

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

Form N-Q

September 25, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-21286

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Credit

Allocation Income Trust II, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 10/31/2012

Date of reporting period: 07/31/2012

Item 1 Schedule of Investments

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

## Schedule of Investments July 31, 2012 (Unaudited)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Asset-Backed Securities</b>		
321 Henderson Receivables I LLC, Series 2012-1A, Class A, 4.21%, 2/16/65 (a)	USD 1,029	\$ 1,054,789
American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23	553	582,214
Atrium CDO Corp., Series 5A, Class A4, 0.86%, 7/20/20 (a)(b)	2,650	2,232,625
Continental Airlines Pass-Through Certificates, Series 2009-2, Class B, 9.25%, 11/10/18	1,271	1,391,441
SLM Student Loan Trust, Series 2004-B, Class A2, 0.67%, 6/15/21 (b)	1,864	1,805,132
<b>Total Asset-Backed Securities</b> 1.5%		7,066,201

**Corporate Bonds****Aerospace & Defense 0.9%**

BE Aerospace, Inc., 5.25%, 4/01/22	1,745	1,832,250
Huntington Ingalls Industries, Inc.: 6.88%, 3/15/18	610	649,650
7.13%, 3/15/21	600	644,250
Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17	1,014	1,090,050
		4,216,200

**Airlines 0.2%**

Delta Air Lines, Inc., Series 2002-1, Class G-1, 6.72%, 7/02/24	1,013	1,094,337
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**Auto Components 0.8%**

Delphi Corp., 6.13%, 5/15/21	570	622,013
Icahn Enterprises LP: 7.75%, 1/15/16	610	641,262
8.00%, 1/15/18	2,270	2,411,875
		3,675,150

**Beverages 1.0%**

Anheuser-Busch InBev Worldwide,  
Inc. (c):

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1.38%, 7/15/17	1,000	1,009,974
2.50%, 7/15/22	1,475	1,503,733
Constellation Brands, Inc., 7.25%, 5/15/17	1,970	2,272,887
		4,786,594

**Building Products 0.3%**

Building Materials Corp. of America (a):		
7.00%, 2/15/20	375	408,750
6.75%, 5/01/21	1,060	1,158,050
		1,566,800

Par

(000)

Value

**Corporate Bonds**

**Capital Markets 5.1%**

Ameriprise Financial, Inc., 5.30%, 3/15/20 (c)	US D 3,250	\$ 3,767,491
E*Trade Financial Corp., 12.50%, 11/30/17	1,865	2,135,425
The Goldman Sachs Group, Inc. (c):		
5.25%, 7/27/21	1,175	1,236,859
5.75%, 1/24/22	3,415	3,730,287
6.25%, 2/01/41	4,450	4,859,440
Morgan Stanley, 5.75%, 1/25/21 (c)	3,915	3,983,199
Murray Street Investment Trust I, 4.65%, 3/09/17 (d)	600	616,745
UBS AG (c):		
2.25%, 1/28/14	1,627	1,644,650
5.88%, 7/15/16	2,800	3,000,883
		24,974,979

**Chemicals 1.4%**

Celanese US Holdings LLC, 5.88%, 6/15/21	1,545	1,672,462
Hexion US Finance Corp., 6.63%, 4/15/20	755	771,988
Huntsman International LLC, 8.63%, 3/15/21	595	684,250
Ineos Finance Plc (a):		
8.38%, 2/15/19	320	331,200
7.50%, 5/01/20	730	740,950
LyondellBasell Industries NV, 5.75%, 4/15/24	1,885	2,134,762
Solutia, Inc., 7.88%, 3/15/20	586	692,945
		7,028,557

**Commercial Banks 5.1%**

Amsouth Bank, Series AI, 4.85%, 4/01/13	1,050	1,071,000
Asciano Finance Ltd., 5.00%, 4/07/18 (a)	900	947,735
Associated Banc-Corp, 5.13%, 3/28/16	2,200	2,370,474
Branch Banking & Trust Co. (b)(c):		
0.79%, 9/13/16	1,100	1,041,091
0.77%, 5/23/17	675	625,445
CIT Group, Inc.:		
7.00%, 5/02/16 (a)	1,570	1,577,850
7.00%, 5/02/17 (a)	418	420,555
4.25%, 8/15/17	1,380	1,380,000
5.25%, 3/15/18	1,190	1,259,912
5.50%, 2/15/19 (a)	1,040	1,097,200

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5.00%, 8/15/22	520	520,000
City National Corp., 5.25%, 9/15/20 (c)	2,350	2,545,005
Discover Bank, 8.70%, 11/18/19	1,200	1,517,045
HSBC Finance Corp., 6.68%, 1/15/21 (c)	1,525	1,700,460
Regions Financial Corp.: 4.88%, 4/26/13	2,525	2,572,344

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JULY 31, 2012

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

## Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

	Par		Value
	(000)		
<b>Corporate Bonds</b>			
<b>Commercial Banks (concluded)</b>			
Regions Financial Corp. (concluded):			
5.75%, 6/15/15	USD 1,800	\$	1,919,250
SVB Financial Group, 5.38%, 9/15/20	2,300		2,544,104
			25,109,470
<b>Commercial Services &amp; Supplies 3.9%</b>			
Aviation Capital Group Corp. (a):			
7.13%, 10/15/20 (c)	9,300		9,550,886
6.75%, 4/06/21	2,325		2,330,743
Casella Waste Systems, Inc., 7.75%, 2/15/19	721		715,592
Clean Harbors, Inc.:			
7.63%, 8/15/16	1,238		1,290,615
5.25%, 8/01/20 (a)	463		477,469
Corrections Corp. of America, 7.75%, 6/01/17	3,375		3,655,547
Covanta Holding Corp., 6.38%, 10/01/22	665		713,732
Mobile Mini, Inc., 7.88%, 12/01/20	275		290,469
			19,025,053
<b>Communications Equipment 1.1%</b>			
Avaya, Inc., 9.75%, 11/01/15 (c)	900		702,000
Brocade Communications Systems, Inc., 6.88%, 1/15/20 (c)	2,965		3,217,025
Hughes Satellite Systems Corp., 6.50%, 6/15/19	420		451,500
Zayo Group LLC / Zayo Capital, Inc., 8.13%, 1/01/20 (a)	760		803,700
			5,174,225
<b>Construction Materials 0.2%</b>			
HD Supply, Inc., 8.13%, 4/15/19 (a)	900		981,000
<b>Consumer Finance 5.4%</b>			
American Express Credit Corp., 2.75%, 9/15/15 (c)	5,850		6,168,883
Capital One Bank USA NA, 8.80%, 7/15/19	3,325		4,282,620
Daimler Finance North America LLC, 2.63%, 9/15/16 (a)(c)	3,425		3,564,709
Experian Finance Plc, 2.38%, 6/15/17 (a)	750		758,207
Ford Motor Credit Co. LLC:			
7.00%, 4/15/15	2,580		2,870,250
8.00%, 12/15/16	975		1,152,412
Inmarsat Finance Plc, 7.38%, 12/01/17 (a)	1,815		1,960,200
SLM Corp., 6.25%, 1/25/16	4,870		5,162,200
Toll Brothers Finance Corp., 5.88%, 2/15/22	410		437,340
			26,356,821
	<b>Par</b>		<b>Value</b>

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**Corporate Bonds**

**Containers & Packaging 1.3%**

Ardagh Packaging Finance Plc (a):			
7.38%, 10/15/17	USD	425	\$ 455,531
9.13%, 10/15/20		235	246,750
Ball Corp.:			
7.13%, 9/01/16		1,750	1,900,938
6.75%, 9/15/20		2,210	2,447,575
Crown Americas LLC, 6.25%, 2/01/21		825	911,625
Sealed Air Corp., 8.38%, 9/15/21 (a)		130	148,200
			6,110,619

**Diversified Financial Services 7.0%**

Ally Financial, Inc.:			
4.50%, 2/11/14		1,775	1,830,469
8.30%, 2/12/15		1,230	1,366,838
8.00%, 11/01/31		1,230	1,472,925
Bank of America Corp.:			
3.75%, 7/12/16 (c)		1,395	1,444,800
5.30%, 3/15/17 (c)		3,640	3,909,385
5.00%, 5/13/21		50	53,898
Citigroup, Inc. (c):			
6.38%, 8/12/14		1,300	1,404,246
4.59%, 12/15/15		975	1,037,361
4.45%, 1/10/17		2,680	2,863,569
DPL, Inc., 7.25%, 10/15/21 (a)		1,080	1,228,500
General Electric Capital Corp., 6.25% (b)(e)		2,700	2,761,884
General Motors Financial Co., Inc., 6.75%, 6/01/18		500	550,486
ING Bank NV, 5.00%, 6/09/21 (a)(c)		2,350	2,525,733
Intesa Sanpaolo SpA:			
2.38%, 12/21/12		3,500	3,427,602
6.50%, 2/24/21 (a)(c)		475	427,614
Moody s Corp., 6.06%, 9/07/17		6,000	6,421,002
Reynolds Group Issuer, Inc.:			
7.13%, 4/15/19		245	260,313
7.88%, 8/15/19		740	815,850
9.88%, 8/15/19 (a)		305	323,300
6.88%, 2/15/21		110	117,150
WMG Acquisition Corp., 9.50%, 6/15/16		205	224,731
			34,467,656

**Diversified Telecommunication Services**

<b>4.0%</b>			
AT&T, Inc., 6.30%, 1/15/38 (c)		4,000	5,313,068
Level 3 Financing, Inc.:			
8.13%, 7/01/19		3,149	3,314,322
8.63%, 7/15/20		650	