BLACKROCK CREDIT ALLOCATION INCOME TRUST
Form N-CSR
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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: 811-21972

Name of Fund: BlackRock Credit Allocation Income Trust (BTZ)

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, 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: 10/31/2015

Date of reporting period: 10/31/2015

Item 1 Report to Stockholders

OCTOBER 31, 2015

ANNUAL REPORT

BlackRock Credit Allocation Income Trust (BTZ)

BlackRock Floating Rate Income Trust (BGT)

BlackRock Multi-Sector Income Trust (BIT)

Not FDIC Insured   May Lose Value   No Bank Guarantee

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The Markets in Review

Dear Shareholder,

Diverging monetary policies and shifting economic outlooks across regions were the overarching themes driving financial markets during the 12-month period ended October 31, 2015. U.S. economic growth was picking up considerably toward the end of 2014, while the broader global economy showed signs of slowing. Investors favored the stability of U.S. assets despite expectations that the Federal Reserve (the Fed) would eventually be inclined to raise short-term interest rates, while international markets struggled even as the European Central Bank and the Bank of Japan eased monetary policy. Oil prices plummeted in late 2014 due to a global supply-and-demand imbalance, fueling a sell-off in energy-related assets and emerging markets. U.S. Treasury bonds benefited as their persistently low yields had become attractive as compared to the even lower yields on international sovereign debt.

Equity markets reversed in early 2015, with international markets outperforming the United States as global risks temporarily abated, and the U.S. economy hit a soft patch amid a harsh winter and a west coast port strike. High valuations took their toll on U.S. stocks, while bond yields fell to extreme lows. (Bond prices rise as yields fall.) In contrast, economic reports in Europe and Asia began to improve, and accommodative policies from central banks in those regions helped international equities rebound. Oil prices stabilized, providing some relief for emerging market stocks, although a stronger U.S. dollar posed another significant headwind for the asset class.

U.S. economic growth regained momentum in the second quarter, helping U.S. stocks resume an upward path; however, the improving data underscored the likelihood that the Fed would raise short-term rates before the end of 2015 and bond yields moved swiftly higher. The month of June brought a sharp, but temporary, sell-off across most asset classes as Greece s long-brewing debt troubles came to an impasse. These concerns abated when the Greek parliament passed a series of austerity and reform measures in July. But the market s calm was short-lived. Signs of weakness in China s economy sparked extreme levels of volatility in Chinese equities despite policymakers attempts to stabilize the market.

Higher volatility spread through markets globally in the third quarter as further evidence of deceleration in China stoked worries about overall global growth. Weakening Chinese demand caused oil prices to slide once again and ignited another steep sell-off in emerging markets. Speculation as to whether the Fed would raise rates at its September meeting further fueled global volatility. Ultimately, the Fed postponed the rate hike, but this brought little relief in the markets as the central bank s decision reinforced investors concerns about the state of the global economy. Stock markets finished the third quarter with the worst performance since 2011. High yield bonds also declined, while higher quality assets, including U.S. Treasury bonds, municipal bonds and investment grade credit benefited from investors seeking shelter amid global uncertainty.

The period ended with a strong October rally in risk assets. Given the recent scarcity of evidence of global growth, equity markets had become more reliant on central banks to drive performance. Although October brought generally soft economic data and lower growth estimates, global equities powered higher as China s central bank provided more stimulus, the European Central Bank poised for more easing and soft U.S. data pushed back expectations for a Fed rate hike. Treasury bonds declined in October while all other asset classes benefited from investors increased risk appetite.

At BlackRock, we believe investors need to think globally, extend their scope across a broad array of asset classes and be prepared to move freely as market conditions change over time. We encourage you to talk with your financial advisor and visit blackrock.com for further insight about investing in today s markets.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of October 31, 2015

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	0.77%	5.20%
U.S. small cap equities (Russell 2000® Index)	(4.12)	0.34
International equities (MSCI Europe, Australasia, Far East Index)	(6.44)	(0.07)
Emerging market equities (MSCI Emerging Markets Index)	(17.75)	(14.53)
3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)	0.01	0.02
U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)	(0.02)	3.57
U.S. investment-grade bonds (Barclays U.S. Aggregate Bond Index)	(0.10)	1.96
Tax-exempt municipal bonds (S&P Municipal Bond Index)	1.58	2.87
U.S. high yield bonds (Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	(3.38)	(1.91)

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

Trust Summary as of October 31, 2015

BlackRock Credit Allocation Income Trust

Trust Overview

BlackRock Credit Allocation Income Trust s (BTZ) (the Trust) investment objective is to provide current income, current gains and capital appreciation. The Trust 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 Trust may invest directly in such securities or synthetically through the use of derivatives.

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

Trust Information

Symbol on New York Stock Exchange (NYSE)	BTZ
Initial Offering Date	December 27, 2006
Current Distribution Rate on Closing Market Price as of October 31, 2015 ($12.53)[1]	7.71%
Current Monthly Distribution per Common Share[2]	$0.0805
Current Annualized Distribution per Common Share[2]	$0.9660
Economic Leverage as of October 31, 2015[3]	31%

1 Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. Past performance does not guarantee future results.

2 The distribution rate is not constant and is subject to change. A portion of the distribution may be deemed a return of capital or net realized gain.

3 Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Trust (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 Trust, please see The Benefits and Risks of Leveraging on page 10.

Performance and Portfolio Management Commentary

Returns for the 12 months ended October 31, 2015 were as follows:

	Returns Based On	
	Market Price	**NAV[3]**
BTZ[1]	(0.33)%	0.48%
Lipper Corporate BBB-Rated Debt Funds (Leveraged)[2]	1.05	(0.28)

1 All returns reflect reinvestment of dividends and/or distributions.

2 Average return.

3 The Trust s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV.

The following discussion relates to the Trust s absolute performance based on NAV:

What factors influenced performance?

The Trust s performance was helped by its positions in lower-quality bonds, which outperformed higher-rated issues during the period. The Trust maintained an allocation to capital securities, which benefited performance. (Capital securities are dividend-paying securities that combine some features of both corporate bonds and preferred stocks, while generally providing higher yields to compensate for being less senior in the issuer s capital structure.)

The Trust s yield curve positioning, which was geared for a flattening of the curve between the 10- and 30-year segments, was beneficial given the outperformance of longer-term bonds. Security selection in the utilities sector also aided performance.

Throughout the year, swap spreads faced tremendous pressure and in October they turned negative, largely due to technical pressures. After years of building reserves, official institutions (particularly Asian and Middle Eastern) started selling treasuries in July. With no new source of demand, dealers were forced to sell inventory which caused U.S. Treasuries to cheapen. Swaps broke down as a hedge versus other spread products (credit spreads widened while swaps tightened). This breakdown in credit hedge triggered unwinds and further tightening pressure. In addition, quarter end funding and uncertainty over a rate hike by the Federal Reserve added pressure in October as well. As a result, swaps had a negative impact on performance.

Describe recent portfolio activity.

During the 12-month period, the investment advisor became more cautious with regard to corporate bonds due to rising credit risk and an increase in activities that benefit stockholders over bond investors.

Believing the U.S. Federal Reserve would begin raising interest rates, the investment advisor decreased the Trust s duration (interest-rate sensitivity) during the period, and the Trust remained positioned for a flattening of the yield curve (outperformance for longer-term bonds).

Additionally, the Trust reduced its allocation to the industrial sector due to rising new-issue supply, and it increased its weighting in the financials sector. Within financials, the investment advisor sought opportunities lower in the capital structure among subordinated and preferred securities.

Describe portfolio positioning at period end.

Within the industrials sector, the Trust was overweight in the communications, energy and transportation subsectors, and it was underweight in the technology, capital goods and consumer subsectors. The Trust was underweight in financials and neutral in utilities.

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.

Market Price and Net Asset Value Per Share Summary

	10/31/15	10/31/14	Change	High	Low
Market Price	$ 12.53	$ 13.54	(7.46)%	$ 13.65	$ 12.06
Net Asset Value	$ 14.33	$ 15.36	(6.71)%	$ 15.41	$ 14.18

Market Price and Net Asset Value History For the Past Five Years

Overview of the Trust s Total Investments

Portfolio Composition	10/31/15	10/31/14[1]
Corporate Bonds	76%	78%
Preferred Securities	19	16
Asset-Backed Securities	4	3
Municipal Bonds	1	1
Foreign Agency Obligations		1
U.S. Treasury Obligations		1
Other	[2]	[3]

1 Information has been revised to conform to current year presentation.

2 Includes a less than 1% holding in each of the following investment types: Foreign Agency Obligations, Options Purchased, Options Written, U.S. Sponsored-Agency Securities and Short-Term Securities.

3 Includes a less than 1% holding in each of the following investment types: Options Purchased, Options Written, U.S. Sponsored-Agency Securities and Short-Term Securities.

Credit Quality Allocation[4,5]	10/31/15	10/31/14[1]
AAA/Aaa[6]	1%	2%
AA/Aa	2	2
A	19	17
BBB/Baa	48	45
BB/Ba	18	21
B	9	9
CCC/Caa	1	2
N/R	2	2

4 For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor s (S&P) or Moody s Investors Service (Moody s) if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

[5] Excludes Short-Term Securities, Options Purchased and Options Written.

[6] The investment advisor evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors, individual investments and/or issuer. Using this approach, the investment advisor has deemed U.S. Government Sponsored Agency Securities and U.S. Treasury Obligations as AAA/Aaa.

Trust Summary as of October 31, 2015

BlackRock Floating Rate Income Trust

Trust Overview

BlackRock Floating Rate Income Trust s (BGT) (the Trust) primary investment objective is to provide a high level of current income. The Trust s secondary investment objective is to seek the preservation of capital. The Trust 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 U.S. and non-U.S. 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 Trust expects that the average effective duration of its portfolio will be no more than 1.5 years. The Trust may invest directly in such securities or synthetically through the use of derivatives.

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

Trust Information

Symbol on NYSE	BGT
Initial Offering Date	August 30, 2004
Current Distribution Rate on Closing Market Price as of October 31, 2015 ($12.77)[1]	5.48%
Current Monthly Distribution per Common Share[2]	$0.0583
Current Annualized Distribution per Common Share[2]	$0.6996
Economic Leverage as of October 31, 2015[3]	24%

1 Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. Past performance does not guarantee future results.

2 The distribution rate is not constant and is subject to change. A portion of the distribution may be deemed a return of capital or net realized gain.

3 Represents bank borrowings outstanding as a percentage of total managed assets, which is the total assets of the Trust (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 Trust, please see The Benefits and Risks of Leveraging on page 10.

Performance and Portfolio Management Commentary

Returns for the 12 months ended October 31, 2015 were as follows:

	Returns Based On	
	Market Price	**NAV[3]**
BGT[1]	3.08%	3.54%
Lipper Loan Participation Funds[2]	(2.06)	(0.65)

1 All returns reflect reinvestment of dividends and/or distributions.

2 Average return.

[3] The Trust s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV.

The following discussion relates to the Trust s absolute performance based on NAV:

What factors influenced performance?

After marginally declining in late 2014, the market for floating rate loan interests (i.e. bank loans) recovered to provide a modest positive return for the full 12-month period. Given the positive returns experienced, the Trust s use of leverage added to performance for the period. The Trust s loan holdings in the healthcare and technology sectors were among the top performers over the period, while exposure to collateralized loan obligations (CLOs) also added to returns.

During the period, oil prices experienced a significant decline and most commodity prices came under pressure as well. As a result, prices for the Trust s holdings within the energy sector fell notably during the period and detracted from returns. The metals & mining sector, while a smaller component of the market, declined as well. The electric segment, and in particular Texas Utilities, was also a detractor. Finally, the Trust s modest position in equities was a negative contributor.

Describe recent portfolio activity.

Throughout the 12-month period, the Trust maintained its focus on the higher quality segments of the loan market in terms of loan structure, liquidity and overall credit quality. The Trust has concentrated its investments in strong companies with stable cash flows and high quality collateral, with the ability to meet interest obligations and ultimately return principal. From a sector perspective, the Trust added to names in the pharmaceuticals and health care sectors, where increased merger and acquisition activity has led to some attractive investment opportunities.

Describe portfolio positioning at period end.

At period end, the Trust held 93% of its total portfolio in bank loans, with the remainder primarily in corporate bonds and CLOs. The Trust continued to favor loans rated B where the investment advisor was comfortable with credit quality, in view of the incremental income they offered versus BB loans. Additionally, the Trust held a modest position in CCC-rated loans, with a focus on names that have shown consistent credit improvement. In general, the Trust maintained a bias toward more liquid loans, which have held up better during recent market volatility. Top portfolio holdings included Valeant Pharmaceuticals (pharmaceuticals), First Data (IT services), and Level 3 Communications (diversified telecommunication services).

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BlackRock Floating Rate Income Trust

Market Price and Net Asset Value Per Share Summary

	10/31/15	**10/31/14**	**Change**	**High**	**Low**
Market Price	$ 12.77	$ 13.18	(3.11)%	$ 13.73	$ 12.27
Net Asset Value					