,270,778</b> |

10. Subsequent Events:

Management's evaluation of the impact of all subsequent events on the Funds' financial statements was completed through the date the financial statements were issued and the following items were noted:

Each Fund paid a net investment income dividend on May 28, 2010 to Common Shareholders of record on May 14, 2010 as follows:

|     | <b>Common<br/>Dividend<br/>Per Share</b> |
|-----|--|
| PSW | \$0.0600                                 |
| PSY | \$0.0750                                 |
| BPP | \$0.0725                                 |
| BTZ | \$0.1000                                 |
| BGT | \$0.0675                                 |

The dividends declared on Preferred Shares for the period May 1, 2010 to May 31, 2010 were as follows:

|     | <b>Series</b> | <b>Dividends<br/>Declared</b> |
|-----|---------------|-------------------------------|
| PSW | M7            | \$25,212                      |
|     | T7            | \$25,190                      |
| PSY | M7            | \$26,966                      |
|     | T7            | \$26,942                      |
|     | W7            | \$26,940                      |
|     | TH7           | \$26,915                      |
|     | F7            | \$26,986                      |
|     | W28           | \$37,983                      |
| BPP | TH28          | \$38,122                      |
|     | T7            | \$ 6,695                      |
|     | W7            | \$ 7,299                      |

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|     |    |          |
|-----|----|----------|
|     | R7 | \$ 6,936 |
| BTZ | T7 | \$72,284 |
|     | W7 | \$72,278 |
|     | R7 | \$72,450 |
|     | F7 | \$72,403 |
| BGT | T7 | \$24,585 |
|     | W7 | \$24,582 |
|     | R7 | \$24,561 |

The Funds' distribution rates declared on June 1, 2010 were as follows:

|     | <b>Share<br/>Amount</b> | <b>Per Common</b> |
|-----|-------------------------|-------------------|
| PSW |                         | \$0.0570          |
| PSY |                         | \$0.0635          |
| BPP |                         | \$0.0665          |
| BTZ |                         | \$0.0790          |
| BGT |                         | \$0.0700          |

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## Officers and Directors

Richard E. Cavanagh, Chairman of the Board and Director  
Karen P. Robards, Vice Chair of the Board, Chair of the Audit Committee and Director  
Richard S. Davis, Director  
Frank J. Fabozzi, Director and Member of the Audit Committee  
Kathleen F. Feldstein, Director  
James T. Flynn, Director and Member of the Audit Committee  
Henry Gabbay, Director  
Jerrold B. Harris, Director  
R. Glenn Hubbard, Director  
W. Carl Kester, Director and Member of the Audit Committee  
Anne Ackerley, President and Chief Executive Officer  
Brendan Kyne, Vice President  
Neal Andrews, Chief Financial Officer  
Jay Fife, Treasurer  
Brian Kindelan, Chief Compliance Officer of the Funds  
Howard Surloff, Secretary

### **Investment Advisor**

BlackRock Advisors, LLC  
Wilmington, DE 19809

### **Sub-Advisor**

BlackRock Financial Management, Inc.  
New York, NY 10022

### **Custodians**

State Street Bank and Trust Company  
Boston, MA 02111

### **Transfer Agent**

Common Shares  
Computershare Trust Company, N.A.  
Canton, MA 02021

### **Auction Agent**

Preferred Shares  
BNY Mellon Shareowner Services  
Jersey City, NJ 07310

### **Accounting Agent**

State Street Bank and Trust Company  
Princeton, NJ 08540

### **Independent Registered Public Accounting Firm**

Deloitte & Touche LLP  
Princeton, NJ 08540

**Legal Counsel**

Skadden, Arps, Slate, Meagher & Flom LLP  
New York, NY 10036

**Address of the Funds**

100 Bellevue Parkway  
Wilmington, DE 19809

Effective January 1, 2010, Kent Dixon, a Director of the Funds, retired.

Effective March 31, 2010, G. Nicholas Beckwith, III, a Director of the Funds, resigned.

The Funds Board of Directors extends its best wishes to both Mr. Dixon and Mr. Beckwith.

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## Additional Information

### Dividend Policy

Each Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Funds may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net

investment income earned in that month. As a result, the dividends paid by the Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The Funds' current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

### General Information

The Funds do not make available copies of their Statements of Additional Information because the Funds' shares are not continuously offered, which means that the Statement of Additional Information of each Fund has not been updated after completion of the respective Fund's offerings and the information contained in each Fund's Statement of Additional Information may have become outdated.

### Risks

As a result of each Fund's portfolio restructuring and revisions to certain of its non-fundamental investment policies, your investment in a Fund will be subject to the following additional risks following the transition:

**Credit Risk** Credit risk is the risk that one or more debt securities in a Fund's portfolio will decline in price or fail to pay interest or principal when due because the issuer of the security experiences a decline in its financial status. If the recent adverse conditions in the credit markets adversely affect the broader economy, the credit quality of issuers of credit securities in which a Fund may invest would be more likely to decline, all other things being equal. While a senior position in the capital structure of a borrower may provide some protection with respect to a Fund's investments in senior secured floating rate and fixed rate loans or debt, losses may still occur. To the extent a Fund invests in below investment grade securities, it will be exposed to a greater amount of credit risk than a Fund which invests in investment grade securities. The prices of lower grade securities are more sensitive to negative developments, such as a decline in the issuer's revenues or a general economic downturn, than are the prices of higher grade securities. Securities of below investment grade quality are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal when due and therefore involve a greater risk of default. In addition, each Fund's use of credit derivatives will expose it to additional risk in

the event that the bonds underlying the derivatives default.

**Interest Rate Risk** The value of certain debt securities in each Fund's portfolio could be affected by interest rate fluctuations. When interest rates decline, the value of fixed rate securities can be expected to rise. Conversely, when interest rates rise, the value of fixed rate securities can be expected to decline. Recent adverse conditions in the credit markets may cause interest rates to rise. Although changes in prevailing interest rates can be expected to cause some fluctuations in the value of floating rate securities (due to the fact that rates only reset periodically), the values of

these securities are substantially less sensitive to changes in market interest rates than fixed rate instruments. Fluctuations in the value of a Fund's securities will not affect interest income on existing securities, but will be reflected in the Fund's net asset value. Each Fund may utilize certain strategies, including taking positions in futures or interest rate swaps, for the purpose of reducing the interest rate sensitivity of the portfolio and decreasing the Fund's exposure to interest rate risk, although there is no assurance that it will do so or that such strategies will be successful.

**Prepayment Risk** During periods of declining interest rates, borrowers may exercise their option to prepay principal earlier than scheduled. For fixed rate securities, such payments often occur during periods of declining interest rates, forcing a Fund to reinvest in lower yielding securities, resulting in a possible decline in the Fund's income and distributions to shareholders. This is known as prepayment or call risk. Below investment grade securities frequently have call features that allow the issuer to redeem the security at dates prior to its stated maturity at a specified price (typically greater than par) only if certain prescribed conditions are met (call protection). An issuer may redeem a below investment grade security if, for example, the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. Certain of each Fund's investments will not have call protection. For premium bonds (bonds acquired at prices that exceed their par or principal value) purchased by a Fund, prepayment risk may be enhanced.

**Below Investment Grade Risk** Each Fund may invest a substantial portion of its assets in fixed income securities that are rated below investment grade, which are commonly referred to as junk bonds and are regarded as predominately speculative with respect to the issuer's capacity to pay interest and repay principal.

Lower grade securities may be particularly susceptible to economic downturns. It is likely that a prolonging of the current economic recession or a future economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such continuing or future economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.



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## Additional Information (continued)

### General Information (continued)

Lower grade securities, though high yielding, are characterized by high risk. They may be subject to certain risks with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated securities. The retail secondary market for lower grade securities may be less liquid than that for higher rated securities. Adverse conditions could make it difficult at times for a Fund to sell certain securities or could result in lower prices than those used in calculating the Fund's net asset value. Because of the substantial risks associated with investments in lower grade securities, you could lose money on your investment in common shares of a Fund, both in the short-term and the long-term.

**Bank Loan Risk** As in the case of junk bonds, bank loans may be rated in lower grade rating categories, or may be unrated but of lower grade quality. As in the case of junk bonds, bank loans can provide higher yields than higher grade income securities, but are subject to greater credit and other risks. Although bank loan obligations often are secured by pledges of assets by the borrower and have other structural aspects intended to provide greater protection to the holders of bank loans than the holders of unsecured and subordinated securities, there are also additional risks in holding bank loans. In particular, the secondary trading market for bank loans is not well developed, and therefore, bank loans present increased market risk relating to liquidity and pricing concerns. In addition, there is no assurance that the liquidation of the collateral would satisfy the claims of the borrower's obligations in the event of the nonpayment of scheduled interest or principal, or that the collateral could be readily liquidated. As a result, a Fund might not receive payments to which it is entitled and thereby may experience a decline in the value of its investment and its net asset value.

**Convertible Bonds Risk** Although to a lesser extent than with fixed-income securities, the market value of convertible bonds tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. In addition, because of the conversion feature, the market value of convertible bonds tends to vary with fluctuations in the market value of the underlying common stock. A unique feature of convertible bonds is that as the market price of the underlying common stock declines, convertible bonds tend to trade increasingly on a yield basis, and so may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the prices of the convertible bonds tend to rise as a reflection of the value of the underlying common stock. While no securities investments are without risk, investments in convertible bonds generally entail less risk than investments in common stock of the same issuer.

Quarterly performance, semi-annual and annual reports and other information regarding the Funds may be found on BlackRock's website, which can

be accessed at <http://www.blackrock.com>. This reference to BlackRock's website is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website into this report.

#### Electronic Delivery

Electronic copies of most financial reports are available on the Funds' websites or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Funds' electronic delivery program.

#### Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:

Please contact your financial advisor to enroll. Please note that not all investment advisors, banks or brokerages may offer this service.

#### Householding

The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and it is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please contact the Funds at (800) 441-7762.

#### Availability of Quarterly Portfolio Schedule of Investments

Each Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. Each Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. Each Fund's Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

#### Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free (800) 441-7762; (2) at [www.blackrock.com](http://www.blackrock.com); and (3) on the SEC's website at <http://www.sec.gov>.

#### Availability of Proxy Voting Record

Information about how each Fund voted proxies relating to securities

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held in each Fund's portfolio during the most recent 12-month period ended June 30 is available upon request and without charge (1) at [www.blackrock.com](http://www.blackrock.com) or by calling (800) 441-7762 and (2) on the SEC's website at <http://www.sec.gov>.

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## Additional Information (continued)

## Section 19(a) Notices

These reported amounts and sources of distributions are estimates and are not being provided for tax reporting purposes. The actual amounts and sources for tax reporting purposes will depend upon each Fund's investment experience during the year and may be subject to changes based on the tax regulations. Each Fund will provide a Form 1099-DIV each calendar year that will explain the character of these dividends and distributions for federal income tax purposes.

October 31, 2009

|     | Total Cumulative Distributions for the Fiscal Year |              |                   | % Breakdown of the Total Cumulative Distributions for the Fiscal Year |                       |              |                   |                        |
|-----|--|--------------|-------------------|---|-----------------------|--------------|-------------------|------------------------|
|     | Net Investment Income                              | Net Realized |                   | Total Per Common Share  | Net Investment Income | Net Realized |                   | Total Per Common Share |
|     |  | Capital      | Return of Capital |   |                       | Capital      | Return of Capital |                        |
|     |  | Gains        | Capital           |   |                       | Gains        | Capital           |                        |
| PSW | \$0.248092   | \$0.111908   | \$0.360000        | 69%   | 0%                    | 31%          | 100%              |                        |
| PSY | \$0.313490   | \$0.136510   | \$0.450000        | 70%   | 0%                    | 30%          | 100%              |                        |
| BPP | \$0.332369   | \$0.102631   | \$0.435000        | 76%   | 0%                    | 24%          | 100%              |                        |
| BTZ | \$0.327812   | \$0.272188   | \$0.600000        | 55%   | 0%                    | 45%          | 100%              |                        |
| BGT | \$0.405000   |              | \$0.405000        | 100%  | 0%                    | 0%           | 100%              |                        |

Each Fund estimates that it has distributed more than the amount of earned income and net realized gains; therefore, a portion of the distribution may be a return of capital. A return of capital may occur, for example, when some or all of the shareholder's investment in a Fund is returned to the shareholder.

A return of capital does not necessarily reflect a Fund's investment performance and should not be confused with yield or income.

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## Additional Information (concluded)

### BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, Clients ) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

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This report is transmitted to shareholders only. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Funds leverage their Common Shares, which creates risk for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of Common Shares, and the risk that fluctuations in short-term interest rates may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

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Item 2 Code of Ethics Not Applicable to this semi-annual report

Item 3 Audit Committee Financial Expert Not Applicable to this semi-annual report

Item 4 Principal Accountant Fees and Services Not Applicable to this semi-annual report

Item 5 Audit Committee of Listed Registrants Not Applicable to this semi-annual report

Item 6 Investments

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies Not Applicable to this semi-annual report

Item 8 Portfolio Managers of Closed-End Management Investment Companies Not Applicable to this semi-annual report

Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers Not Applicable

Item 10 Submission of Matters to a Vote of Security Holders The registrant's Nominating and Governance Committee will consider nominees to the board of directors recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations that include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures.

Item 11 Controls and Procedures

11(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 13(a)-15(b) under the Securities Exchange Act of 1934, as amended.

11(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 second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 Exhibits attached hereto

12(a)(1) Code of Ethics Not Applicable to this semi-annual report

12(a)(2) Certifications Attached hereto

12(a)(3) Not Applicable



12(b) Certifications Attached hereto

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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: June 28, 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: June 28, 2010

By: /s/ Neal J. Andrews

Neal J. Andrews

Chief Financial Officer (principal financial officer) of

BlackRock Credit Allocation Income Trust II, Inc.

Date: June 28, 2010

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