

BLACKROCK CREDIT ALLOCATION INCOME TRUST II  
Form N-Q  
March 28, 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: 01/31/2012

Item 1 – Schedule of Investments

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Schedule of Investments January 31, 2012 (Unaudited)

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

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Asset-Backed Securities</b>   |              |              |
| Atrium CDO Corp., Series 5A, Class A4, 0.87%, 7/20/20 (a)(b)                           | USD 2,650    | \$ 2,153,125 |
| SLM Student Loan Trust, Series 2004-B, Class A2, 0.75%, 6/15/21 (b)                    | 2,068        | 1,980,391    |
| <b>Total Asset-Backed Securities 0.9%</b>  |              | 4,133,516    |
| <b>Corporate Bonds</b>   |              |              |
| <b>Aerospace &amp; Defense 1.1%</b>  |              |              |
| BE Aerospace, Inc., 8.50%, 7/01/18   | 2,500        | 2,756,250    |
| Huntington Ingalls Industries, Inc. (a):   |              |              |
| 6.88%, 3/15/18   | 610          | 631,350      |
| 7.13%, 3/15/21   | 600          | 627,000      |
| Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17                             | 1,014        | 1,072,305    |
|  |              | 5,086,905    |
| <b>Airlines 0.9%</b>   |              |              |
| American Airlines Pass-Through Trust:  |              |              |
| Series 2011-1, Class A, 5.25%, 7/31/22   | 1,369        | 1,307,253    |
| Series 2011-2, Class A, 8.63%, 4/15/23   | 570          | 607,050      |
| Continental Airlines Pass-Through Certificates, Series 2009-2, Class B, 9.25%, 5/10/17 | 1,362        | 1,426,817    |
| Delta Air Lines, Inc., Series 02G1, 6.72%, 7/02/24                                     | 1,013        | 1,043,674    |
|  |              | 4,384,794    |
| <b>Auto Components 0.8%</b>  |              |              |
| Delphi Corp., 6.13%, 5/15/21 (a)   | 570          | 598,500      |
| Icahn Enterprises LP:  |              |              |
| 7.75%, 1/15/16   | 610          | 634,400      |
| 8.00%, 1/15/18 (a)   | 270          | 280,125      |
| 8.00%, 1/15/18   | 2,000        | 2,075,000    |
|  |              | 3,588,025    |
| <b>Beverages 0.5%</b>  |              |              |
| Constellation Brands, Inc., 7.25%, 5/15/17   | 1,970        | 2,206,400    |
| <b>Building Products 0.4%</b>  |              |              |
| Building Materials Corp. of America (a):   |              |              |
| 7.00%, 2/15/20   | 375          | 405,000      |
| 6.75%, 5/01/21   | 1,160        | 1,247,000    |
|  |              | 1,652,000    |
| <b>Capital Markets 5.4%</b>  |              |              |
| Ameriprise Financial, Inc., 5.30%, 3/15/20 (c)   | 3,250        | 3,586,654    |

Corporate Bonds

Value

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|  | Par<br>(000) |            |
|--|--------------|------------|
| <b>Capital Markets (concluded)</b>                   |              |            |
| E*Trade Financial Corp., 12.50%,<br>11/30/17 (d)     | USD          | 1,865      |
|  | \$           | 2,158,737  |
| <b>The Goldman Sachs Group, Inc.:</b>                |              |            |
| 5.25%, 7/27/21 (c)                                   |              | 1,700      |
| 5.75%, 1/24/22                                       |              | 3,490      |
| 6.25%, 2/01/41 (c)                                   |              | 4,450      |
| <b>Morgan Stanley (c):</b>                           |              |            |
| 5.75%, 1/25/21                                       |              | 3,915      |
| 5.50%, 7/28/21                                       |              | 1,285      |
| <b>UBS AG (c):</b>                                   |              |            |
| 2.25%, 1/28/14                                       |              | 1,627      |
| 5.88%, 7/15/16                                       |              | 2,800      |
|  |              | 25,370,781 |
| <b>Chemicals 1.1%</b>                                |              |            |
| Ashland, Inc., 9.13%, 6/01/17                        |              | 505        |
| Celanese US Holdings LLC, 5.88%,<br>6/15/21          |              | 1,545      |
| Lyondell Chemical Co., 11.00%,<br>5/01/18            |              | 1,619      |
| LyondellBasell Industries NV,<br>6.00%, 11/15/21 (a) |              | 285        |
| Solutia, Inc., 7.88%, 3/15/20                        |              | 860        |
|  |              | 5,320,211  |
| <b>Commercial Banks 4.2%</b>                         |              |            |
| Amsouth Bank, Series AI, 4.85%,<br>4/01/13           |              | 1,050      |
| Asciano Finance Ltd., 5.00%,<br>4/07/18 (a)          |              | 900        |
| Associated Banc-Corp, 5.13%,<br>3/28/16              |              | 2,200      |
| <b>Branch Banking &amp; Trust Co. (b)(c):</b>        |              |            |
| 0.86%, 9/13/16                                       |              | 1,100      |
| 0.80%, 5/23/17                                       |              | 675        |
| <b>CIT Group, Inc.:</b>                              |              |            |
| 7.00%, 5/02/16 (a)                                   |              | 1,570      |
| 7.00%, 5/01/17                                       |              | 1,123      |
| 7.00%, 5/02/17 (a)                                   |              | 490        |
| City National Corp., 5.25%,<br>9/15/20 (c)           |              | 2,350      |
| Discover Bank, 8.70%, 11/18/19                       |              | 1,200      |
| <b>Regions Financial Corp.:</b>                      |              |            |
| 4.88%, 4/26/13                                       |              | 2,525      |
| 5.75%, 6/15/15                                       |              | 1,800      |
| SVB Financial Group, 5.38%,<br>9/15/20               |              | 2,300      |
|  |              | 19,655,067 |
| <b>Commercial Services &amp; Supplies 3.9%</b>       |              |            |
| <b>Aviation Capital Group Corp. (a):</b>             |              |            |
| 7.13%, 10/15/20 (c)                                  |              | 9,300      |
| 6.75%, 4/06/21                                       |              | 2,325      |
| Casella Waste Systems, Inc.,<br>7.75%, 2/15/19       |              | 721        |
|  |              | 721,000    |

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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>Commercial Services &amp; Supplies (concluded)</b>          |              |              |
| Clean Harbors, Inc., 7.63%,<br>8/15/16                         | USD 1,314    | \$ 1,392,840 |
| Corrections Corp. of America,<br>7.75%, 6/01/17                | 3,375        | 3,663,985    |
| Iron Mountain, Inc., 7.75%,<br>10/01/19                        | 390          | 427,050      |
| Mobile Mini, Inc., 7.88%,<br>12/01/20                          | 275          | 283,594      |
|  |              | 18,106,792   |
| <b>Communications Equipment 1.0%</b>                           |              |              |
| Avaya, Inc., 9.75%, 11/01/15                                   | 900          | 861,750      |
| Brocade Communications<br>Systems, Inc., 6.88%, 1/15/20<br>(c) | 2,965        | 3,261,500    |
| EH Holding Corp., 6.50%, 6/15/19<br>(a)                        | 420          | 437,325      |
|  |              | 4,560,575    |
| <b>Consumer Finance 5.1%</b>                                   |              |              |
| American Express Credit Corp.,<br>2.75%, 9/15/15 (c)           | 5,850        | 6,023,353    |
| Capital One Bank USA NA, 8.80%,<br>7/15/19                     | 3,325        | 4,021,195    |
| Daimler Finance North America<br>LLC, 2.63%, 9/15/16 (a)(c)    | 3,425        | 3,441,868    |
| Ford Motor Credit Co. LLC:<br>7.00%, 4/15/15                   | 2,580        | 2,838,000    |
| 5.88%, 8/02/21   | 320          | 349,903      |
| Inmarsat Finance Plc, 7.38%,<br>12/01/17 (a)                   | 1,815        | 1,912,556    |
| SLM Corp., 6.25%, 1/25/16                                      | 4,870        | 4,970,970    |
| Toll Brothers Finance Corp.,<br>5.88%, 2/15/22 (e)             | 410          | 409,992      |
|  |              | 23,967,837   |
| <b>Containers &amp; Packaging 1.4%</b>                         |              |              |
| Ball Corp.:<br>7.13%, 9/01/16                                  | 1,750        | 1,907,500    |
| 6.75%, 9/15/20   | 2,210        | 2,442,050    |
| Crown Americas LLC, 6.25%,<br>2/01/21 (a)                      | 825          | 897,187      |
| Graphic Packaging International,<br>Inc., 9.50%, 6/15/17       | 665          | 733,163      |
| Rock-Tenn Co., 9.25%, 3/15/16                                  | 325          | 340,844      |
| Sealed Air Corp., 8.38%, 9/15/21<br>(a)                        | 130          | 146,250      |
|  |              | 6,466,994    |
| <b>Diversified Financial Services 6.5%</b>                     |              |              |
| Ally Financial, Inc.:<br>4.50%, 2/11/14                        | 1,775        | 1,774,787    |
| 8.30%, 2/12/15   | 1,230        | 1,356,838    |
| 8.00%, 11/01/31  | 940          | 997,575      |

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|                        |       |           |
|------------------------|-------|-----------|
| Bank of America Corp.: |       |           |
| 5.30%, 3/15/17 (c)     | 3,640 | 3,621,920 |
| 5.00%, 5/13/21         | 50    | 48,929    |

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Corporate Bonds</b>   |              |              |
| <b>Diversified Financial Services (concluded)</b>              |              |              |
| Citigroup, Inc. (c):   |              |              |
| 6.38%, 8/12/14   | USD 1,300    | \$ 1,407,267 |
| 4.59%, 12/15/15  | 975          | 1,023,856    |
| 4.45%, 1/10/17   | 4,075        | 4,248,827    |
| DPL, Inc., 7.25%, 10/15/21 (a)                                 | 890          | 990,125      |
| General Motors Financial Co., Inc.,<br>6.75%, 6/01/18 (a)      | 500          | 520,000      |
| ING Bank NV, 5.00%, 6/09/21<br>(a)(c)                          | 2,350        | 2,401,991    |
| Intesa Sanpaolo SpA (c):                                       |              |              |
| 2.38%, 12/21/12  | 3,500        | 3,396,547    |
| 6.50%, 2/24/21 (a)   | 600          | 553,738      |
| Moody s Corp., 6.06%, 9/07/17                                  | 6,000        | 6,273,558    |
| Reynolds Group Issuer, Inc. (a):                               |              |              |
| 7.13%, 4/15/19   | 245          | 257,250      |
| 7.88%, 8/15/19   | 870          | 937,425      |
| 6.88%, 2/15/21   | 215          | 224,137      |
| WGM Acquisition Corp., 9.50%,<br>6/15/16 (a)                   | 205          | 222,938      |
|  |              | 30,257,708   |
| <b>Diversified Telecommunication Services 4.8%</b>             |              |              |
| AT&T, Inc., 6.30%, 1/15/38 (c)                                 | 4,000        | 4,878,012    |
| France Telecom SA, 4.13%,<br>9/14/21                           | 675          | 701,112      |
| Level 3 Financing, Inc. (a):                                   |              |              |
| 8.13%, 7/01/19   | 2,709        | 2,729,318    |
| 8.63%, 7/15/20 (c)   | 740          | 758,500      |
| Qwest Corp., 8.38%, 5/01/16                                    | 2,795        | 3,254,565    |
| Telecom Italia Capital SA, 6.18%,<br>6/18/14                   | 975          | 979,875      |
| Telefonica Emisiones SAU, 5.46%,<br>2/16/21                    | 1,360        | 1,351,170    |
| Verizon Communications, Inc. (c):                              |              |              |
| 1.95%, 3/28/14   | 3,650        | 3,741,845    |
| 7.35%, 4/01/39   | 2,375        | 3,330,063    |
| Windstream Corp., 7.88%,<br>11/01/17                           | 730          | 806,650      |
|  |              | 22,531,110   |
| <b>Electric Utilities 1.1%</b>                                 |              |              |
| Progress Energy, Inc., 7.00%,<br>10/30/31 (c)                  | 4,000        | 5,355,872    |
| <b>Electronic Equipment, Instruments &amp; Components 0.3%</b> |              |              |
| Jabil Circuit, Inc., 8.25%, 3/15/18                            | 800          | 932,000      |
| NXP BV, 3.32%, 10/15/13 (b)                                    | 400          | 399,000      |
|  |              | 1,331,000    |
| <b>Energy Equipment &amp; Services 3.0%</b>                    |              |              |
| Atwood Oceanics, Inc., 6.50%,<br>2/01/20                       | 110          | 113,850      |
| Energy Transfer Partners LP,<br>5.20%, 2/01/22                 | 3,000        | 3,168,078    |
| Ensco Plc, 4.70%, 3/15/21 (c)                                  | 1,965        | 2,105,751    |
| Frac Tech Services LLC, 7.63%,<br>11/15/18 (a)                 | 1,085        | 1,155,525    |



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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>Energy Equipment &amp; Services (concluded)</b>        |              |            |
| Key Energy Services, Inc., 6.75%,<br>3/01/21              | USD 745      | \$ 763,625 |
| MEG Energy Corp., 6.50%,<br>3/15/21 (a)                   | 955          | 997,975    |
| Oil States International, Inc.,<br>6.50%, 6/01/19         | 505          | 536,562    |
| Peabody Energy Corp., 6.25%,<br>11/15/21 (a)              | 2,295        | 2,363,850  |
| Transocean, Inc.:<br>6.50%, 11/15/20                      | 1,125        | 1,245,860  |
| 6.38%, 12/15/21   | 1,375        | 1,559,220  |
|   |              | 14,010,296 |
| <b>Food &amp; Staples Retailing 1.6%</b>                  |              |            |
| Wal-Mart Stores, Inc. (c):<br>5.25%, 9/01/35              | 2,500        | 2,948,623  |
| 6.20%, 4/15/38  | 3,375        | 4,467,035  |
|   |              | 7,415,658  |
| <b>Food Products 1.0%</b>                                 |              |            |
| Kraft Foods, Inc.:<br>6.50%, 8/11/17                      | 1,665        | 2,008,333  |
| 6.13%, 8/23/18  | 1,660        | 2,001,573  |
| Smithfield Foods, Inc., 10.00%,<br>7/15/14                | 374          | 439,450    |
|   |              | 4,449,356  |
| <b>Gas Utilities 0.3%</b>                                 |              |            |
| El Paso Natural Gas Co., 8.63%,<br>1/15/22                | 695          | 880,921    |
| Targa Resources Partners LP,<br>6.88%, 2/01/21 (a)        | 495          | 516,037    |
|   |              | 1,396,958  |
| <b>Health Care Equipment &amp; Supplies 0.7%</b>          |              |            |
| Fresenius US Finance II, Inc.,<br>9.00%, 7/15/15 (a)      | 2,250        | 2,536,875  |
| Teleflex, Inc., 6.88%, 6/01/19                            | 490          | 524,300    |
|   |              | 3,061,175  |
| <b>Health Care Providers &amp; Services 3.9%</b>          |              |            |
| Aetna, Inc., 6.75%, 12/15/37 (c)                          | 1,700        | 2,179,007  |
| Aviv Healthcare Properties LP,<br>7.75%, 2/15/19          | 460          | 461,150    |
| HCA, Inc.:<br>8.50%, 4/15/19                              | 240          | 266,400    |
| 6.50%, 2/15/20  | 2,380        | 2,522,800  |
| 7.25%, 9/15/20  | 3,435        | 3,696,919  |
| Health Management Associates,<br>Inc., 7.38%, 1/15/20 (a) | 475          | 489,250    |
| INC Research LLC, 11.50%,<br>7/15/19 (a)                  | 695          | 639,400    |
| inVentiv Health, Inc., 10.00%,<br>8/15/18 (a)             | 220          | 199,100    |
| Tenet Healthcare Corp.:                                   |              |            |

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|                 |       |           |
|-----------------|-------|-----------|
| 10.00%, 5/01/18 | 1,530 | 1,763,325 |
| 8.88%, 7/01/19  | 1,125 | 1,272,656 |

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Corporate Bonds</b>  |              |              |
| <b>Health Care Providers &amp; Services (concluded)</b>             |              |              |
| UnitedHealth Group, Inc., 6.88%,<br>2/15/38 (c)                     | USD 3,400    | \$ 4,650,507 |
|   |              | 18,140,514   |
| <b>Health Care Technology 1.0%</b>                                  |              |              |
| Amgen, Inc.:  |              |              |
| 5.15%, 11/15/41   | 4,208        | 4,467,491    |
| 5.65%, 6/15/42  | 42           | 47,236       |
|   |              | 4,514,727    |
| <b>Independent Power Producers &amp; Energy Traders 1.0%</b>        |              |              |
| AES Corp.:  |              |              |
| 9.75%, 4/15/16  | 985          | 1,157,375    |
| 7.38%, 7/01/21 (a)  | 325          | 359,125      |
| Calpine Construction Finance Co.<br>LP, 8.00%, 6/01/16 (a)          | 535          | 576,462      |
| Calpine Corp., 7.25%, 10/15/17<br>(a)                               | 440          | 459,800      |
| Energy Future Intermediate<br>Holding Co., LLC, 10.00%,<br>12/01/20 | 1,745        | 1,880,237    |
| Laredo Petroleum, Inc., 9.50%,<br>2/15/19                           | 295          | 322,288      |
|   |              | 4,755,287    |
| <b>Insurance 8.2%</b>   |              |              |
| Allianz Finance II BV, 5.75%,<br>7/08/41 (b)                        | EUR 400      | 479,584      |
| The Allstate Corp.,<br>7.45%, 5/16/19                               | USD 5,600    | 7,013,798    |
| American International Group, Inc.,<br>6.40%, 12/15/20 (c)          | 1,690        | 1,838,230    |
| Aon Corp., 5.00%, 9/30/20 (c)                                       | 4,600        | 5,168,367    |
| Fairfax Financial Holdings Ltd.,<br>5.80%, 5/15/21 (a)              | 2,800        | 2,682,697    |
| Forethought Financial Group, Inc.,<br>8.63%, 4/15/21 (a)            | 1,000        | 1,015,495    |
| Genworth Financial, Inc., 7.63%,<br>9/24/21                         | 970          | 962,116      |
| ING Verzekeringen NV, 3.27%,<br>6/21/21 (b)                         | EUR 430      | 511,806      |
| Manulife Financial Corp., 4.90%,<br>9/17/20 (c)                     | USD 4,700    | 4,848,492    |
| MPL 2 Acquisition Canco, Inc.,<br>9.88%, 8/15/18 (a)                | 430          | 378,400      |
| Northwestern Mutual Life<br>Insurance, 6.06%, 3/30/40 (a)           | 3,800        | 4,665,530    |
| Principal Financial Group, Inc.,<br>8.88%, 5/15/19                  | 980          | 1,246,861    |
| Prudential Financial, Inc., 6.63%,<br>12/01/37 (c)                  | 3,400        | 3,970,897    |
| XL Group Ltd., 5.75%, 10/01/21<br>(c)                               | 3,430        | 3,767,214    |
|   |              | 38,549,487   |



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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>IT Services 0.6%</b>                                    |              |            |
| Eagle Parent, Inc., 8.63%,<br>5/01/19 (a)                  | USD 720      | \$ 720,000 |
| First Data Corp. (a):                                      |              |            |
| 7.38%, 6/15/19   | 725          | 723,188    |
| 8.25%, 1/15/21   | 90           | 83,250     |
| 12.63%, 1/15/21  | 755          | 730,462    |
| SunGard Data Systems, Inc.,<br>7.38%, 11/15/18             | 730          | 770,150    |
|  |              | 3,027,050  |
| <b>Life Sciences Tools &amp; Services 1.9%</b>             |              |            |
| Bio-Rad Laboratories, Inc., 8.00%,<br>9/15/16              | 3,825        | 4,236,188  |
| Life Technologies Corp., 6.00%,<br>3/01/20 (c)             | 4,200        | 4,742,644  |
|  |              | 8,978,832  |
| <b>Machinery 1.0%</b>                                      |              |            |
| Ingersoll-Rand Global Holding Co.,<br>Ltd., 9.50%, 4/15/14 | 3,400        | 3,942,130  |
| Navistar International Corp.,<br>8.25%, 11/01/21           | 882          | 952,560    |
|  |              | 4,894,690  |
| <b>Media 8.7%</b>  |              |            |
| AMC Networks, Inc., 7.75%,<br>7/15/21 (a)                  | 395          | 434,006    |
| CCH II LLC, 13.50%, 11/30/16                               | 2,317        | 2,670,343  |
| Comcast Corp., 6.30%, 11/15/17<br>(c)                      | 3,400        | 4,091,325  |
| Cox Communications, Inc., 8.38%,<br>3/01/39 (a)            | 3,400        | 4,641,085  |
| CSC Holdings LLC:  |              |            |
| 8.50%, 4/15/14   | 680          | 756,500    |
| 8.63%, 2/15/19   | 1,200        | 1,401,000  |
| DIRECTV Holdings LLC, 5.00%,<br>3/01/21 (c)                | 2,575        | 2,832,297  |
| DISH DBS Corp., 7.00%, 10/01/13                            | 1,750        | 1,872,500  |
| Intelsat Luxemburg SA (d):                                 |              |            |
| 11.50%, 2/04/17 (a)  | 110          | 110,550    |
| 11.50%, 2/04/17  | 400          | 402,000    |
| The Interpublic Group of Cos., Inc.,<br>10.00%, 7/15/17    | 1,175        | 1,343,906  |
| Kabel BW Erste Beteiligungs<br>GmbH, 7.50%, 3/15/19 (a)    | 1,040        | 1,110,200  |
| News America, Inc., 6.15%,<br>3/01/37 (c)                  | 4,200        | 4,781,011  |
| Time Warner Cable, Inc., 6.75%,<br>6/15/39                 | 4,050        | 4,866,225  |
| Time Warner, Inc., 7.70%,<br>5/01/32                       | 4,150        | 5,508,266  |
| Unitymedia Hessen GmbH & Co.<br>KG, 8.13%, 12/01/17 (a)    | 1,030        | 1,112,400  |

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|  |       |            |
|--|-------|------------|
| Virgin Media Secured Finance Pl,<br>6.50%, 1/15/18 | 2,675 | 2,875,625  |
|  |       | 40,809,239 |

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Corporate Bonds</b>   |              |            |
| <b>Metals &amp; Mining 2.2%</b>                                    |              |            |
| Alcoa, Inc., 5.40%, 4/15/21 (c)                                    | USD 580      | \$ 608,939 |
| Barrick Gold Corp., 2.90%,<br>5/30/16 (c)                          | 1,150        | 1,195,035  |
| Barrick North America Finance<br>LLC, 5.70%, 5/30/41 (c)           | 1,325        | 1,592,242  |
| Freeport-McMoRan Corp., 7.13%,<br>11/01/27                         | 2,900        | 3,475,963  |
| Novelis, Inc., 8.75%, 12/15/20                                     | 975          | 1,089,563  |
| Teck Resources Ltd., 10.75%,<br>5/15/19 (c)                        | 1,750        | 2,139,289  |
|  |              | 10,101,031 |
| <b>Multi-Utilities 1.6%</b>  |              |            |
| CenterPoint Energy, Inc.:<br>5.95%, 2/01/17                        | 3,150        | 3,591,992  |
| 6.50%, 5/01/18   | 3,350        | 3,928,833  |
|  |              | 7,520,825  |
| <b>Multiline Retail 1.3%</b>                                       |              |            |
| JC Penney Co., Inc., 5.65%,<br>6/01/20                             | 6,300        | 6,315,750  |
| <b>Oil, Gas &amp; Consumable Fuels 13.2%</b>                       |              |            |
| Alpha Natural Resources, Inc.,<br>6.25%, 6/01/21                   | 565          | 559,350    |
| Anadarko Petroleum Corp.:<br>5.95%, 9/15/16                        | 994          | 1,141,168  |
| 6.38%, 9/15/17   | 23           | 27,204     |
| Arch Coal, Inc. (a):<br>7.00%, 6/15/19                             | 220          | 220,550    |
| 7.25%, 6/15/21   | 595          | 597,975    |
| BP Capital Markets Plc (c):<br>3.88%, 3/10/15                      | 1,500        | 1,620,024  |
| 3.20%, 3/11/16   | 1,875        | 1,993,652  |
| Buckeye Partners LP, 4.88%,<br>2/01/21                             | 1,000        | 1,061,362  |
| Chesapeake Energy Corp., 6.13%,<br>2/15/21 (c)                     | 1,295        | 1,275,575  |
| Chesapeake Midstream Partners LP (a):<br>5.88%, 4/15/21            | 595          | 599,463    |
| 6.13%, 7/15/22   | 475          | 483,313    |
| Chesapeake Oilfield Operating LLC,<br>6.63%, 11/15/19 (a)          | 145          | 145,725    |
| Consol Energy, Inc., 6.38%,<br>3/01/21 (a)                         | 450          | 444,375    |
| Copano Energy LLC, 7.13%,<br>4/01/21                               | 560          | 576,800    |
| DCP Midstream LLC, 4.75%,<br>9/30/21 (a)                           | 1,200        | 1,266,128  |
| Denbury Resources, Inc., 6.38%,<br>8/15/21                         | 575          | 622,437    |
| El Paso Corp., 7.00%, 6/15/17                                      | 1,430        | 1,583,521  |
| El Paso Pipeline Partners Operating Co.,<br>LLC:<br>6.50%, 4/01/20 | 1,530        | 1,708,837  |
| 5.00%, 10/01/21  | 525          | 549,369    |



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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>Oil, Gas &amp; Consumable Fuels (continued)</b>         |              |              |
| Enbridge Energy Partners LP,<br>9.88%, 3/01/19             | USD 2,100    | \$ 2,807,171 |
| Energy XXI Gulf Coast, Inc., 7.75%,<br>6/15/19             | 1,025        | 1,058,312    |
| Enterprise Products Operating LLC,<br>6.65%, 4/15/18       | 4,200        | 5,029,399    |
| Forest Oil Corp., 8.50%, 2/15/14                           | 1,240        | 1,351,600    |
| Kinder Morgan Energy Partners LP,<br>6.85%, 2/15/20        | 4,200        | 4,982,414    |
| Kinder Morgan Finance Co. LLC,<br>6.00%, 1/15/18 (a)       | 430          | 445,050      |
| Kodiak Oil & Gas Corp., 8.13%,<br>12/01/19 (a)             | 230          | 243,800      |
| Linn Energy LLC, 7.75%, 2/01/21                            | 955          | 1,029,012    |
| Marathon Petroleum Corp., 3.50%,<br>3/01/16 (a)            | 1,375        | 1,416,594    |
| MarkWest Energy Partners LP,<br>6.25%, 6/15/22             | 530          | 563,125      |
| Newfield Exploration Co., 6.88%,<br>2/01/20                | 595          | 636,650      |
| Nexen, Inc., 6.40%, 5/15/37                                | 1,550        | 1,748,330    |
| Oasis Petroleum, Inc.:<br>7.25%, 2/01/19                   | 340          | 357,000      |
| 6.50%, 11/01/21  | 305          | 308,050      |
| OGX Petroleo e Gas Participacoes<br>SA, 8.50%, 6/01/18 (a) | 1,200        | 1,239,600    |
| ONEOK Partners LP, 8.63%,<br>3/01/19                       | 3,400        | 4,371,975    |
| Petrobras International Finance<br>Co., 3.88%, 1/27/16     | 3,725        | 3,813,972    |
| Petrohawk Energy Corp.:<br>10.50%, 8/01/14                 | 615          | 683,419      |
| 6.25%, 6/01/19   | 715          | 799,906      |
| Petroleum Geo-Services ASA,<br>7.38%, 12/15/18 (a)         | 445          | 462,800      |
| Pioneer Natural Resources Co.:<br>6.65%, 3/15/17           | 650          | 738,250      |
| 6.88%, 5/01/18   | 490          | 564,086      |
| Plains Exploration & Production Co.:<br>10.00%, 3/01/16    | 405          | 455,625      |
| 8.63%, 10/15/19  | 560          | 630,000      |
| 6.75%, 2/01/22   | 655          | 712,312      |
| Precision Drilling Corp., 6.50%,<br>12/15/21 (a)           | 425          | 436,688      |
| Premier Oil Plc, 5.11%, 6/09/18                            | 3,400        | 3,502,000    |
| Range Resources Corp., 6.75%,<br>8/01/20                   | 855          | 936,225      |
| SandRidge Energy, Inc., 7.50%,<br>3/15/21 (a)              | 720          | 730,800      |
| SM Energy Co. (a):   |              |              |

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|  |       |           |
|--|-------|-----------|
| 6.63%, 2/15/19                             | 220   | 231,000   |
| 6.50%, 11/15/21                            | 345   | 361,388   |
| Western Gas Partners LP, 5.38%,<br>6/01/21 | 1,525 | 1,612,535 |

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Corporate Bonds</b>  |              |            |
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>              |              |            |
| The Williams Cos., Inc., 8.75%,<br>3/15/32                      | USD 711      | \$ 939,600 |
|   |              | 61,675,516 |
| <b>Paper &amp; Forest Products 3.0%</b>                         |              |            |
| Boise Paper Holdings LLC:                                       |              |            |
| 9.00%, 11/01/17   | 290          | 316,100    |
| 8.00%, 4/01/20  | 645          | 690,150    |
| Georgia-Pacific LLC, 8.25%,<br>5/01/16 (a)(c)                   | 3,400        | 3,768,788  |
| International Paper Co.:  |              |            |
| 7.50%, 8/15/21  | 3,325        | 4,229,536  |
| 7.30%, 11/15/39   | 3,400        | 4,260,159  |
| Longview Fibre Paper & Packaging,<br>Inc., 8.00%, 6/01/16 (a)   | 330          | 345,263    |
| Verso Paper Holdings LLC,<br>11.50%, 7/01/14                    | 355          | 365,650    |
|   |              | 13,975,646 |
| <b>Pharmaceuticals 3.8%</b>                                     |              |            |
| Capsugel Finance Co. SCA, 9.88%,<br>8/01/19 (a)                 |              |            |
|   | 300          | 420,865    |
| Merck & Co., Inc.:  |              |            |
| 6.50%, 12/01/33 (c)   | 2,070        | 2,905,487  |
| 6.55%, 9/15/37  | 1,622        | 2,271,186  |
| Pfizer, Inc., 7.20%, 3/15/39 (c)                                | 6,250        | 9,362,100  |
| Valeant Pharmaceuticals<br>International, 6.50%, 7/15/16<br>(a) |              |            |
|   | 250          | 253,750    |
| Watson Pharmaceuticals, Inc.,<br>6.13%, 8/15/19                 | 2,075        | 2,462,529  |
|   |              | 17,675,917 |
| <b>Real Estate Investment Trusts (REITs) 2.8%</b>               |              |            |
| AvalonBay Communities, Inc.,<br>6.10%, 3/15/20 (c)              |              |            |
|   | 3,400        | 3,992,460  |
| Developers Diversified Realty Corp.:                            |              |            |
| 4.75%, 4/15/18  | 645          | 649,745    |
| 7.88%, 9/01/20  | 775          | 916,716    |
| ERP Operating LP, 5.75%,<br>6/15/17 (c)                         | 3,405        | 3,874,860  |
| HCP, Inc., 5.38%, 2/01/21                                       | 1,025        | 1,132,709  |
| UDR, Inc., 4.25%, 6/01/18                                       | 1,475        | 1,541,421  |
| Ventas Realty LP/Ventas Capital<br>Corp., 4.75%, 6/01/21        | 1,135        | 1,169,615  |
|   |              | 13,277,526 |
| <b>Real Estate Management &amp; Development 0.3%</b>            |              |            |
| Realogy Corp. (a):  |              |            |
| 7.88%, 2/15/19 (c)  | 570          | 527,250    |
| 7.63%, 1/15/20 (e)  | 620          | 620,000    |
| Shea Homes LP, 8.63%, 5/15/19<br>(a)                            | 480          | 480,000    |
|   |              | 1,627,250  |
| <b>Road &amp; Rail 1.5%</b>                                     |              |            |
| Avis Budget Car Rental LLC,<br>8.25%, 1/15/19                   |              |            |
|   | 110          | 115,775    |



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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>Road &amp; Rail (concluded)</b>                        |              |            |
| Florida East Coast Railway Corp.,<br>8.13%, 2/01/17       | USD 200      | \$ 200,000 |
| The Hertz Corp., 6.75%, 4/15/19                           | 933          | 963,322    |
| Norfolk Southern Corp., 6.00%,<br>3/15/2105 (c)           | 5,000        | 5,977,835  |
|   |              | 7,256,932  |
| <b>Semiconductors &amp; Semiconductor Equipment 0.7%</b>  |              |            |
| Advanced Micro Devices, Inc.,<br>7.75%, 8/01/20           | 775          | 837,000    |
| KLA-Tencor Corp., 6.90%, 5/01/18                          | 1,928        | 2,279,532  |
|   |              | 3,116,532  |
| <b>Specialty Retail 1.2%</b>                              |              |            |
| AutoNation, Inc., 6.75%, 4/15/18                          | 1,965        | 2,102,550  |
| Limited Brands, Inc., 7.00%,<br>5/01/20                   | 980          | 1,087,800  |
| QVC, Inc., 7.38%, 10/15/20 (a)                            | 105          | 114,713    |
| Sally Holdings LLC, 6.88%,<br>11/15/19 (a)(c)             | 595          | 636,650    |
| VF Corp., 5.95%, 11/01/17 (c)                             | 1,475        | 1,749,046  |
|   |              | 5,690,759  |
| <b>Tobacco 1.9%</b>                                       |              |            |
| Altria Group, Inc., 10.20%,<br>2/06/39                    | 3,929        | 6,227,323  |
| Lorillard Tobacco Co., 3.50%,<br>8/04/16                  | 2,450        | 2,510,486  |
|   |              | 8,737,809  |
| <b>Wireless Telecommunication Services 4.2%</b>           |              |            |
| America Movil SAB de CV, 2.38%,<br>9/08/16 (c)            | 2,675        | 2,709,283  |
| American Tower Corp.:                                     |              |            |
| 4.50%, 1/15/18  | 1,925        | 1,966,170  |
| 5.90%, 11/01/21   | 1,295        | 1,393,797  |
| Cricket Communications, Inc.,<br>7.75%, 5/15/16           | 670          | 710,200    |
| Crown Castle International Corp.,<br>9.00%, 1/15/15       | 890          | 970,100    |
| Crown Castle Towers LLC (a):                              |              |            |
| 5.50%, 1/15/37  | 1,175        | 1,287,282  |
| 6.11%, 1/15/40  | 1,300        | 1,458,090  |
| Intelsat Jackson Holdings SA,<br>7.25%, 4/01/19 (a)       | 190          | 198,550    |
| Nextel Communications, Inc.,<br>Series E, 6.88%, 10/31/13 | 840          | 840,000    |
| SBA Tower Trust, 5.10%, 4/15/42<br>(a)                    | 4,225        | 4,528,355  |
| Sprint Capital Corp., 6.88%,<br>11/15/28                  | 440          | 326,150    |

**Corporate Bonds**

**Value**

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|   | Par<br>(000) |              |
|---|--------------|--------------|
| <b>Wireless Telecommunication Services (concluded)</b>                    |              |              |
| Sprint Nextel Corp., 9.00%,<br>11/15/18 (a)                               | USD 2,820    | \$ 3,038,550 |
|   |              | 19,426,527   |
| <b>Total Corporate Bonds 109.1%</b>                                       |              | 510,243,360  |
| <b>Preferred Securities</b>   |              |              |
| <b>Capital Trusts</b>   |              |              |
| <b>Capital Markets 3.8%</b>   |              |              |
| Ameriprise Financial, Inc., 7.52%,<br>6/01/66 (b)                         | 2,500        | 2,568,750    |
| State Street Capital Trust III, 5.54%<br>(b)(f)                           | 2,920        | 2,927,563    |
| State Street Capital Trust IV,<br>1.55%, 6/01/37 (b)                      | 18,235       | 12,313,858   |
|   |              | 17,810,171   |
| <b>Commercial Banks 5.5%</b>  |              |              |
| Barclays Bank Plc, 7.43%<br>(a)(b)(c)(f)                                  | 650          | 637,000      |
| BNP Paribas, 7.20% (a)(b)(c)(f)   | 1,500        | 1,185,000    |
| Credit Agricole SA (a)(b)(c)(f):<br>6.64%,<br>8.38%,                      | 1,475        | 1,047,250    |
|   | 1,475        | 1,209,500    |
| Dresdner Funding Trust I, 8.15%,<br>6/30/31 (a)                           | 2,240        | 1,668,800    |
| HSBC Capital Funding LP/Jersey<br>Channel Islands, 10.18%<br>(a)(b)(c)(f) | 4,835        | 6,092,100    |
| M&T Capital Trust II, 8.28%,<br>6/01/27                                   | 3,630        | 3,753,017    |
| National City Preferred Capital<br>Trust I, 12.00% (b)(f)                 | 1,100        | 1,173,139    |
| NationsBank Capital Trust III,<br>1.12%, 1/15/27 (b)                      | 13,470       | 9,057,915    |
|   |              | 25,823,721   |
| <b>Diversified Financial Services 1.3%</b>                                |              |              |
| JPMorgan Chase Capital XXIII,<br>1.46%, 5/15/77 (b)(c)                    | 8,775        | 6,150,810    |
| <b>Electric Utilities 0.7%</b>  |              |              |
| PPL Capital Funding, 6.70%,<br>3/30/67 (b)                                | 3,000        | 2,962,500    |
| <b>Insurance 8.6%</b>   |              |              |
| Ace Capital Trust II, 9.70%,<br>4/01/30 (c)                               | 2,500        | 3,315,955    |
| The Allstate Corp., 6.50%, 5/15/67 (b)                                    | 5,000        | 4,725,000    |

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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>                              |              |                    |
| American International Group, Inc.,<br>8.18%, 5/15/68 (b) | USD 900      | \$ 868,500         |
| American General Capital II,<br>8.50%, 7/01/30            | 100          | 98,078             |
| Aon Corp., 8.21%, 1/01/27                                 | 2,500        | 2,946,822          |
| AXA SA, 6.38% (a)(b)(f)                                   | 3,000        | 2,242,500          |
| Bank One Capital III, 8.75%,<br>9/01/30 (c)               | 2,000        | 2,713,084          |
| Chubb Corp., 6.38%, 3/29/67<br>(b)(c)                     | 2,000        | 2,040,000          |
| Farmers Exchange Capital, 7.05%,<br>7/15/28 (a)           | 2,500        | 2,741,495          |
| Liberty Mutual Group, Inc.,<br>10.75%, 6/15/88 (a)(b)     | 2,925        | 3,729,375          |
| Lincoln National Corp., 7.00%,<br>5/17/66 (b)             | 3,350        | 3,165,750          |
| MetLife, Inc., 6.40%, 12/15/66                            | 3,325        | 3,239,993          |
| Principal Life Insurance Co.,<br>8.00%, 3/01/44 (a)(c)    | 2,500        | 2,941,288          |
| Reinsurance Group of America,<br>6.75%, 12/15/65 (b)      | 3,000        | 2,702,115          |
| Swiss Re Solutions Holding Corp.,<br>7.75%, 6/15/30 (c)   | 2,000        | 2,486,556          |
| ZFS Finance (USA), Trust IV,<br>5.88%, 5/09/32 (a)(b)     | 379          | 369,525            |
|   |              | 40,326,036         |
| <b>Multi-Utilities 1.4%</b>                               |              |                    |
| Dominion Resources Capital Trust<br>I, 7.83%, 12/01/27    | 2,500        | 2,559,237          |
| Dominion Resources, Inc., 7.50%,<br>6/30/66 (b)           | 3,900        | 4,095,000          |
|   |              | 6,654,237          |
| <b>Oil, Gas &amp; Consumable Fuels 1.4%</b>               |              |                    |
| Enterprise Products Operating LLC,<br>8.38%, 8/01/66 (b)  | 2,000        | 2,160,000          |
| TransCanada PipeLines Ltd.,<br>6.35%, 5/15/67 (b)         | 4,000        | 4,043,572          |
|   |              | 6,203,572          |
| <b>Road &amp; Rail 0.8%</b>                               |              |                    |
| BNSF Funding Trust I, 6.61%,<br>12/15/55 (b)              | 3,750        | 3,862,500          |
| <b>Total Capital Trusts 23.5%</b>                         |              | <b>109,793,547</b> |
| <b>Preferred Stocks</b>                                   |              |                    |
| <b>Auto Components 0.1%</b>                               |              |                    |
| Dana Holding Corp., 4.00% (a)                             | 4,000        | 508,500            |
| <b>Preferred Stocks</b>                                   |              |                    |
| <b>Diversified Financial Services 0.3%</b>                |              |                    |
| Ally Financial, Inc., 7.00% (a)                           | 1,880        | \$ 1,513,812       |

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|   |     |        |             |
|---|-----|--------|-------------|
| <b>Thriffs &amp; Mortgage Finance 0.0%</b>                                      |     |        |             |
| Fannie Mae, Series S, 8.25% (b)(g)  |     | 14,000 | 20,300      |
| Freddie Mac, Series Z, 8.38% (b)(g)   |     | 14,000 | 19,880      |
|   |     |        | 40,180      |
| <b>Wireless Telecommunication Services 0.6%</b>                                 |     |        |             |
| Centaur Funding Corp., 9.08% (a)  |     | 2,423  | 2,767,520   |
| <b>Total Preferred Stocks - 1.0%</b>  |     |        | 4,830,012   |
| <b>Trust Preferred</b>  |     |        |             |
| <b>Diversified Financial Services 0.2%</b>                                      |     |        |             |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (b)                              |     | 42,250 | 937,528     |
| <b>Total Preferred Securities 24.7%</b>   |     |        | 115,561,087 |
| <b>Taxable Municipal Bonds</b>  |     |        |             |
| Metropolitan Transportation Authority, RB, Build America Bonds, 6.55%, 11/15/31 | USD | 3,450  | 4,177,087   |
| <b>Total Taxable Municipal Bonds 0.9%</b>                                       |     |        | 4,177,087   |
| <b>US Government Sponsored Agency Securities</b>                                |     |        |             |
| <b>Agency Obligations 0.3%</b>  |     |        |             |
| Fannie Mae, 4.23%, 10/09/19 (c)(h)  |     | 1,670  | 1,290,214   |
| <b>Total US Government Sponsored Agency Securities 0.3%</b>                     |     |        | 1,290,214   |
| <b>US Treasury Obligations</b>  |     |        |             |
| US Treasury Bonds, 3.75%, 8/15/41 (c)   |     | 1,470  | 1,713,698   |
| US Treasury Notes:  |     |        |             |
| 0.88%, 12/31/16 (c)   |     | 3,847  | 3,880,961   |
| 2.00%, 11/15/21   |     | 3,905  | 3,973,338   |
| <b>Total US Treasury Obligations 2.0%</b>                                       |     |        | 9,567,997   |
| <b>Total Long-Term Investments</b>  |     |        |             |
| <b>(Cost \$618,342,008) 137.9%</b>  |     |        | 644,973,261 |

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JANUARY 31, 2012

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## Schedule of Investments (continued)

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

|  | Shares                               |    | Value        |
|--|--------------------------------------|----|--------------|
| <b>Short-Term Securities</b>   |                                      |    |              |
| BlackRock Liquidity Funds,<br>TempFund, Institutional Class,<br>0.15% (i)(j)   | 7,214,987                            | \$ | 7,214,987    |
| <b>Total Short-Term Securities</b><br>(Cost \$7,214,987) 1.5%  |                                      |    | 7,214,987    |
| <b>Options Purchased</b>   | <b>Contracts</b>                     |    |              |
| <b>Exchange-Traded Put Options</b> 0.2%  |                                      |    |              |
| S&P 500 Index, Strike Price USD<br>1,200.00, Expires 6/16/12   | 285                                  |    | 903,450      |
|  | <b>Notional<br/>Amount<br/>(000)</b> |    |              |
| <b>Over-the-Counter Call Swaptions</b> 0.0%  |                                      |    |              |
| Receive a fixed rate of 1.90% and<br>pay a floating rate based on 3-<br>month LIBOR, expires 2/08/12,<br>Broker Deutsche Bank AG           | USD 8,100                            |    | 31,104       |
| Receive a fixed rate of 2.40% and<br>pay a floating rate based on 3-<br>month LIBOR, expires 5/11/12,<br>Broker Citibank NA                | 5,500                                |    | 113,133      |
|  |                                      |    | 144,237      |
| <b>Over-the-Counter Put Swaptions</b> 0.1%   |                                      |    |              |
| Pay a fixed rate of 2.50% and receive<br>a floating rate based on 3-month<br>LIBOR, Expires 2/08/12, Broker<br>Deutsche Bank AG            | 8,100                                |    | 1            |
| Pay a fixed rate of 2.70% and receive<br>a floating rate based on 3-month<br>LIBOR, Expires 2/28/12, Broker<br>Deutsche Bank AG            | 4,800                                |    | 52           |
| Pay a fixed rate of 2.70% and receive<br>a floating rate based on 3-month<br>LIBOR, Expires 2/28/12, Broker<br>Citigroup NA                | 5,900                                |    | 64           |
| Pay a fixed rate of 2.70% and receive<br>a floating rate based on 3-month<br>LIBOR, Expires 2/28/12, Broker<br>UBS Securities LLC          | 7,100                                |    | 78           |
|  | <b>Notional<br/>Amount<br/>(000)</b> |    |              |
| <b>Options Purchased</b>   |                                      |    | <b>Value</b> |
| <b>Over-the-Counter Put Swaptions (concluded)</b>  |                                      |    |              |
| Pay a fixed rate of 4.50% and receive<br>a floating rate based on 3-month<br>LIBOR, Expires 9/16/13, Broker<br>Credit Suisse International | USD 5,300                            | \$ | 57,140       |

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|  |       |             |
|--|-------|-------------|
| Pay a fixed rate of 4.50% and receive a floating rate based on 3-month LIBOR, Expires 10/21/13, Broker Citibank NA                 | 5,000 | 61,085      |
| Pay a fixed rate of 4.50% and receive a floating rate based on 3-month LIBOR, Expires 12/12/13, Broker Credit Suisse International | 4,000 | 57,846      |
|  |       | 176,266     |
| <b>Total Options Purchased</b><br>(Cost \$1,594,566) 0.3%  |       | 1,223,953   |
| <b>Total Investments Before Outstanding Options</b><br>Written (Cost \$627,151,561*) 139.7%  |       | 653,412,201 |

| Options Written   | Contracts                    |             |
|---|------------------------------|-------------|
| <b>Exchange-Traded Put Options (0.1)%</b><br>S&P 500 Index, Strike Price USD 1,100.00, Expires 6/16/12  | 285                          | (468,825)   |
|   | <b>Notional Amount (000)</b> |             |
| <b>Over-the-Counter Call Swaptions (0.3)%</b><br>Pay a fixed rate of 4.03% and receive a floating rate based on 3-month LIBOR, Expires 4/16/12, Broker UBS AG | USD 7,700                    | (1,470,874) |
| <b>Over-the-Counter Put Swaptions 0.0%</b><br>Receive a fixed rate of 4.03% and pay a floating rate based on 3-month LIBOR, Expires 4/16/12, Broker UBS AG    | 7,700                        | (8)         |
| Receive a fixed rate of 2.00% and pay a floating rate based on 3-month LIBOR, Expires 11/01/12, Broker Citibank NA  | 34,000                       | (88,121)    |
|   |                              | (88,129)    |
| <b>Total Options Written</b><br>(Premiums Received \$1,406,488) (0.4)%  |                              | (2,027,828) |

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JANUARY 31, 2012

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Schedule of Investments (continued)

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

|  | Value          |
|--|----------------|
| <b>Total Investments, Net of Outstanding Options</b> |                |
| <b>Written (Cost - \$625,745,073) 139.3%</b>         | \$ 651,384,373 |
| <b>Liabilities in Excess of Other Assets (39.3)%</b> | (183,862,044)  |
| <b>Net Assets 100.0%</b>                             | \$ 467,522,329 |

\* As of January 31, 2012, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

|                               |                |
|-------------------------------|----------------|
| Tax cost                      | \$ 627,010,748 |
| Gross unrealized appreciation | \$ 40,108,278  |
| Gross unrealized depreciation | (13,706,826)   |
| Net unrealized appreciation   | \$ 26,401,452  |

- (a) Security exempt from registration pursuant to Rule 144A under 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) All or a portion of security has been pledged as collateral in connection with open reverse repurchase agreements.
- (d) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (e) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty            | Value      | Unrealized<br>Depreciation |
|-------------------------|------------|----------------------------|
| JP Morgan Chase Bank NA | \$ 620,000 | \$ (2,975)                 |
| Citigroup NA            | \$ 409,992 |                            |

- (f) Security is perpetual in nature and has no stated maturity date.
- (g) Non-income producing security.
- (h) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (i) Investments in companies considered to be an affiliate of the Trust during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares<br>Held at<br>October 31,<br>2011 | Net<br>Activity | Shares<br>Held at<br>January 31,<br>2012 | Income |
|-----------|--|-----------------|--|--------|
|-----------|--|-----------------|--|--------|

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BlackRock Liquidity Funds, TempFund, Institutional Class 405,708      6,809,279      7,214,987      \$      1,274

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

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

### Portfolio Abbreviations

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

|       |                               |
|-------|-------------------------------|
| EUR   | Euro                          |
| LIBOR | London Interbank Offered Rate |
| RB    | Revenue Bonds                 |
| USD   | US Dollar                     |

Reverse repurchase agreements outstanding as of January 31, 2012 were as follows:

| Counterparty                       | Interest Rate | Trade Date | Maturity Date <sup>1</sup> | Net Closing Amount | Face Amount  |
|------------------------------------|---------------|------------|----------------------------|--------------------|--------------|
| Barclays Capital, Inc.             | 0.40%         | 11/16/11   | Open                       | \$ 1,891,617       | \$ 1,890,000 |
| BNP Paribas Securities Corp.       | 0.35%         | 11/16/11   | Open                       | 1,971,387          | 1,969,913    |
| Credit Suisse Securities (USA) LLC | 0.40%         | 11/29/11   | Open                       | 8,845,661          | 8,839,375    |
| Credit Suisse Securities (USA) LLC | 0.35%         | 11/29/11   | Open                       | 5,871,933          | 5,868,281    |
| Barclays Capital, Inc.             | 0.40%         | 12/01/11   | Open                       | 10,536,222         | 10,528,969   |
| Credit Suisse Securities (USA) LLC | 0.40%         | 12/02/11   | Open                       | 14,675,153         | 14,665,214   |
| UBS Securities LLC                 | 0.38%         | 12/01/11   | Open                       | 5,428,158          | 5,424,607    |
| Barclays Capital, Inc.             | 0.40%         | 12/02/11   | Open                       | 4,135,306          | 4,132,505    |
| UBS Securities LLC                 | 0.38%         | 12/02/11   | Open                       | 4,815,849          | 4,812,750    |
| Credit Suisse Securities (USA) LLC | 0.35%         | 12/06/11   | Open                       | 2,896,185          | 2,894,581    |
| Deutsche Bank AG                   | 0.05%         | 12/07/11   | Open                       | 637,925            | 637,875      |
| UBS Securities LLC                 | 0.28%         | 12/07/11   | Open                       | 564,246            | 564,000      |
| UBS Securities LLC                 | 0.38%         | 12/07/11   | Open                       | 15,311,858         | 15,302,813   |
| UBS Securities LLC                 | 0.37%         | 12/07/11   | Open                       | 5,404,547          | 5,401,438    |
| UBS Securities LLC                 | 0.35%         | 12/07/11   | Open                       | 7,068,134          | 7,064,288    |

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

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Schedule of Investments (continued)

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

Reverse repurchase agreements outstanding as of January 31, 2012 were as follows (concluded):

| Counterparty                       | Interest Rate | Trade Date | Maturity Date <sup>1</sup> | Net Closing Amount | Face Amount    |
|------------------------------------|---------------|------------|----------------------------|--------------------|----------------|
| UBS Securities LLC                 | 0.32%         | 12/07/11   | Open                       | \$ 2,251,245       | \$ 2,250,125   |
| Barclays Capital, Inc.             | 0.40%         | 12/08/11   | Open                       | 2,612,001          | 2,610,406      |
| Deutsche Bank AG                   | (1.00%)       | 1/10/12    | Open                       | 545,666            | 546,000        |
| Deutsche Bank AG                   | 0.05%         | 1/10/12    | Open                       | 3,847,117          | 3,847,000      |
| BNP Paribas Securities Corp.       | 0.11%         | 1/11/12    | Open                       | 1,267,194          | 1,267,112      |
| UBS Securities LLC                 | 0.10%         | 1/11/12    | Open                       | 475,703            | 475,675        |
| UBS Securities LLC                 | 0.35%         | 1/11/12    | Open                       | 3,800,276          | 3,799,500      |
| BNP Paribas Securities Corp.       | 0.10%         | 1/12/12    | Open                       | 1,723,671          | 1,723,575      |
| UBS Securities LLC                 | 0.38%         | 1/12/12    | Open                       | 4,697,454          | 4,696,463      |
| Credit Suisse Securities (USA) LLC | 0.35%         | 1/17/12    | Open                       | 3,938,043          | 3,937,469      |
| Deutsche Bank AG                   | (0.05%)       | 1/17/12    | Open                       | 453,140            | 453,150        |
| BNP Paribas Securities Corp.       | 0.39%         | 1/18/12    | Open                       | 2,577,991          | 2,577,600      |
| BNP Paribas Securities Corp.       | 0.35%         | 1/18/12    | Open                       | 22,976,485         | 22,973,359     |
| Deutsche Bank AG                   | 0.05%         | 1/20/12    | Open                       | 1,628,727          | 1,628,700      |
| UBS Securities LLC                 | 0.10%         | 1/19/12    | Open                       | 3,109,487          | 3,109,375      |
| Barclays Capital, Inc.             | 0.35%         | 1/24/12    | Open                       | 32,303,074         | 32,300,561     |
| Barclays Capital, Inc.             | 0.40%         | 1/24/12    | Open                       | 3,262,174          | 3,261,884      |
| BNP Paribas Securities Corp.       | 0.35%         | 1/24/12    | Open                       | 1,222,130          | 1,222,035      |
| UBS Securities LLC                 | 0.25%         | 1/25/12    | Open                       | 1,061,302          | 1,061,250      |
| UBS Securities LLC                 | 0.38%         | 1/25/12    | Open                       | 8,871,155          | 8,870,500      |
| BNP Paribas Securities Corp.       | 0.39%         | 1/30/12    | Open                       | 1,599,635          | 1,599,600      |
| UBS Securities LLC                 | 0.38%         | 1/30/12    | Open                       | 1,610,784          | 1,610,750      |
| Barclays Capital, Inc.             | 0.35%         | 1/31/12    | Open                       | 2,158,021          | 2,158,000      |
| Barclays Capital, Inc.             | 0.40%         | 1/31/12    | Open                       | 3,485,039          | 3,485,000      |
| <b>Total</b>                       |               |            |                            | \$ 201,531,695     | \$ 201,461,698 |

<sup>1</sup> Certain agreements have no stated maturity and can be terminated by either party at any time.

Financial futures contracts sold as of January 31, 2012 were as follows:

| Contracts | Issue                            | Exchange               | Expiration | Notional Value | Unrealized Depreciation |
|-----------|----------------------------------|------------------------|------------|----------------|-------------------------|
| 1         | Euro-Bund Future                 | Eurex                  | March 2012 | EUR 182,761    | \$ (6,568)              |
| 331       | 10-Year US Treasury Note         | Chicago Board of Trade | March 2012 | USD 43,774,750 | (758,305)               |
| 45        | 30-Year US Treasury Bond         | Chicago Board of Trade | March 2012 | USD 6,544,688  | (175,856)               |
| 47        | Ultra Long Term US Treasury Bond | Chicago Board of Trade | March 2012 | USD 7,518,531  | (39,011)                |

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|              |                         |                        |            |     |            |                |
|--------------|-------------------------|------------------------|------------|-----|------------|----------------|
| 317          | 5-Year US Treasury Note | Chicago Board of Trade | March 2012 | USD | 39,322,859 | (344,696)      |
| <b>Total</b> |                         |                        |            |     |            | \$ (1,324,436) |

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

| Currency Purchased |           | Currency Sold |           | Counterparty | Settlement Date | Unrealized Depreciation |
|--------------------|-----------|---------------|-----------|--------------|-----------------|-------------------------|
| USD                | 1,332,674 | EUR           | 1,036,500 | Citibank NA  | 4/18/12         | \$ (23,464)             |

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

JANUARY 31, 2012

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Schedule of Investments (continued)

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

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

| Issuer                 | Pay Fixed Rate | Counterparty                       | Expiration Date | Notional Amount (000) | Unrealized Depreciation |
|------------------------|----------------|------------------------------------|-----------------|-----------------------|-------------------------|
| STMicroelectronics NV  | 1.00%          | Deutsche Bank AG                   | 12/20/16        | USD 1,215             | \$ (27,392)             |
| Southwest Airlines Co. | 1.00%          | Goldman Sachs Bank USA             | 12/20/16        | USD 1,185             | (35,452)                |
| Southwest Airlines Co. | 1.00%          | Royal Bank of Scotland Plc         | 12/20/16        | USD 1,185             | (40,304)                |
| Time Warner Inc.       | 1.00%          | Credit Suisse Securities (USA) LLC | 3/20/17         | USD 7,500             | (13,100)                |
| Emerson Electric       | 1.00%          | Morgan Stanley & Co., Inc.         | 3/20/17         | USD 2,330             | (19,314)                |
| <b>Total</b>           |                |                                    |                 |                       | \$ (135,562)            |

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

| Issuer                 | Receive Fixed Rate | Counterparty                       | Expiration Date | Issuer Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation (Depreciation) |
|------------------------|--------------------|------------------------------------|-----------------|-----------------------------------|------------------------------------|--|
| Aviva USA Corp.        | 1.00%              | Deutsche Bank AG                   | 5/25/12         | AA-                               | USD 2,775                          | \$ (1,342)                             |
| Assured Guaranty Corp. | 5.00%              | Citibank NA                        | 12/20/14        | AA+                               | USD 117                            | 6,929                                  |
| Assured Guaranty Corp. | 5.00%              | Citibank NA                        | 3/20/15         | AA+                               | USD 494                            | 33,947                                 |
| DIRECTV Holdings LLC   | 1.00%              | Credit Suisse Securities (USA) LLC | 3/20/17         | BBB                               | USD 7,500                          | 41,544                                 |
| MetLife, Inc.          | 1.00%              | Deutsche Bank AG                   | 3/20/18         | A+                                | USD 900                            | (42,253)                               |
| <b>Total</b>           |                    |                                    |                 |                                   |                                    | \$ 38,825                              |

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

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

Credit default swaps on traded indexes - buy protection outstanding as of January 31, 2012 were as follows:

| Index   | Pay Fixed Rate | Counterparty                       | Expiration Date | Notional Amount (000) | Unrealized Appreciation |
|---|----------------|------------------------------------|-----------------|-----------------------|-------------------------|
| Dow Jones CDX North America Investment Grade Index 17 | 1.00%          | Credit Suisse Securities (USA) LLC | 12/20/16        | USD 43,000            | \$ 9,851                |

Interest rate swaps outstanding as of January 31, 2012 were as follows:

| Fixed Rate         | Floating Rate | Counterparty           | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------|---------------|------------------------|-----------------|-----------------------|--|
| 1.35% <sup>1</sup> | 3-month LIBOR | JPMorgan Chase Bank NA | 11/25/16        | USD 11,600            | \$ (218,319)                           |
| 2.03% <sup>2</sup> | 3-month LIBOR | Deutsche Bank AG       | 12/21/21        | USD 1,900             | 23,398                                 |

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|                    |               |                                    |          |     |       |                |
|--------------------|---------------|------------------------------------|----------|-----|-------|----------------|
| 4.35% <sup>1</sup> | 3-month LIBOR | Deutsche Bank AG                   | 4/15/41  | USD | 700   | (253,307)      |
| 3.93% <sup>1</sup> | 3-month LIBOR | Citibank NA                        | 7/21/41  | USD | 6,400 | (1,761,538)    |
| 2.81% <sup>1</sup> | 3-month LIBOR | Credit Suisse Securities (USA) LLC | 10/11/41 | USD | 1,900 | (71,238)       |
| 3.00% <sup>1</sup> | 3-month LIBOR | Credit Suisse Securities (USA) LLC | 10/18/41 | USD | 1,200 | (94,164)       |
| <b>Total</b>       |               |                                    |          |     |       | \$ (2,375,168) |

1 Pays a fixed interest rate and receives floating rate.

2 Pays a floating interest rate and receives fixed rate.

BLACKROCK CREDIT ALLOCATION INCOME TRUST II, INC.

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## Schedule of Investments (continued)

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

Fair Value Measurements - Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized into a disclosure hierarchy consisting of three broad levels for financial reporting purposes as follows:

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

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

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Trust's perceived risk of investing in those securities. For information about the Trust's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to the Trust's most recent financial statements as contained in its annual report.

The following tables summarize the inputs used as of January 31, 2012 in determining the fair valuation of the Trust's investments and derivative financial instruments:

| Valuation Inputs                          | Level 1      | Level 2        | Level 3      | Total          |
|---|--------------|----------------|--------------|----------------|
| <b>Assets:</b>                            |              |                |              |                |
| Investments:                              |              |                |              |                |
| Long-Term Investments:                    |              |                |              |                |
| Asset-Backed Securities                   |              | \$ 1,980,391   | \$ 2,153,125 | \$ 4,133,516   |
| Corporate Bonds                           |              | 506,741,360    | 3,502,000    | 510,243,360    |
| Preferred Securities                      | \$ 977,708   | 114,583,379    |              | 115,561,087    |
| Taxable Municipal Bonds                   |              | 4,177,087      |              | 4,177,087      |
| US Government Sponsored Agency Securities |              | 1,290,214      |              | 1,290,214      |
| US Treasury Obligations                   |              | 9,567,997      |              | 9,567,997      |
| Short-Term Securities                     | 7,214,987    |                |              | 7,214,987      |
| <b>Total</b>                              | \$ 8,192,695 | \$ 638,340,428 | \$ 5,655,125 | \$ 652,188,248 |

| Valuation Inputs                                    | Level 1      | Level 2        | Level 3    | Total          |
|---|--------------|----------------|------------|----------------|
| <b>Derivative Financial Instruments<sup>1</sup></b> |              |                |            |                |
| <b>Assets:</b>                                      |              |                |            |                |
| Interest rate contracts                             |              | \$ 343,901     |            | \$ 343,901     |
| Credit contracts                                    |              | 92,271         |            | 92,271         |
| Equity contracts                                    | \$ 903,450   |                |            | 903,450        |
| <b>Liabilities:</b>                                 |              |                |            |                |
| Interest rate contracts                             | (1,324,436)  | (3,957,569)    |            | (5,282,005)    |
| Foreign currency exchange contracts                 |              | (23,464)       |            | (23,464)       |
| Credit contracts                                    |              | (177,815)      | \$ (1,342) | (179,157)      |
| Equity contracts                                    | (468,825)    |                |            | (468,825)      |
| <b>Total</b>  | \$ (889,811) | \$ (3,722,676) | \$ (1,342) | \$ (4,613,829) |

<sup>1</sup> Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument and

options are shown at value.

## 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:

|   | Asset-Backed<br>Securities | Corporate<br>Bonds  | Total               |
|---|----------------------------|---------------------|---------------------|
| <b>Assets:</b>  |                            |                     |                     |
| Balance, as of October 31, 2011                                 | \$ 2,053,750               | \$ 3,536,000        | \$ 5,589,750        |
| Accrued discounts/premiums                                      | 9,373                      |                     | 9,373               |
| Net realized gain (loss)  |                            |                     |                     |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | 90,002                     | (34,000)            | 56,002              |
| Purchases   |                            |                     |                     |
| Sales   |                            |                     |                     |
| Transfers in <sup>3</sup>                                       |                            |                     |                     |
| Transfers out <sup>3</sup>                                      |                            |                     |                     |
| <b>Balance, as of January 31, 2012</b>                          | <b>\$ 2,153,125</b>        | <b>\$ 3,502,000</b> | <b>\$ 5,655,125</b> |

<sup>2</sup> The net change in unrealized appreciation/depreciation on investments still held at January 31, 2012 was \$3,592,002.

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

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

|  | Credit<br>Contracts |
|--|---------------------|
| <b>Assets/Liabilities:</b>                         |                     |
| Balance, as of October 31, 2011                    | \$ 5,018            |
| Accrued discounts/premiums                         | 4,536               |
| Net realized gain (loss)                           |                     |
| Net change in unrealized appreciation/depreciation | (6,360)             |
| Purchases  |                     |
| Issuances <sup>4</sup>                             |                     |