BLACKROCK CREDIT ALLOCATION INCOME TRUST II
Form N-CSRS
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

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: John M. Perlowski, Chief Executive Officer, BlackRock Credit Allocation Income Trust II, Inc., 55 East 52nd Street, New York, NY 10055

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

Date of fiscal year end: 10/31/2012

Date of reporting period: 04/30/2012

Item 1 – Report to Stockholders

April 30, 2012

Semi-Annual Report (Unaudited)

4BlackRock Credit Allocation Income Trust I, Inc. (PSW)

4BlackRock Credit Allocation Income Trust II, Inc. (PSY)

4BlackRock Credit Allocation Income Trust III (BPP)

4BlackRock Credit Allocation Income Trust IV (BTZ)

4BlackRock Floating Rate Income Trust (BGT)

Not FDIC Insured No Bank Guarantee May Lose Value

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Dear Shareholder

One year ago at this time, risk assets were in a broad retreat as political strife in Greece ignited fears about sovereign debt problems spreading across Europe and economic indicators signaled that the global recovery had slowed. Confidence was further shaken by the prolonged debt ceiling debate in Washington, DC. Early in August 2011, Standard & Poor’s downgraded the US government’s credit rating and turmoil erupted in financial markets around the world. Extraordinary levels of volatility persisted in the months that followed as the European debt crisis intensified. Macro news flow became the dominant force in financial markets, driving asset prices up and down in lock step, in a risk on/risk off trading pattern. By the end of the third quarter in 2011, equity markets had fallen nearly 20% from their April peak while safe-haven assets such as US Treasuries and gold had rallied to historic highs.

October 2011 brought enough positive economic data to assuage fears of a global double-dip recession. Additionally, European leaders began making concerted efforts to stem the region’s debt crisis. Investors began to reenter the markets, putting risk assets on the road to recovery. Improving sentiment carried over into early 2012 as a number of factors elicited greater optimism. Sovereign debt problems in Europe became less pressing. Greece secured its second bailout package and completed the restructuring of its national debt. The European Central Bank gave financial markets a boost by providing additional liquidity through its long-term refinancing operations. The outlook for the global economy grew less dim as stronger data from the United States, particularly from the labor market, lifted sentiment. Hopes for additional monetary stimulus from the US Federal Reserve and strong corporate earnings pushed risk assets (including stocks, commodities and high yield bonds) higher through the first two months of the year while rising Treasury yields pressured higher-quality fixed income assets. The risk rally softened in late March, however, due to renewed fears about slowing growth in China and Europe’s debt troubles. Equity markets staggered downward in April as Spain’s financial situation became increasingly severe and elections in Greece and France added to uncertainty about the future of the euro zone. In the United States, disappointing jobs reports in April revealed that the recent acceleration in the labor market had been a short-lived surge. Overall, US economic data signaled that the pace of the recovery had slowed, but not to the extent that warranted additional monetary stimulus.

Thanks in large part to an exceptionally strong first quarter of 2012, equities and high yield bonds posted solid returns for the 6-month period ended April 30, 2012. On a 12-month basis, US large-cap stocks and high yield bonds delivered positive results; however, small-cap stocks finished in negative territory. International and emerging equities, which experienced significant downturns in 2011, lagged the broader rebound. Fixed income securities, including corporate, government and municipal bonds, performed well despite recent yield volatility. US Treasury bonds finished strong, with an April rally erasing the effects of their broad sell-off during February and March. Continued low short-term interest rates kept yields on money market securities near their all-time lows.

Financial markets have regained a significant degree of stability since the period of turmoil we endured last year; however, considerable headwinds remain. Political uncertainty in Europe elevates concerns about additional flare ups in the debt crisis. Higher energy prices and slowing growth in China continue to pose risks for the global economy. Potential political leadership changes around the world create additional layers of uncertainty. But, we believe that with these challenges come opportunities. We remain committed to working with you and your financial professional to identify actionable ideas for your portfolio. We encourage you to visit **www.blackrock.com/newworld** for more information.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

"Financial markets have regained a significant degree of stability since the period of turmoil we endured last year; however, considerable headwinds remain."

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of April 30, 2012

	6-month	12-month
US large cap equities (S&P 500® Index)	12.77 %	4.76 %
US small cap equities (Russell 2000® Index)	11.02	(4.25)
International equities (MSCI Europe, Australasia, Far East Index)	2.44	(12.82)
Emerging market equities (MSCI Emerging Markets Index)	3.93	(12.61)
3-month Treasury bill (BofA Merrill Lynch 3-Month Treasury Bill Index)	0.01	0.05
US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index)	3.83	16.41
US investment grade bonds (Barclays US Aggregate Bond Index)	2.44	7.54
Tax-exempt municipal bonds (S&P Municipal Bond Index)	5.71	11.90
US high yield bonds (Barclays US Corporate High Yield 2% Issuer Capped Index)	6.91	5.89

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

Fund Summary as of April 30, 2012 **BlackRock Credit Allocation Income Trust I, Inc.**

Fund Overview

BlackRock Credit Allocation Income Trust I, Inc.'s (PSW) (the "Fund") primary investment objective is to provide holders of common shares ("Common Shareholders") with high current income. The secondary investment objective of the Fund is to provide Common Shareholders with capital appreciation. The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its assets in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds (commonly referred to as "junk" bonds), bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

Portfolio Management Commentary

How did the Fund perform?

For the six months ended April 30, 2012, the Fund returned 13.41% based on market price and 7.14% based on net asset value ("NAV"). For the same period, the closed-end Lipper Corporate Debt Funds (BBB-Rated) category posted an average return of 8.46% based on market price and 5.24% based on NAV. 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 market price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

Spread sectors outperformed government-related debt for the six-month period as improving US economic fundamentals and accommodative monetary policy provided a backdrop that was conducive to credit spread compression. Accordingly, the Fund benefited from its allocations to investment grade and high yield corporate credit. The Fund's high yield exposure was the largest contributor to performance despite recent weakness in the sector, as higher carry yields (income generation) and improving fundamentals helped to offset price declines. Within corporate credit, the Fund benefited from exposure to higher-beta names (those with greater sensitivity to market movements) in the industrials space. A bias toward financials also had a positive impact. Finally, the Fund's duration stance (sensitivity to interest rate movements) contributed positively to returns as rates generally moved lower throughout the period.

The Fund's duration and yield curve exposure was managed using interest rate derivative instruments such as futures contracts, options and swaps. These positions were put in place to limit the impact of expected volatility in interest rates and to express the Fund's yield curve preference. These positions resulted in a slight net negative impact on performance for the period.

Describe recent portfolio activity.

During the six-month period, the Fund generally favored high quality companies with strong balance sheets. The Fund maintained a bias toward financials, but shifted to a neutral stance in industrials. The Fund increased exposure to the utilities sector, which appeared attractive on a relative basis while offering downside protection should the pace of the economic recovery continue to slow. The Fund maintained an emphasis on liquidity in order to take advantage of select opportunities in corporate credit. The Fund reduced its overall risk profile by decreasing leverage and portfolio duration over the period.

Describe portfolio positioning at period end.

European sovereign debt fears have once again resurfaced and macro risks remain a key driver of market volatility. As of period end, the Fund seeks to maintain a near-term short duration bias and remains cautiously optimistic on corporate credit.

The Fund maintained diversified exposure across investment grade and high yield corporate credits. Portfolio holdings at period end reflected a bias toward higher-quality issues and a preference for more stable industries and companies that offer good cash flows, earnings and revenue visibility and attractive downside protection. The Fund's corporate credit holdings reflect a bias toward utilities over financials and industrials. The Fund favors media cable and media non-cable names as well as insurance companies.

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.

BlackRock Credit Allocation Income Trust I, Inc.

Fund Information

Symbol on New York Stock Exchange ("NYSE")	PSW
Initial Offering Date	August 1, 2003
Yield on Closing Market Price as of April 30, 2012 ($10.08)[1]	7.08%
Current Monthly Distribution per Common Share[2]	$0.0595
Current Annualized Distribution per Common Share[2]	$0.7140
Economic Leverage as of April 30, 2012[3]	28%

1 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.

2 The distribution rate is not constant and is subject to change.

3 Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings) 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 14.

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

	4/30/12	10/31/11	Change	High	Low
Market Price	$10.08	$ 9.25	8.97%	$10.31	$ 8.86
Net Asset Value	$10.83	$10.52	2.95%	$10.88	$10.06

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

Portfolio Composition

	4/30/12	10/31/11
Corporate Bonds	80 %	82 %
Preferred Securities	17	15
Asset Backed Securities	1	1
Taxable Municipal Bonds	1	1
US Treasury Obligations	1	1

Credit Quality Allocations[4]

	4/30/12	10/31/11
AAA/Aaa[5]	2 %	1 %
AA/Aa	5	7
A	25	28
BBB/Baa	42	38
BB/Ba	15	15
B	7	8
CCC/Caa	1	1
Not Rated	3	2

4 Using the higher of Standard & Poor's ("S&P's") or Moody's Investors Service ("Moody's") ratings.

5 Includes US Treasury obligations that are deemed AAA by the investment advisor

Fund Summary as of April 30, 2012 **BlackRock Credit Allocation Income Trust II, Inc.**

Fund Overview

BlackRock Credit Allocation Income Trust II, Inc.'s (PSY) (the "Fund") primary investment objective is to provide Common Shareholders with current income. The secondary investment objective of the Fund is to provide Common Shareholders with capital appreciation. The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its assets in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds (commonly referred to as "junk" bonds), bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

Portfolio Management Commentary

How did the Fund perform?

For the six months ended April 30, 2012, the Fund returned 14.78% based on market price and 7.57% based on NAV. For the same period, the closed-end Lipper Corporate Debt Funds (BBB-Rated) category posted an average return of 8.46% based on market price and 5.24% based on NAV. 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 market price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

Spread sectors outperformed government-related debt for the six-month period as improving US economic fundamentals and accommodative monetary policy provided a backdrop that was conducive to credit spread compression. Accordingly, the Fund benefited from its allocations to investment grade and high yield corporate credit. The Fund's high yield exposure was the largest contributor to performance despite recent weakness in the sector, as higher carry yields (income generation) and improving fundamentals helped to offset price declines. Within corporate credit, the Fund benefited from exposure to higher-beta names (those with greater sensitivity to market movements) in the industrials space. A bias toward financials also had a positive impact. Finally, the Fund's duration stance (sensitivity to interest rate movements) contributed positively to returns as rates generally moved lower throughout the period.

The Fund's duration and yield curve exposure was managed using interest rate derivative instruments such as futures contracts, options and swaps. These positions were put in place to limit the impact of expected volatility in interest rates and to express the Fund's yield curve preference. These positions resulted in a slight net negative impact on performance for the period.

Describe recent portfolio activity.

During the six-month period, the Fund generally favored high quality companies with strong balance sheets. The Fund maintained a bias toward financials, but shifted to a neutral stance in industrials. The Fund increased exposure to the utilities sector, which appeared attractive on a relative basis while offering downside protection should the pace of the economic recovery continue to slow. The Fund maintained an emphasis on liquidity in order to take advantage of select opportunities in corporate credit. The Fund reduced its overall risk profile by decreasing leverage and portfolio duration over the period.

Describe portfolio positioning at period end.

European sovereign debt fears have once again resurfaced and macro risks remain a key driver of market volatility. As of period end, the Fund seeks to maintain a near-term short duration bias and remains cautiously optimistic on corporate credit.

The Fund maintained diversified exposure across investment grade and high yield corporate credits. Portfolio holdings at period end reflected a bias toward higher-quality issues and a preference for more stable industries and companies that offer good cash flows, earnings and revenue visibility and attractive downside protection. The Fund's corporate credit holdings reflect a bias toward utilities over financials and industrials. The Fund favors media cable and media non-cable names as well as insurance companies.

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BlackRock Credit Allocation Income Trust II, Inc.

Fund Information

Symbol on NYSE	PSY
Initial Offering Date	March 28, 2003
Yield on Closing Market Price as of April 30, 2012 ($10.79)[1]	6.78%
Current Monthly Distribution per Common Share[2]	$0.061
Current Annualized Distribution per Common Share[2]	$0.732
Economic Leverage as of April 30, 2012[3]	27%

1 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.

2 The distribution rate is not constant and is subject to change.

3 Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings) 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 14.

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

	4/30/12	10/31/11	Change	High	Low
Market Price	$10.79	$ 9.74	10.78%	$10.81	$ 9.42
Net Asset Value	$11.68	$11.25	3.82%	$11.70	$10.84

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

Portfolio Composition

	4/30/12	10/31/11
Corporate Bonds	79 %	80 %
Preferred Securities	18	17
US Treasury Obligations	1	1
Asset Backed Securities	1	1
Taxable Municipal Bonds	1	1

Credit Quality Allocations[4]

	4/30/12	10/31/11
AAA/Aaa[5]	2 %	1 %
AA/Aa	4	7
A	25	26
BBB/Baa	42	39
BB/Ba	17	17
B	7	7
CCC/Caa	1	1
Not Rated	2	2

4 Using the higher of S&P's or Moody's ratings.

5 Includes US Treasury obligations that are deemed AAA by the investment advisor.

Fund Summary as of April 30, 2012 **BlackRock Credit Allocation Income Trust III**

Fund Overview

BlackRock Credit Allocation Income Trust III's (BPP) (the "Fund") investment objective is to provide high current income consistent with capital preservation. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds (commonly referred to as "junk" bonds), bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

Portfolio Management Commentary

How did the Fund perform?

For the six months ended April 30, 2012, the Fund returned 12.37% based on market price and 7.12% based on NAV. For the same period, the closed-end Lipper Corporate Debt Funds (BBB-Rated) category posted an average return of 8.46% based on market price and 5.24% based on NAV. 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 market price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

Spread sectors outperformed government-related debt for the six-month period as improving US economic fundamentals and accommodative monetary policy provided a backdrop that was conducive to credit spread compression. Accordingly, the Fund benefited from its allocations to investment grade and high yield corporate credit. The Fund's high yield exposure was the largest contributor to performance despite recent weakness in the sector, as higher carry yields (income generation) and improving fundamentals helped to offset price declines. Within corporate credit, the Fund benefited from exposure to higher-beta names (those with greater sensitivity to market movements) in the industrials space. A bias toward financials also had a positive impact. Finally, the Fund's duration stance (sensitivity to interest rate movements) contributed positively to returns as rates generally moved lower throughout the period.

The Fund's duration and yield curve exposure was managed using interest rate derivative instruments such as futures contracts, options and swaps. These positions were put in place to limit the impact of expected volatility in interest rates and to express the Fund's yield curve preference. These positions resulted in a slight net negative impact on performance for the period.

Describe recent portfolio activity.

During the six-month period, the Fund generally favored high quality companies with strong balance sheets. The Fund maintained a bias toward financials, but shifted to a neutral stance in industrials. The Fund increased exposure to the utilities sector, which appeared attractive on a relative basis while offering downside protection should the pace of the economic recovery continue to slow. The Fund maintained an emphasis on liquidity in order to take advantage of select opportunities in corporate credit. The Fund reduced its overall risk profile by decreasing leverage and portfolio duration over the period.

Describe portfolio positioning at period end.

European sovereign debt fears have once again resurfaced and macro risks remain a key driver of market volatility. As of period end, the Fund seeks to maintain a near-term short duration bias and remains cautiously optimistic on corporate credit.

The Fund maintained diversified exposure across investment grade and high yield corporate credits. Portfolio holdings at period end reflected a bias toward higher-quality issues and a preference for more stable industries and companies that offer good cash flows, earnings and revenue visibility and attractive downside protection. The Fund's corporate credit holdings reflect a bias toward utilities over financials and industrials. The Fund favors media cable and media non-cable names as well as insurance companies.

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BlackRock Credit Allocation Income Trust III

Fund Information

Symbol on NYSE	BPP
Initial Offering Date	February 28, 2003
Yield on Closing Market Price as of April 30, 2012 ($11.43)[1]	6.67%
Current Monthly Distribution per Common Share[2]	$0.0635
Current Annualized Distribution per Common Share[2]	$0.7620
Economic Leverage as of April 30, 2012[3]	24%

1 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.

2 The distribution rate is not constant and is subject to change.

3 Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings) 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 14.

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

	4/30/12	10/31/11	Change	High	Low
Market Price	$11.43	$10.53	8.55%	$11.45	$10.05
Net Asset Value	$12.49	$12.07	3.48%	$12.55	$11.58

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

Portfolio Composition

	4/30/12	10/31/11
Corporate Bonds	83 %	83 %
Preferred Securities	15	15
US Treasury Obligations	1	1
Taxable Municipal Bonds	1	1

Credit Quality Allocations[4]

	4/30/12	10/31/11
AAA/Aaa[5]	1 %	1 %
AA/Aa	4	6
A	27	31
BBB/Baa	39	37
BB/Ba	16	15
B	8	8
CCC/Caa	1	1
Not Rated	4	1

4 Using the higher of S&P's or Moody's ratings.

5 Includes US Treasury obligations that are deemed AAA by the investment advisor.

Fund Summary as of April 30, 2012 **BlackRock Credit Allocation Income Trust IV**

Fund Overview

BlackRock Credit Allocation Income Trust IV's (BTZ) (the "Fund") investment objective is to provide current income, current gains and capital appreciation. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds (commonly referred to as "junk" bonds), bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

Portfolio Management Commentary

How did the Fund perform?

For the six months ended April 30, 2012, the Fund returned 13.87% based on market price and 7.46% based on NAV. For the same period, the closed-end Lipper Corporate Debt Funds (BBB-Rated) category posted an average return of 8.46% based on market price and 5.24% based on NAV. 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 market price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

Spread sectors outperformed government-related debt for the six-month period as improving US economic fundamentals and accommodative monetary policy provided a backdrop that was conducive to credit spread compression. Accordingly, the Fund benefited from its allocations to investment grade and high yield corporate credit. The Fund's high yield exposure was the largest contributor to performance despite recent weakness in the sector, as higher carry yields (income generation) and improving fundamentals helped to offset price declines. Within corporate credit, the Fund benefited from exposure to higher-beta names (those with greater sensitivity to market movements) in the industrials space. A bias toward financials also had a positive impact. Finally, the Fund's duration stance (sensitivity to interest rate movements) contributed positively to returns as rates generally moved lower throughout the period.

The Fund's duration and yield curve exposure was managed using interest rate derivative instruments such as futures contracts, options and swaps. These positions were put in place to limit the impact of expected volatility in interest rates and to express the Fund's yield curve preference. These positions resulted in a slight net negative impact on performance for the period.

Describe recent portfolio activity.

During the six-month period, the Fund generally favored high quality companies with strong balance sheets. The Fund maintained a bias toward financials, but shifted to a neutral stance in industrials. The Fund increased exposure to the utilities sector, which appeared attractive on a relative basis while offering downside protection should the pace of the economic recovery continue to slow. The Fund maintained an emphasis on liquidity in order to take advantage of select opportunities in corporate credit. The Fund reduced its overall risk profile by decreasing leverage and portfolio duration over the period.

Describe portfolio positioning at period end.

European sovereign debt fears have once again resurfaced and macro risks remain a key driver of market volatility. As of period end, the Fund seeks to maintain a near-term short duration bias and remains cautiously optimistic on corporate credit.

The Fund maintained diversified exposure across investment grade and high yield corporate credits. Portfolio holdings at period end reflected a bias toward higher-quality issues and a preference for more stable industries and companies that offer good cash flows, earnings and revenue visibility and attractive downside protection. The Fund's corporate credit holdings reflect a bias toward utilities over financials and industrials. The Fund favors media cable and media non-cable names as well as insurance companies.

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.

BlackRock Credit Allocation Income Trust IV

Fund Information

Symbol on NYSE	BTZ
Initial Offering Date	December 27, 2006
Yield on Closing Market Price as of April 30, 2012 ($13.26)[1]	7.10%
Current Monthly Distribution per Common Share[2]	$0.0785
Current Annualized Distribution per Common Share[2]	$0.9420
Economic Leverage as of April 30, 2012[3]	27%

1 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.

2 The distribution rate is not constant and is subject to change.

3 Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings) 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 14.

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

	4/30/12	10/31/11	Change	High	Low
Market Price	$13.26	$12.08	9.77%	$13.34	$11.76
Net Asset Value	$14.44	$13.94	3.59%	$14.51	$13.37

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:

Portfolio Composition

	4/30/12	10/31/11
Corporate Bonds	78 %	80 %
Preferred Securities	18	17
Asset Backed Securities	2	1
US Treasury Obligations	1	1
Taxable Municipal Bonds	1	1

Credit Quality Allocations[4]

	4/30/12	10/31/11
AAA/Aaa[5]	2 %	1 %
AA/Aa	3	7
A	29	29
BBB/Baa	40	37
BB/Ba	16	16
B	7	8
CCC/Caa	1	
Not Rated	2	2

4 Using the higher of S&P's or Moody's ratings.

5 Includes US Treasury Obligations that are deemed AAA by the investment advisor.

Fund Summary as of April 30, 2012 **BlackRock Floating Rate Income Trust**

Fund Overview

BlackRock Floating Rate Income Trust's (BGT) (the "Fund") primary investment objective is to provide a high level of current income. The Fund's secondary investment objective is to seek the preservation of capital. The Fund seeks to achieve its investment objectives by investing primarily, under normal conditions, at least 80% of its assets in floating and variable rate instruments of US and non-US issuers, including a substantial portion of its assets in global floating and variable rate securities including senior secured floating rate loans made to corporate and other business entities. Under normal market conditions, the Fund expects that the average effective duration of its portfolio will be no more than 1.5 years. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

Portfolio Management Commentary

How did the Fund perform?

For the six months ended April 30, 2012, the Fund returned 16.01% based on market price and 6.83% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 12.22% based on market price and 7.00% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on market price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

Security selection among higher-quality loan instruments had a positive impact on the Fund's performance. Selection in the electric and diversified manufacturing sectors also boosted returns. The Fund's tactical exposure to high yield bonds contributed positively as the asset class outperformed loans given improving investor demand for riskier assets over the six-month period.

The Fund's higher-quality loan bias, the core of its investment strategy, detracted from performance as lower-quality loan instruments rallied higher amid increasing demand for risk. The Fund's exposure to the media non-cable sector also had a negative effect on returns.

Describe recent portfolio activity.

The period began with severe market volatility in reaction to headwinds from Europe's debt crisis and a possible US government shut-down. However, the environment shifted in December when the European Central Bank announced a long-term refinancing operation. This liquidity program provided a much-needed short-term fix for the financial markets and helped to mitigate the risk of a collapse in the European banking system. Moreover, it was the catalyst for a positive turn in the valuation of risk assets.

During the period, the Fund maintained its focus on the higher quality portions of the loan market in terms of loan structure, liquidity and overall credit quality. Given the fragile outlook for global growth, the Fund remained cautious of lower-rated less-liquid loans. The Fund sought issuers with attractive risk-reward characteristics and superior fundamentals. While the developments during the period bode well for the posture of risk markets going forward, the Fund continues to maintain a high quality bias.

Describe portfolio positioning at period end.

At period end, the Fund held 81% of its total portfolio in floating rate loan interests (bank loans) and 15% in corporate bonds, with the remainder invested in a mix of asset-backed securities, foreign agency obligations and common stocks. The Fund's largest sector exposures included media non-cable, media cable, and chemicals. The Fund ended the period with leverage at 29% of its total managed assets.

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BlackRock Floating Rate Income Trust

Fund Information

Symbol on NYSE	BGT
Initial Offering Date	August 30, 2004
Yield on Closing Market Price as of April 30, 2012 ($14.41)[1]	6.45%
Current Monthly Distribution per Common Share[2]	$0.0775
Current Annualized Distribution per Common Share[2]	$0.9300
Economic Leverage as of April 30, 2012[3]	29%

1 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.

2 The distribution rate is not constant and is subject to change.

3 Represents the loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowings) 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 14.

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

	4/30/12	10/31/11	Change	High	Low
Market Price	$14.41	$13.00	10.85%	$14.57	$12.55
Net Asset Value	$14.26	$13.97	2.08%	$14.26	$13.53

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

	4/30/12	10/31/11
Floating Rate Loan Interests	81 %	78 %
Corporate Bonds	15	18
Asset Backed Securities	2	2
Foreign Agency Obligations	1	1
Common Stocks	1	
Other Interests		1

Credit Quality Allocations[4]

	4/30/12	10/31/11
AAA/Aaa	2 %	
AA/Aa	8	9 %
A	1	2
BBB/Baa	20	25
BB/Ba	32	27
B	33	34
CCC/Caa		1
Not Rated	4	2

[4] Using the higher of S&P’s or Moody’s ratings.

The Benefits and Risks of Leveraging

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

The Funds may utilize leverage by borrowing through a credit facility or through entering into reverse repurchase agreements. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally 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 shareholders will benefit from the incremental net income.

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

To illustrate these concepts, assume a Fund's capitalization is $100 million and it borrows for an additional $30 million, creating a total value of $130 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 borrowing costs and interest expense on the $30 million of borrowings based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with assets received from the borrowings earn income based on long-term interest rates. In this case, the borrowing costs and interest expense of the borrowings is significantly lower than the income earned on the Fund's long-term investments, and therefore the Fund's 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 will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates, the yield curve has a negative slope. In this case, the Fund pays higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates.

Furthermore, the value of the Funds' 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 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 borrowings discussed above.

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 in the Funds' NAVs, market prices and dividend rates than comparable portfolios without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Funds' 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. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by Shareholders and may reduce income.

Under the Investment Company Act of 1940, as amended (the “1940 Act”), the Funds are permitted to issue senior securities representing indebtedness up to $33^{1}/3\%$ of their total managed assets (each Fund’s net assets plus the proceeds of any outstanding borrowings used for leverage). If the Funds segregate liquid assets having a value not less than the repurchase price (including accrued interest), a reverse repurchase agreement will not be considered a senior security and therefore will not be subject to this limitation. Each Fund, however, voluntarily limits its aggregate economic leverage to 50% of its managed assets. As of April 30, 2012, the Funds had aggregate economic leverage from reverse repurchase agreements and/or borrowings through a credit facility as a percentage of their total managed assets as follows:

	Percent of Economic Leverage
PSW	28%
PSY	27%
BPP	24%
BTZ	27%
BGT	29%

Derivative Financial Instruments

The Funds may invest in various derivative financial instruments, including financial futures contracts, foreign currency exchange contracts, options and swaps, as specified in Note 2 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such derivative financial 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, foreign currency exchange rate, and/or other risks. Derivative financial instruments involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Funds' ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require a Fund to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause a Fund to hold an investment that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

Schedule of Investments April 30, 2012 (Unaudited) **BlackRock Credit Allocation Income Trust I, Inc. (PSW)**
(Percentages shown are based on Net Assets)

Asset-Backed Securities		Par (000)	Value
321 Henderson Receivables I LLC, Series 2012-1A, Class A, 4.21%, 2/16/65 (a)	USD	250	$257,043
Atrium CDO Corp., Series 5A, Class A4, 0.88%, 7/20/20 (a)(b)		650	549,250
SLM Student Loan Trust, Series 2004-B, Class A2, 0.67%, 6/15/21 (b)		468	448,515
Total Asset-Backed Securities 1.1%			1,254,808
Corporate Bonds			
Aerospace & Defense 1.1%			
BE Aerospace, Inc., 8.50%, 7/01/18		560	620,200
Huntington Ingalls Industries, Inc.:			
6.88%, 3/15/18		150	158,625
7.13%, 3/15/21		140	148,225
Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17		282	303,150
			1,230,200
Airlines 0.7%			
American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23		112	117,743
Continental Airlines Pass-Through Certificates, Series 2009-2, Class B, 9.25%, 5/10/17		314	343,411
Delta Air Lines, Inc., Series 02G1, 6.72%, 7/02/24		260	273,571
			734,725
Auto Components 0.8%			
Delphi Corp., 6.13%, 5/15/21 (a)		130	138,450
Icahn Enterprises LP:			
7.75%, 1/15/16		560	598,500
8.00%, 1/15/18		140	147,350
			884,300
Beverages 0.5%			
Constellation Brands, Inc., 7.25%, 5/15/17		460	519,800
Building Products 0.3%			
Building Materials Corp. of America (a):			
7.00%, 2/15/20		85	90,738
6.75%, 5/01/21		220	229,075
			319,813
Capital Markets 4.7%			
Ameriprise Financial, Inc., 5.30%, 3/15/20 (c)		750	838,547
E*Trade Financial Corp., 12.50%, 11/30/17		440	512,600
The Goldman Sachs Group, Inc. (c):			
5.75%, 1/24/22		385	402,015
6.25%, 2/01/41		1,050	1,066,950
Morgan Stanley (c):			

5.75%, 1/25/21		1,025	1,012,120
5.50%, 7/28/21		265	259,073
Murray Street Investment Trust I, 4.65%, 3/09/17 (d)		150	150,901
UBS AG (c):			
2.25%, 1/28/14		375	376,946
5.88%, 7/15/16		650	687,348
			5,306,500
Chemicals 1.4%			
Ashland, Inc., 9.13%, 6/01/17		10	11,100
Celanese US Holdings LLC, 5.88%, 6/15/21		370	396,825

Corporate Bonds		Par (000)	Value
Chemicals (concluded)			
Hexion US Finance Corp., 6.63%, 4/15/20 (a)	USD	200	$209,000
Ineos Finance Plc (a):			
8.38%, 2/15/19		100	107,250
7.50%, 5/01/20		175	179,813
LyondellBasell Industries NV, 5.75%, 4/15/24 (a)		445	459,462
Solutia, Inc., 7.88%, 3/15/20		200	233,500
			1,596,950
Commercial Banks 5.0%			
Amsouth Bank, Series AI, 4.85%, 4/01/13		200	203,000
Asciano Finance Ltd., 5.00%, 4/07/18 (a)		200	208,196
Associated Banc-Corp, 5.13%, 3/28/16		515	545,222
Branch Banking & Trust Co. (b):			
0.79%, 9/13/16		250	235,636
0.79%, 5/23/17		150	139,894
CIT Group, Inc.:			
7.00%, 5/02/16 (a)		370	370,925
7.00%, 5/02/17 (a)		310	310,775
5.25%, 3/15/18		280	288,400
5.50%, 2/15/19 (a)		240	246,600
City National Corp., 5.25%, 9/15/20 (c)		550	587,757
Discover Bank, 8.70%, 11/18/19		300	378,392
HSBC Finance Corp., 6.68%, 1/15/21 (c)		350	377,995
Regions Financial Corp.:			
4.88%, 4/26/13		600	618,000
5.75%, 6/15/15		460	485,300
SVB Financial Group, 5.38%, 9/15/20 (c)		550	605,146
			5,601,238
Commercial Services & Supplies 4.0%			
Aviation Capital Group Corp. (a):			
7.13%, 10/15/20 (c)		2,200	2,250,159
6.75%, 4/06/21		550	544,170
Casella Waste Systems, Inc., 7.75%, 2/15/19		169	166,465
Clean Harbors, Inc., 7.63%, 8/15/16		306	321,300
Corrections Corp. of America, 7.75%, 6/01/17		775	840,875
Covanta Holding Corp., 6.38%, 10/01/22		155	159,435
Iron Mountain, Inc., 7.75%, 10/01/19		90	98,100
Mobile Mini, Inc., 7.88%, 12/01/20		65	69,550

		4,450,054
Communications Equipment 1.0%		
Avaya, Inc., 9.75%, 11/01/15 (c)	200	198,250
Brocade Communications Systems, Inc., 6.88%, 1/15/20 (c)	700	764,750
Hughes Satellite Systems Corp., 6.50%, 6/15/19	100	107,000
		1,070,000
Construction Materials 0.2%		
HD Supply, Inc., 8.13%, 4/15/19 (a)	210	225,488
Consumer Finance 5.3%		
American Express Credit Corp., 2.75%, 9/15/15 (c)	1,400	1,452,643
Capital One Bank USA NA, 8.80%, 7/15/19		