BLACKROCK MUNIHOLDINGS NEW JERSEY INSURED FUND, INC.
Form N-CSR/A
June 21, 2007

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

FORM N-CSR/A

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number 811-08621

Name of Fund: BlackRock MuniHoldings New Jersey Insured Fund, Inc.

Fund Address: P.O. Box 9011
Princeton, NJ 08543-9011

Name and address of agent for service: Robert C. Doll, Jr., Chief Executive Officer, BlackRock MuniHoldings New Jersey Insured Fund, Inc., 800 Scudders Mill Road, Plainsboro, NJ, 08536. Mailing address: P.O. Box 9011, Princeton, NJ, 08543-9011

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 07/31/06

Date of reporting period: 08/01/05 - 07/31/06

Item 1 - Report to Stockholders

Annual Report (As Restated)
July 31, 2006

MuniHoldings Fund II, Inc.

MuniHoldings New Jersey Insured
Fund, Inc.

(BULL Logo) Merrill Lynch Investment Managers
www.mlim.ml.com

Mercury Advisors
A Division of Merrill Lynch Investment Managers
www.mercury.ml.com

These reports, including the financial information herein, are transmitted to shareholders of MuniHoldings Fund II, Inc. and MuniHoldings New Jersey Insured Fund, Inc. for their information. This is not a prospectus. Past performance results shown in these reports should not be considered a representation of future performance. The Funds have leveraged their Common Stock and intend to remain leveraged by issuing Preferred Stock to provide the Common Stock shareholders with a potentially higher rate of return. Leverage creates risks for Common Stock shareholders, including the likelihood of greater volatility of net asset value and market price of shares of the Common Stock, and the risk that fluctuations in the short-term dividend rates of the Preferred Stock may affect the yield to Common Stock shareholders. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free 1-800-637-3863; (2) at www.mutualfunds.ml.com; and (3) on the Securities and Exchange Commission's Web site at http://www.sec.gov. Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available (1) at www.mutualfunds.ml.com; and (2) on the Securities and Exchange Commission's Web site at http://www.sec.gov.

MuniHoldings Fund II, Inc.
MuniHoldings New Jersey Insured Fund, Inc.
P.O. Box 9011
Princeton, NJ 08543-9011

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MuniHoldings Fund II, Inc.

MuniHoldings New Jersey Insured Fund, Inc.

The financial statements and financial highlights in this report have been restated as described in Note 6 to the financial statements. Other information in this report affected by the restatement has been revised.

Announcement to Shareholders

On February 15, 2006, BlackRock, Inc. ("BlackRock") and Merrill Lynch & Co., Inc. ("Merrill Lynch") entered into an agreement to contribute Merrill Lynch's investment management business, Merrill Lynch Investment Managers, L.P. and certain affiliates (including Fund Asset Management, L.P. and Merrill Lynch Investment Managers International Limited), to BlackRock to create a new independent company ("New BlackRock") that will be one of the world's largest asset management firms with over $1 trillion in assets under management (based on combined assets under management as of June 30, 2006) (the "Transaction"). The Transaction is expected to close around the end of the third quarter of 2006, at which time the new company will operate under the BlackRock name. Each Fund's Board of Directors and shareholders have approved a new investment advisory agreement with BlackRock Advisors, Inc. or its successor on substantially the same terms and for the same advisory fee as the Funds' current investment advisory agreement with the Investment Adviser. BlackRock Advisors, Inc. or its successor is expected to become the investment adviser of the Funds upon the closing of the Transaction.

Quality Profiles as of July 31, 2006 (As Restated. See Note 6)

MuniHoldings Fund II, Inc. By S&P/Moody's Rating	Percent of Total Investments
AAA/Aaa	44.1%
AA/Aa	8.2
A/A	12.0
BBB/Baa	14.8
BB/Ba	0.5
B/B	1.2
CCC/Caa	2.3
NR (Not Rated)	16.0
Other*	0.9

* Includes portfolio holdings in short-term investments and variable rate demand notes.

MuniHoldings New Jersey Insured Fund, Inc. By S&P/Moody's Rating	Percent of Total Investments
AAA/Aaa	89.0%
AA/Aa	3.0
A/A	3.6
BBB/Baa	4.2
Other*	0.2

* Includes portfolio holdings in short-term investments.

A Letter From the President

Dear Shareholder

By now, you have probably heard of the important changes unfolding at Merrill Lynch Investment Managers ("MLIM"). We have been communicating with shareholders, via letters like this and in a detailed proxy mailing, about MLIM's impending union with another highly regarded investment manager - BlackRock, Inc. ("BlackRock"). This transaction marks the next chapter in MLIM's growth story and, we believe, will be a benefit to our investors.

MLIM, a division of Merrill Lynch with over $583 billion in assets under management, is a leading investment manager offering more than 100 investment strategies in vehicles ranging from mutual funds to institutional portfolios. BlackRock, with $464.1 billion in assets under management, is one of the largest publicly traded investment management firms in the United States managing assets on behalf of institutional and individual investors worldwide through a variety of equity, fixed income, liquidity and alternative investment products. At the completion of the transaction, which is expected around the end of the third quarter of 2006, the resultant firm will be a top-10 investment manager worldwide with over $1 trillion in assets under management.*

The combined company, to be known as BlackRock, will provide a wide selection of high-quality investment solutions across a range of asset classes and investment styles. The organization will have over 4,500 employees in 18 countries and a major presence in key markets worldwide. MLIM and BlackRock possess complementary capabilities that together create a well-rounded organization uniting some of the finest money managers in the industry. The firms share similar values and beliefs - each strives for excellence in all areas, and both make investment performance their single most important mission. As such, our combination only reinforces our commitment to shareholders.

Most of MLIM's investment products - including mutual funds, separately managed accounts, annuities and variable insurance funds - eventually will carry the "BlackRock" name. This will be reflected in newspaper and online information sources beginning in October. Your account statements will reflect the BlackRock name beginning with the October month-end reporting period. Unless otherwise communicated via a proxy statement, your funds will maintain the same investment objectives that they do today. Importantly, the MLIM/BlackRock union will not affect your brokerage account or your relationship with your financial advisor. If you are a client of Merrill Lynch, you will remain a client of Merrill Lynch.

As always, we thank you for entrusting us with your investment assets. We look forward to continuing to serve your investment needs with even greater strength and scale as the new BlackRock.

Sincerely,

(Robert C. Doll, Jr.)
Robert C. Doll, Jr.
President and Chief Investment Officer
Merrill Lynch Investment Managers

* $1.047 trillion in assets under management as of June 30, 2006.
Data, including assets under management, are as of June 30, 2006.

A Discussion With Your Funds' Portfolio Managers

The Funds adopted a neutral stance on interest rates as the Federal Reserve Board approached a pause in its prolonged interest rate tightening campaign.

Describe the recent market environment relative to municipal bonds.

During the past 12 months, long-term bond yields rose sharply while their prices, which move in the opposite direction, declined. The drop in bond prices largely reflects investors' focus on solid economic growth. Despite a decline in gross domestic product growth between the first and second quarters of 2006, U.S. economic activity so far this year has outpaced the 3.2% annual growth rate posted in 2005. Rising commodity prices also have stoked inflationary fears, further weighing on bond prices.

The Federal Reserve Board (the Fed) continued to raise short-term interest rates at each of its meetings during the past year, bringing the federal funds rate to 5.25%. Consequently, the yield curve continued to flatten, with short-term interest rates rising more than longer-term interest rates. Overall, 30-year U.S. Treasury bond yields rose 60 basis points (.60%) during the 12-month period to 5.07%, while 10-year U.S. Treasury note yields rose 71 basis points to 4.99%. Municipal bond yields also rose in recent months, although the tax-exempt market's strong technical position provided significant price support. This allowed municipal bond prices to decline less than their taxable counterparts. As measured by Municipal Market Data, yields on AAA-rated issues maturing in 30 years rose just 12 basis points to 4.47%, and yields on AAA-rated issues maturing in 10 years rose 33 basis points to 3.99%.

The rise in yields prompted a revival in investor demand for municipal bonds. The increased demand also was triggered by seasonal factors that served to generate large cash flows into investor accounts. Investors received more than $40 billion in June and July from coupon income and the proceeds from bond maturities and early redemptions. Consequently, municipal bond fund flows have continued to be supportive. As reported by the Investment Company Institute, open-end tax-exempt bond funds received net new cash inflows of over $6.5 billion in the first six months of 2006, compared to $2.5 billion during the same period in 2005.

Also contributing to the outperformance of the municipal bond market has been declines in new issuance. During the past six months, more than $189 billion in new long-term tax-exempt bonds was underwritten, a decline of 14% compared to the same period a year earlier. Recent declines in issuance have largely been the result of a 57% drop in refunding activity so far this year. Rising bond yields have made the refinancing of existing higher-couponed debt issues increasingly problematic, as the potential economic savings have rapidly diminished. In addition, the improved fiscal condition of many state and local governments has resulted in lower borrowing trends, with many new municipal capital projects being financed from existing budget surpluses. The declines in issuance have led many analysts to lower their annual issuance forecasts to the $300 billion - $325 billion range. Lower annual issuance would further solidify the tax-exempt market's already positive technical position.

Looking ahead, municipal market fundamentals are likely to remain favorable, leading us to expect the tax-exempt market to perform at least as well as comparable U.S. Treasury issues. Attractive yield ratios have continued to draw both retail and institutional investors to the municipal market. Based on this, and the prospect for reduced annual issuance in 2006, we believe the municipal market should continue to perform well in the coming months.

MuniHoldings Fund II, Inc.

How did the Fund perform during the fiscal year?

For the 12-month period ended July 31, 2006, the Common Stock of MuniHoldings Fund II, Inc. had net annualized yields of 6.00% and 6.30%, based on a year-end per share net asset value of $14.82 and a per share market price of $14.12, respectively, and $.889 per share income dividends. Over the same period, the total investment return on the Fund's Common Stock was +4.89%, based on a change in per share net asset value from $15.03 to $14.82, and assuming reinvestment of all distributions.

The Fund's total return, based on net asset value, exceeded the +3.52% average return of the Lipper General Municipal Debt Funds (Leveraged) category for the 12-month period. (Funds in this Lipper category invest primarily in municipal debt issues rated in the top four credit-rating categories. These funds can be leveraged via use of debt, preferred equity and/or reverse repurchase agreements.)

Fund performance during the year benefited from the continued contraction of credit spreads in the municipal market. This had a favorable impact on our positions in tax-backed and corporate-related debt, where we have a significant concentration, as well as our healthcare-related holdings and land-secured deals. The greatest contribution to performance came from the Fund's positions in airline-related debt. While this sector lagged in the first six months, airlines rallied strongly in the latter half of the period due to considerable spread tightening. This proved beneficial to some of our larger holdings in Continental Airlines, Inc., American Airlines Inc. and US Airways (formerly America West Airlines). Also contributing to performance was strong appreciation in the portfolio's holdings in the bonds of Pocahontas Parkway Association, a toll road in Virginia that was constructed within the past few years. The bonds increased in value as the roadway was sold to a private entity resulting in the subsequent defeasance of the project's outstanding debt. (When bonds are defeased, it typically means that the securities are retired at their first call date, enabling the bonds to appreciate significantly.) Finally, our yield curve strategy also proved advantageous. For most of the period, the Fund was overweight in bonds with maturities greater than 20 years. This benefited performance as the yield curve flattened and longer-term bonds outperformed short-term issues.

For the six-month period ended July 31, 2006, the total investment return on the Fund's Common Stock was +2.82%, based on a change in per share net asset value from $14.84 to $14.82, and assuming reinvestment of all distributions.

For a description of the Fund's total investment return based on a change in the per share market value of the Fund's Common Stock (as measured by the trading price of the Fund's shares on the New York Stock Exchange), and assuming reinvestment of distributions, please refer to the Financial Highlights section of this report. As a closed-end fund, the Fund's shares may trade in the secondary market at a premium or discount to the Fund's net asset value. As a result, total investment returns based on changes in the market value of the Fund's Common Stock may vary significantly from total investment returns based on changes in the Fund's net asset value.

What changes were made to the portfolio during the period?

Broadly speaking, we moved the portfolio from a slightly defensive stance to a more neutral posture as the Fed appeared to be approaching a pause in its interest rate-hiking campaign. Although both the Treasury and the municipal yield curves continued to flatten during the past 12 months, the move was not nearly as dramatic as we have seen in prior periods. Notably, the municipal curve retained a positive slope, particularly relative to the Treasury curve, which actually inverted early in 2006. This contributed to the municipal market's and the Fund's positive performance.

The Fund maintained its focus on refundable, essential service securities from high demand states. The lack of new-issue supply and increased demand for municipal bonds has caused spreads to narrow in all sectors of the municipal market. We took advantage of these tight spreads to move the Fund's exposure to spread product to neutral while increasing its position in bonds exempt from tax in specialty states. We believe this strategy should prove beneficial with any shift in the demand/supply imbalance in both the high yield sector and the broader municipal market.

For the six months ended July 31, 2006, the average yield for the Fund's Auction Market Preferred Stock was 3.35% for Series A and 3.13% for Series B. The Fed raised the short-term interest rate target 200 basis points during the 12-month period, and this continued to affect the Fund's borrowing costs. On August 8, 2006, the Fed opted to pause its interest rate-hiking campaign and is expected to be "data dependent" in determining monetary policy going forward. As such, we would expect additional increases in the Fund's cost of funds to be more limited. Despite the interest rate increases during the period, the tax-exempt yield curve maintained a positive slope, allowing us to borrow at a lower rate than where we invest. This continued to generate an income benefit to the holders of Common Stock from the leveraging of Preferred Stock. However, should the spread between short-term and long-term interest rates narrow, the benefits of leveraging will decline and, as a result, reduce the yield on the Fund's Common Stock. (For a more complete explanation of the benefits and risks of leveraging, see page 8 of this report to shareholders.)

How would you characterize the Fund's position at the close of the period?

We remain focused on generating an attractive level of tax-exempt income for our shareholders. The Fund ended the period fully invested and with an overall neutral market posture. After 17 consecutive interest rate hikes, the Fed paused its monetary tightening program in early August and has indicated that it will look at the economic data when determining monetary policy going forward. Because global economies and certain pockets of the U.S. economy continue to show solid growth with higher headline inflationary figures, we believe that it still may be early to become too aggressive in our investment strategy. In our view, a neutral posture is prudent in the current environment and should provide for competitive performance.

MuniHoldings New Jersey Insured Fund, Inc.

Describe conditions in the State of New Jersey.

Jon Corzine claimed victory in the state's November gubernatorial election and, upon beginning his term in January, immediately faced the challenges of the fiscal year 2007 budget. By the end of the second quarter, New Jersey had failed to adopt a balanced budget for the new fiscal year (beginning July 1). The point of contention was Governor Corzine's proposal to raise the state sales tax to 7% from 6%. As a result, the governor ordered a shutdown of non-essential state services for several days in early July until an agreement could be reached with the State Assembly. In the past, deficit financing had served as one alternative to deadlocked budget negotiations; however, the New Jersey Supreme Court had recently prohibited the state from borrowing in order to balance budgets. Nevertheless, throughout the shutdown, the rating agencies maintained the state's ratings and outlook.

Ultimately, a $31 billion budget was adopted for fiscal year 2007. The 1% sales tax increase was implemented and is expected to generate roughly $1.2 billion in income. As part of the agreement with the Assembly, one-half of the new sales tax receipts will be allocated to property tax rebates. The budget also includes tax increases and surcharges on various items, such as cigarettes, car rentals and luxury goods. Other key components in reducing the projected $4.5 billion budget gap included approximately $2 billion in spending reductions and freezes. The budget keeps state aid to municipalities and school districts essentially flat for another year and, as such, local property taxes are likely to increase. The budget also contributes $1.1 billion into the state pension system, exceeding the entire amount allocated in the past 10 years. The adopted budget significantly reduces reliance on onetime revenues and, therefore, is more structurally balanced than the state's last several budgets - a positive from a credit rating perspective.

New Jersey has a high and growing debt burden com-pared to similarly rated states. In addition, the state recently started a five-year, $6 billion debt financing program for transportation projects, and funding of billions of dollars in court-mandated school construction projects is yet to be determined.

How did the Fund perform during the fiscal year?

For the 12-month period ended July 31, 2006, the Common Stock of MuniHoldings New Jersey Insured Fund, Inc. had net annualized yields of 5.74% and 5.71%, based on a year-end per share net asset value of $14.91 and a per share market price of $14.98, respectively, and $.856 per share income dividends. Over the same period, the total investment return on the Fund's Common Stock was +1.09%, based on a change in per share net asset value from $15.62 to $14.91, and assuming reinvestment of all distributions.

The Fund's total return, based on net asset value, trailed the +2.70% average return of the Lipper New Jersey Municipal Debt Funds category for the 12-month period. (Funds in this Lipper category limit their investment to those securities exempt from taxation in New Jersey or a city in New Jersey. Notably, the Fund was disadvantaged relative to many of its peers by its conservative investment parameters. Specifically, the Fund is limited in its ability to invest in lower-quality issues, which outperformed during the year as credit spreads (versus higher-quality issues of comparable maturity) tightened dramatically. Per its investment parameters, at least 80% of the portfolio was invested in AAA-rated, insured bonds throughout the year.

Another factor that weighed on the Fund's performance was the fact that a number of seasoned holdings with higher coupons were called by their issuers. Given our limited ability to buy lower-rated issues and a decline in new-issue supply during the period, particularly in the early months of 2006, it was especially difficult to compensate for the income lost to calls.

For the six-month period ended July 31, 2006, the total investment return on the Fund's Common Stock was +.53%, based on a change in per share net asset value from $15.24 to $14.91, and assuming reinvestment of all distributions.

For a description of the Fund's total investment return based on a change in the per share market value of the Fund's Common Stock (as measured by the trading price of the Fund's shares on the New York Stock Exchange), and assuming reinvestment of distributions, please refer to the Financial Highlights section of this report. As a closed-end fund, the Fund's shares may trade in the secondary market at a premium or discount to the Fund's net asset value. As a result, total investment returns based on changes in the market value of the Fund's Common Stock may vary significantly from total investment returns based on changes in the Fund's net asset value.

What changes were made to the portfolio during the period?

For most of the fiscal year, the portfolio was positioned for the yield curve flattening we had anticipated, and we saw little need to make significant changes as the Fed tirelessly increased interest rates and the long end of the curve outperformed. In more recent months, as the Fed approached the end of its monetary tightening campaign and the curve appeared ready to resteepen, we began to see opportunities in the intermediate maturity range. This is an area that suffered most as interest rates rose and, in a resteepening scenario, could be positioned for strong relative performance. To take advantage, in the final three months of the fiscal year, we focused mainly on trimming some of the short-term investments in the portfolio, particularly bonds that are callable or likely to be called within the next year or two. With the proceeds, we invested in bonds in the 10-year - 15-year portion of the curve. Despite a decline in new municipal bond issuance, we had little trouble finding opportunities in this maturity range. Throughout the year, we continued to maintain a high-quality portfolio consistent with our conservative investment parameters. Approximately 83% - 84% of the Fund's net assets was invested in insured municipal paper.

For the six-month period ended July 31, 2006, the Fund's Auction Market Preferred Stock had average yields as follows: Series A, 3.07%; Series B, 2.99%; Series C, 3.00%; Series D, 2.96%; and Series E, 2.94%. The Fed raised the short-term interest rate target 200 basis points during the 12-month period, and this continued to affect the Fund's borrowing costs. On August 8, 2006, the Fed opted to pause its interest rate-hiking campaign and is expected to be "data dependent" in determining monetary policy going forward. As such, we would expect additional increases in the Fund's cost of funds to be more limited. Despite the interest rate increases during the period, the tax-exempt yield curve maintained a positive slope, allowing us to borrow at a lower rate than where we invest. This continued to generate an income benefit to the holders of Common Stock from the leveraging of Preferred Stock. However, should the spread between short-term and long-term interest rates narrow, the benefits of leveraging will decline and, as a result, reduce the yield on the Fund's Common Stock. (For a more complete explanation of the benefits and risks of leveraging, see page 8 of this report to shareholders.)

How would you characterize the Fund's position at the close of the period?

At period-end, the Fund remained relatively neutral with respect to interest rate risk. As mentioned earlier, our yield curve outlook changed in the final months of the period on speculation that the Fed may be close to ending its monetary tightening program. That pause in policy tightening came in early August, affirming our revised yield curve strategy. Still, there remains uncertainty as to whether the Fed will pursue additional interest rate hikes down the road, as Chairman Bernanke and the governors have indicated that they will let the economic and inflationary data guide their interest rate decisions. Having said that, the consensus expectation is that economic growth will continue to moderate, thereby alleviating inflationary pressures and discouraging the Fed from pursuing further interest rate hikes. As such, we will continue to seek out value closer to the middle of the municipal yield curve, while maintaining a high-quality portfolio.

Robert A. DiMella, CFA
Vice President and Portfolio Manager
MuniHoldings Fund II, Inc.

Theodore R. Jaeckel Jr., CFA
Vice President and Portfolio Manager
MuniHoldings New Jersey Insured Fund, Inc.

August 9, 2006

The Benefits and Risks of Leveraging

The Funds utilize leveraging to seek to enhance the yield and net asset value of their Common Stock. However, these objectives cannot be achieved in all interest rate environments. To leverage, each Fund issues Preferred Stock, which pays dividends at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. The interest earned on these investments, net of dividends to Preferred Stock, is paid to Common Stock shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share net asset value of each Fund's Common Stock. However, in order to benefit Common Stock shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit Common Stock shareholders. If either of these conditions change, then the risks of leveraging will begin to outweigh the benefits.

To illustrate these concepts, assume a fund's Common Stock capitalization of $100 million and the issuance of Preferred Stock for an additional $50 million, creating a total value of $150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are approximately 3% and long-term interest rates are approximately 6%, the yield curve has a strongly positive slope. The fund pays dividends on the $50 million of Preferred Stock based on the lower short-term interest rates. At the same time, the fund's total portfolio of $150 million earns the income based on long-term interest rates. Of course, increases in short-term interest rates would reduce (and even eliminate) the dividends on the Common Stock.

In this case, the dividends paid to Preferred Stock shareholders are significantly lower than the income earned on the fund's long-term investments, and therefore the Common Stock shareholders are the beneficiaries of the incremental yield. However, if short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental yield pickup on the Common Stock will be reduced or eliminated completely. At the same time, the market value of the fund's Common Stock (that is, its price as listed on the New York Stock Exchange) may, as a result, decline. Furthermore, if long-term interest rates rise, the Common Stock's net asset value will reflect the full decline in the price of the portfolio's investments, since the value of the fund's Preferred Stock does not fluctuate. In addition to the decline in net asset value, the market value of the fund's Common Stock may also decline.

As of July 31, 2006, MuniHoldings Fund II, Inc. and MuniHoldings New Jersey Insured Fund, Inc. had leveraged amounts, due to Auction Market Preferred Stock, of 34.45% and 39.14% of total assets, respectively, before the deduction of Preferred Stock.

As a part of its investment strategy, the Funds may invest in certain securities whose potential income return is inversely related to changes in a floating interest rate ("inverse floaters"). In general, income on inverse floaters will decrease when short-term interest rates increase and increase when short-term interest rates decrease. Investments in inverse floaters may be characterized as derivative securities and may subject the Funds to the risks of reduced or eliminated interest payments and losses of invested principal. In addition, inverse floaters have the effect of providing investment leverage and, as a result, the market value of such securities will generally be more volatile than that of fixed rate, tax-exempt securities. To the extent the Funds invest in inverse floaters, the market value of each Fund's portfolio and the net asset value of each Fund's shares may also be more volatile than if the Funds did not invest in these securities.

Schedule of Investments as of July 31, 2006 (As Restated. See Note 6)

MuniHoldings Fund II, Inc. (in Thousands)

Face Amount	Municipal Bonds	Value
Alabama--2.1%		
$ 3,450	Jefferson County, Alabama, Limited Obligation School Warrants, Series A, 5% due 1/01/2024	$ 3,531
Arizona--5.0%		
1,000	Arizona Health Facilities Authority Revenue Bonds (Catholic Healthcare West), Series A, 6.625% due 7/01/2020	1,101
1,365	Maricopa County, Arizona, IDA, Education Revenue Bonds (Arizona Charter Schools Project 1), Series A, 6.50% due 7/01/2012	1,375
2,560	Phoenix, Arizona, IDA, Airport Facility, Revenue Refunding Bonds (America West Airlines Inc. Project), AMT, 6.30% due 4/01/2023	2,526
1,000	Pima County, Arizona, IDA, Education Revenue Bonds (Arizona Charter Schools Project), Series C, 6.75% due 7/01/2031	1,040
1,000	Pinal County, Arizona, COP, 5% due 12/01/2029	1,015
1,095	Show Low, Arizona, Improvement District Number 5, Special Assessment Bonds, 6.375% due 1/01/2015	1,128
Arkansas--0.6%		
1,000	University of Arkansas, University Construction Revenue Bonds (UAMS Campus), Series B, 5% due 11/01/2022 (d)	1,040
California--19.7%		

2,000	Benicia, California, Unified School District, GO, Refunding, Series A, 5.615% due 8/01/2020 (b)(m)	1,045
5,200	California State Public Works Board, Lease Revenue Bonds (Department of Corrections), Series C, 5.25% due 6/01/2028	5,398
1,000	East Side Union High School District, California, Santa Clara County, GO (Election of 2002), Series D, 5% due 8/01/2020 (i)	1,052
870	Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds, Series A-3, 7.875% due 6/01/2042	1,044
6,030	Los Angeles, California, Unified School District, GO, Series A, 5% due 1/01/2028 (d)	6,223
1,750	Poway, California, Unified School District, Special Tax (Community Facilities District Number 6 Area), Series A, 6.125% due 9/01/2033	1,859
	San Marino, California, Unified School District, GO, Series A (d)(m):	
1,820	5.50% due 7/01/2017	1,121
1,945	5.55% due 7/01/2018	1,135
2,070	5.60% due 7/01/2019	1,145
5,525	Sequoia, California, Unified High School District, GO, Refunding, Series B, 5.50% due 7/01/2035 (c)	6,037

Face Amount	Municipal Bonds	Value
California (concluded)		
$ 5,000	Tracy, California, Area Public Facilities Financing Agency, Special Tax Refunding Bonds (Community Facilities District Number 87-1), Series H, 5.875% due 10/01/2019 (d)	$ 5,149
1,250	Tustin, California, Unified School District, Senior Lien Special Tax Bonds (Community Facilities District Number 97-1), Series A, 5% due 9/01/2032 (c)	1,274
Colorado--1.7%		
1,845	Elk Valley, Colorado, Public Improvement Revenue Bonds (Public Improvement Fee), Series A, 7.10% due 9/01/2014	1,971
860	Plaza Metropolitan District Number 1, Colorado, Tax Allocation Revenue Bonds (Public Improvement Fees), 8.125% due 12/01/2025	862
Connecticut--0.8%		
1,715	Bridgeport, Connecticut, Senior Living Facilities Revenue Bonds (3030 Park Retirement Community Project), 7.25% due 4/01/2035	1,291
Florida--7.6%		
1,640	Ballantrae, Florida, Community Development District,	

	Capital Improvement Revenue Bonds, 6% due 5/01/2035	1,708
1,765	Miami-Dade County, Florida, Subordinate Special Obligation Revenue Bonds, Series A, 5.24% due 10/01/2037 (d)(m)	344
2,450	Midtown Miami, Florida, Community Development District, Special Assessment Revenue Bonds, Series A, 6.25% due 5/01/2037	2,656
2,400	Orange County, Florida, Health Facilities Authority, Hospital Revenue Bonds (Orlando Regional Healthcare), 6% due 12/01/2012 (h)	2,669
1,515	Orlando, Florida, Greater Orlando Aviation Authority, Airport Facilities Revenue Bonds (JetBlue Airways Corp.), AMT, 6.50% due 11/15/2036	1,580
525	Palm Coast Park Community Development District, Florida, Special Assesment Revenue Bonds, 5.70% due 5/01/2037	527
1,270	Preserve at Wilderness Lake, Florida, Community Development District, Capital Improvement Bonds, Series A, 5.90% due 5/01/2034	1,307
1,700	West Villages Improvement District, Florida, Special Assessment Revenue Refunding Bonds (Unit of Development Number 2), 5.80% due 5/01/2036	1,742

Georgia--3.7%

1,250	Atlanta, Georgia, Tax Allocation Bonds (Atlantic Station Project), 7.90% due 12/01/2024	1,381
1,535	Brunswick & Glynn County, Georgia, Development Authority, First Mortgage Revenue Bonds (Coastal Community Retirement Corporation Project), Series A, 7.25% due 1/01/2035	1,513

Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedules of Investments, we have abbreviated the names of many of the securities according to the list at right.

AMT	Alternative Minimum Tax (subject to)
COP	Certificates of Participation
DRIVERS	Derivative Inverse Tax-Exempt Receipts
EDA	Economic Development Authority
GO	General Obligation Bonds
HDA	Housing Development Authority
HFA	Housing Finance Agency
IDA	Industrial Development Authority
IDR	Industrial Development Revenue Bonds
PCR	Pollution Control Revenue Bonds
RIB	Residual Interest Bonds
S/F	Single Family
VRDN	Variable Rate Demand Notes

Schedule of Investments (continued)

MuniHoldings Fund II, Inc. (in Thousands)

Face Amount	Municipal Bonds	Value
Georgia (concluded)		
$ 1,945	Fulton County, Georgia, Development Authority, PCR (General Motors Corporation), Refunding, VRDN, 8% due 4/01/2010 (j)	$ 1,945
1,250	Milledgeville-Baldwin County, Georgia, Development Authority Revenue Bonds (Georgia College and State University Foundation), 5.50% due 9/01/2024	1,300
Idaho--1.3%		
2,000	Power County, Idaho, Industrial Development Corporation, Solid Waste Disposal Revenue Bonds (FMC Corporation Project), AMT, 6.45% due 8/01/2032	2,130
Illinois--2.8%		
1,000	Chicago, Illinois, O'Hare International Airport, Special Facility Revenue Refunding Bonds (American Airlines Inc. Project), 8.20% due 12/01/2024	1,027
1,000	Chicago, Illinois, Special Assessment Bonds (Lake Shore East), 6.75% due 12/01/2032	1,074
2,000	Illinois HDA, Homeowner Mortgage Revenue Bonds, AMT, Sub-Series C-2, 5.25% due 8/01/2022	2,039
500	Illinois State Finance Authority Revenue Bonds (Landing at Plymouth Place Project), Series A, 6% due 5/15/2025	517
Louisiana--2.8%		
2,500	Louisiana Public Facilities Authority, Hospital Revenue Bonds (Franciscan Missionaries of Our Lady Health System, Inc.), Series A, 5.25% due 8/15/2036	2,573
760	Louisiana State, Gas and Fuels Tax Revenue Bonds, Series A, 5% due 5/01/2030 (b)	782
1,275	New Orleans, Louisiana, Financing Authority Revenue Bonds (Xavier University of Louisiana Project), 5.30% due 6/01/2026 (d)	1,326
Maine--2.2%		
3,455	Maine State Housing Authority, Mortgage Purchase Revenue Refunding Bonds, Series B, 5.30% due 11/15/2023	3,571
Maryland--0.6%		

Face Amount	Municipal Bonds	Value
1,050	Maryland State Energy Financing Administration, Limited Obligation Revenue Bonds (Cogeneration-AES Warrior Run), AMT, 7.40% due 9/01/2019	1,059
Massachusetts--5.7%		
	Massachusetts State Development Finance Agency Revenue Bonds (Neville Communities Home), Series A (f):	
600	5.75% due 6/20/2022	662
1,500	6% due 6/20/2044	1,661
2,100	Massachusetts State, HFA, Housing Revenue Bonds, AMT, Series A, 5.25% due 12/01/2048	2,117
4,835	Massachusetts State School Building Authority, Dedicated Sales Tax Revenue Bonds, Series A, 5% due 8/15/2030 (c)	5,009
Michigan--0.7%		
1,100	Flint, Michigan, Hospital Building Authority, Revenue Refunding Bonds (Hurley Medical Center), Series A, 6% due 7/01/2020 (k)	1,179

Face Amount	Municipal Bonds	Value
Minnesota--7.1%		
$ 1,680	Minneapolis, Minnesota, Community Development Agency, Supported Development Revenue Refunding Bonds (Common Bond), Series G-3, 5.35% due 12/01/2011 (h)	$ 1,799
4,220	Minnesota State Municipal Power Agency, Electric Revenue Bonds, 5.25% due 10/01/2021	4,449
	Rockford, Minnesota, Independent School District Number 883, GO (c):	
2,870	5.60% due 2/01/2019	3,030
2,390	5.60% due 2/01/2020	2,523
Mississippi--1.5%		
	Mississippi Business Finance Corporation, Mississippi, PCR, Refunding (System Energy Resources, Inc. Project):	
2,000	5.875% due 4/01/2022	2,006
500	5.90% due 5/01/2022	502
Missouri--1.9%		
950	Fenton, Missouri, Tax Increment Revenue Refunding and Improvement Bonds (Gravois Bluffs), 7% due 10/01/2011 (h)	1,094
1,000	Kansas City, Missouri, IDA, First Mortgage Health Facilities Revenue Bonds (Bishop Spencer Place), Series A, 6.50% due 1/01/2035	1,045

1,000	Missouri State Development Finance Board, Infrastructure Facilities Revenue Refunding Bonds (Branson), Series A, 5.50% due 12/01/2032	1,030

New Jersey--11.3%

	New Jersey EDA, Cigarette Tax Revenue Bonds:	
4,050	5.75% due 6/15/2029	4,289
1,890	5.50% due 6/15/2031	1,958
	New Jersey EDA, Retirement Community Revenue Bonds, Series A:	
1,000	(Cedar Crest Village Inc. Facility), 7.25% due 11/15/2031	1,081
2,000	(Seabrook Village Inc.), 8.125% due 11/15/2023	2,237
2,000	New Jersey EDA, Special Facility Revenue Bonds (Continental Airlines, Inc. Project), AMT, 6.625% due 9/15/2012	2,105
2,375	New Jersey Health Care Facilities Financing Authority Revenue Bonds (South Jersey Hospital), 6% due 7/01/2026	2,515
2,500	New Jersey State Turnpike Authority, Turnpike Revenue Bonds, Series C, 5% due 1/01/2030 (c)	2,583
1,725	Tobacco Settlement Financing Corporation of New Jersey, Asset-Backed Revenue Bonds, 7% due 6/01/2041	1,965

New Mexico--4.0%

3,675	Farmington, New Mexico, PCR, Refunding (Public Service Company of New Mexico--San Juan Project), Series A, 5.80% due 4/01/2022	3,708
2,675	New Mexico Finance Authority, Senior Lien State Transportation Revenue Bonds, Series A, 5.125% due 6/15/2018 (d)	2,849

New York--11.5%

900	Dutchess County, New York, IDA, Civic Facility Revenue Refunding Bonds (Saint Francis Hospital), Series A, 7.50% due 3/01/2029	977
415	New York City, New York, City IDA, Civic Facility Revenue Bonds, Series C, 6.80% due 6/01/2028	446

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Schedule of Investments (continued)

MuniHoldings Fund II, Inc. (in Thousands)

Face Amount	Municipal Bonds	Value

New York (concluded)

	New York City, New York, City IDA, Special Facility Revenue Bonds (Continental Airlines, Inc. Project), AMT:	
$ 525	8% due 11/01/2012	$ 572
525	8.375% due 11/01/2016	580
3,855	New York City, New York, Sales Tax Asset Receivable Corporation Revenue Bonds, Series A, 5% due 10/15/2020 (d)	4,056
2,725	New York State Dormitory Authority Revenue Bonds (School Districts Financing Program), Series D, 5.25% due 10/01/2023 (d)	2,899
20	Suffolk County, New York, IDA, Civic Facility Revenue Bonds (Special Needs Facilities Pooled Program), Series D-1, 5.50% due 7/01/2007	20
	Tobacco Settlement Financing Corporation of New York Revenue Bonds:	
1,100	Series A-1, 5.50% due 6/01/2015	1,158
2,400	Series A-1, 5.50% due 6/01/2018	2,565
2,750	Series C-1, 5.50% due 6/01/2020 (b)	2,959
1,100	Series C-1, 5.50% due 6/01/2022	1,173
1,575	Westchester County, New York, IDA, Continuing Care Retirement, Mortgage Revenue Bonds (Kendal on Hudson Project), Series A, 6.50% due 1/01/2034	1,671
North Carolina--1.3%		
2,000	North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series D, 6.75% due 1/01/2026	2,169
Oklahoma--1.2%		
945	Oklahoma State Housing Finance Agency, S/F Mortgage Revenue Bonds (Homeownership Loan Program), Series D-2, AMT, 6.25% due 9/01/2029 (f)(g)	946
1,075	Tulsa, Oklahoma, Municipal Airport Trust Revenue Refunding Bonds (AMR Corporation), AMT, Series A, 5.375% due 12/01/2035	1,075
Pennsylvania--4.0%		
2,750	Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds (National Gypsum Company), AMT, Series A, 6.25% due 11/01/2027	2,894
540	Philadelphia, Pennsylvania, Authority for IDR, Commercial Development, 7.75% due 12/01/2017	544
2,630	Sayre, Pennsylvania, Health Care Facilities Authority, Revenue Bonds (Guthrie Healthcare System), Series B, 7.125% due 12/01/2031	3,100
Rhode Island--1.5%		
2,190	Rhode Island State Health and Educational Building Corporation, Hospital Financing Revenue Bonds	

Face Amount	Municipal Bonds	Value
	(Lifespan Obligation Group), 6.50% due 8/15/2012 (h)	2,490
South Carolina--2.9%		
2,080	Medical University Hospital Authority, South Carolina, Hospital Facilities Revenue Refunding Bonds, Series A, 6.375% due 8/15/2012 (h)	2,361
2,000	South Carolina Jobs, EDA, Economic Development Revenue Bonds (Westminster Presbyterian Center), 7.75% due 11/15/2010 (h)	2,339

Face Amount	Municipal Bonds	Value
Tennessee--6.7%		
$ 2,200	Hardeman County, Tennessee, Correctional Facilities Corporation Revenue Bonds, Series B, 7.375% due 8/01/2017	$ 2,265
3,450	Shelby County, Tennessee, Health, Educational and Housing Facility Board, Hospital Revenue Refunding Bonds (Methodist Healthcare), 6.50% due 9/01/2012 (h)	3,941
4,500	Tennessee Energy Acquisition Corporation, Gas Revenue Bonds, Series A, 5.25% due 9/01/2026	4,881
Texas--8.0%		
2,665	Austin, Texas, Convention Center Revenue Bonds (Convention Enterprises Inc.), First Tier, Series A, 6.70% due 1/01/2028	2,830
1,000	Brazos River Authority, Texas, PCR, Refunding (TXU Energy Company LLC Project), Series B, 4.75% due 5/01/2029	1,002
2,500	Brazos River, Texas, Harbor Navigation District, Brazoria County Environmental Revenue Refunding Bonds (Dow Chemical Company Project), AMT, Series A-7, 6.625% due 5/15/2033	2,795
843	Harris County, Texas, Revenue Refunding Bonds, DRIVERS, Series 1111, 6.53% due 8/15/2009, (c)(e)	907
1,300	Houston, Texas, Health Facilities Development Corporation, Retirement Facility Revenue Bonds (Buckingham Senior Living Community), Series A, 7.125% due 2/15/2034	1,434
2,965	Matagorda County, Texas, Navigation District Number 1, Revenue Refunding Bonds (Reliant Energy, Inc.), Series C, 8% due 5/01/2029	3,167
1,100	Port Corpus Christi, Texas, Individual Development Corporation, Environmental Facilities Revenue Bonds (Citgo Petroleum Corporation Project), AMT, 8.25% due 11/01/2031	1,144
Vermont--0.6%		
1,000	Vermont Educational and Health Buildings	

	Financing Agency, Revenue Bonds (Developmental and Mental Health), Series A, 6.50% due 6/15/2032	1,044
Virginia--13.4%		
575	Chesterfield County, Virginia, IDA, PCR, Refunding (Virginia Electric and Power Company), Series B, 5.875% due 6/01/2017	622
425	Chesterfield County, Virginia, IDA, PCR (Virginia Electric and Power Company), Series A, 5.875% due 6/01/2017	457
5,000	Fairfax County, Virginia, EDA, Resource Recovery Revenue Refunding Bonds, AMT, Series A, 6.10% due 2/01/2011 (a)	5,398
	Pocahontas Parkway Association, Virginia, Toll Road Revenue Bonds (h):	
3,885	Senior Series A, 5.50% due 8/15/2008	4,088
18,400	Senior Series B, 7.35% due 8/15/2008 (m)	4,818
2,185	Tobacco Settlement Financing Corporation of Virginia, Asset-Backed Revenue Bonds, 5.625% due 6/01/2037	2,267
1,095	Virginia State, HDA, Rental Housing Revenue Bonds, AMT, Series B, 5.625% due 8/01/2011	1,139
3,200	Virginia State, HDA, Revenue Bonds, AMT, Series D, 6% due 4/01/2024	3,329

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Schedule of Investments (concluded)

MuniHoldings Fund II, Inc. (in Thousands)

Face Amount	Municipal Bonds	Value
Washington--0.6%		
$ 1,040	Seattle, Washington, Housing Authority Revenue Bonds (Replacement Housing Project), 6.125% due 12/01/2032	$ 1,055
Wisconsin--0.9%		
1,360	Wisconsin State Health and Educational Facilities Authority Revenue Bonds (Synergyhealth Inc.), 6% due 11/15/2032	1,459
Puerto Rico--0.9%		
1,550	Puerto Rico Industrial, Medical and Environmental Pollution Control Facilities Financing Authority, Special Facilities Revenue Bonds (American Airlines Inc.), Series A, 6.45% due 12/01/2025	1,551

Face Amount	Municipal Bonds	Value
U.S. Virgin Islands--1.8%		
2,680	Virgin Islands Government Refinery Facilities, Revenue Refunding Bonds (Hovensa Coker Project), AMT, 6.50% due 7/01/2021	3,002
	Total Municipal Bonds (Cost--$215,711)--138.4%	229,117

	Municipal Bonds Held in Trust (o)	
California--3.3%		
5,130	California Pollution Control Financing Authority, PCR, Refunding (Pacific Gas and Electric), AMT, Series A, 5.35% due 12/01/2016 (d)	5,430
Maryland--4.9%		
7,765	Baltimore, Maryland, Convention Center Hotel Revenue Bonds, Senior Series A, 5.25% due 9/01/2039 (i)	8,187

Face Amount	Municipal Bonds Held in Trust (o)	Value
Michigan--3.2%		
$ 5,000	Michigan State Strategic Fund, Limited Obligation Revenue Refunding Bonds (Detroit Edison Company Pollution Control Project), AMT, Series C, 5.65% due 9/1/2029 (i)	$ 5,258
New York--2.1%		
3,205	New York City, New York, Sales Tax Asset Receivable Corporation Revenue Bonds, Series A, 5.25% due 10/15/2027 (a)	3,408
South Carolina--5.2%		
8,400	South Carolina State Ports Authority, Ports Revenue Bonds, AMT, 5.30% due 7/01/2026 (c)	8,613
Texas--4.4%		
7,045	Harris County, Texas, Toll Road Revenue Refunding Bonds, Senior Lien, Series A, 5.25% due 8/15/2035 (c)	7,308
	Total Municipal Bonds Held in Trust (Cost--$38,367)--23.1%	38,204

Shares Held	Short-Term Securities	
12	Merrill Lynch Institutional Tax-Exempt Fund, 3.45% (l)(n)	12
	Total Short-Term Securities (Cost--$12)--0.0%	12

Total Investments (Cost--$254,090*)--161.5%	267,333
Other Assets Less Liabilities--2.3%	3,767
Liability for Trust Certificates, Including Interest Expense Payable--(11.2%)	(18,506)
Preferred Stock, at Redemption Value--(52.6%)	(87,029)
Net Assets Applicable to Common Stock--100.0%	$ 165,565

* The cost and unrealized appreciation (depreciation) of investments as of July 31, 2006, as computed for federal income tax purposes, were as follows:

Aggregate cost	$ 235,424
Gross unrealized appreciation	$ 14,615
Gross unrealized depreciation	(976)
Net unrealized appreciation	$ 13,639

(a) AMBAC Insured.

(b) FGIC Insured.

(c) FSA Insured.

(d) MBIA Insured.

(e) The rate disclosed is that currently in effect. This rate changes periodically and inversely based upon prevailing market rates.

(f) GNMA Collateralized.

(g) FNMA Collateralized.

(h) Prerefunded.

(i) XL Capital Insured.

(j) Security may have a maturity of more than one year at time of issuance, but has variable rate and demand features that qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based upon prevailing market rates.

(k) ACA Insured.

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

Affiliate	Net Activity	Dividend Income
Merrill Lynch Institutional Tax-Exempt Fund	--	--*

* Amount is less than $1,000.

(m) Represents a zero coupon bond; the interest rate shown reflects the effective yield at the time of purchase.

(n) Represents the current yield as of July 31, 2006.

(o) As Restated. See Note 6. Securities represent underlying bonds transferred to a separate securitization trust established in a tender option bond transaction in which the Fund may have acquired the residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1(c) to Financial Statements for details of Municipal Bonds Held in Trust.

See Notes to Financial Statements.

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Schedule of Investments as of July 31, 2006
(As Restated. See Note 6)

MuniHoldings New Jersey Insured Fund, Inc. (in Thousands)

Face Amount	Municipal Bonds	Value
New Jersey--147.2%		
$ 1,875	Atlantic Highlands, New Jersey, Highland Regional Sewer Authority, Sewer Revenue Refunding Bonds, 5.50% due 1/01/2020 (b)	$ 2,004
	Camden County, New Jersey, Improvement Authority, Lease Revenue Bonds (c)(e):	
2,635	5.375% due 9/01/2010	2,792
1,540	5.50% due 9/01/2010	1,639
430	Carteret, New Jersey, Board of Education, COP, 6% due 1/15/2010 (d)(e)	464
2,500	Delaware River and Bay Authority Revenue Bonds, New Jersey, 5% due 1/01/2033 (d)	2,566
4,630	Delaware River Joint Toll Bridge Commission of New Jersey and Pennsylvania, Bridge Revenue Refunding Bonds, 5% due 7/01/2028	4,730
	Delaware River Port Authority of New Jersey and	

	Pennsylvania Revenue Bonds (c):	
5,000	5.50% due 1/01/2012	5,257
6,000	5.625% due 1/01/2013	6,338
500	5.75% due 1/01/2015	530
4,865	6% due 1/01/2018	5,182
5,525	6% due 1/01/2019	5,885
2,425	(Port District Project), Series B, 5.625% due 1/01/2026	2,545
7,895	East Orange, New Jersey, Board of Education, COP, 5.50% due 8/01/2012 (c)	8,546
1,000	East Orange, New Jersey, Water Utility, GO, Refunding, 5.70% due 6/15/2008 (a)(e)	1,045
4,000	Essex County, New Jersey, Improvement Authority, Lease Revenue Bonds (Correctional Facility Project), 6% due 10/01/2010 (b)(e)	4,338
3,300	Essex County, New Jersey, Improvement Authority, Lease Revenue Refunding Bonds (County Jail and Youth House Project), 5.35% due 12/01/2024 (a)	3,380
4,400	Essex County, New Jersey, Improvement Authority Revenue Bonds, Series A, 5% due 10/01/2028 (b)	4,528
2,705	Essex County, New Jersey, Improvement Authority, Utility System Revenue Bonds (East Orange Franchise), 6% due 7/01/2008 (d)(e)	2,843
	Garden State Preservation Trust of New Jersey, Capital Appreciation Revenue Bonds, Series B (c)(k):	
9,000	5.12% due 11/01/2023	4,018
10,000	5.20% due 11/01/2025	4,028
	Garden State Preservation Trust of New Jersey, Open Space and Farmland Preservation Revenue Bonds, Series A (c):	
1,960	5.80% due 11/01/2021	2,212
2,730	5.80% due 11/01/2023	3,084
9,160	5.75% due 11/01/2028	10,773
	Garden State Preservation Trust of New Jersey, Open Space and Farmland Preservation, Revenue Refunding Bonds, Series C (c):	
5,000	5.25% due 11/01/2020	5,519
7,705	5.25% due 11/01/2021	8,517
2,230	Jersey City, New Jersey, GO, Series B, 5.25% due 9/01/2023 (c)	2,372

Face Amount	Municipal Bonds	Value
New Jersey (continued)		
$ 5,250	Lafayette Yard, New Jersey, Community Development Revenue Bonds (Hotel/Conference Center Project-Trenton), 6% due 4/01/2010 (d)(e)	$ 5,689

1,550	Middlesex County, New Jersey, COP, 5.25% due 6/15/2023 (d)	1,608
1,375	Middlesex County, New Jersey, COP, Refunding, 5.50% due 8/01/2016 (d)	1,473
5,270	Middlesex County, New Jersey, Improvement Authority, Lease Revenue Bonds (Educational Services Commission Projects), 6% due 7/15/2010 (e)	5,739
500	Middlesex County, New Jersey, Improvement Authority Revenue Bonds (Senior Citizens Housing Project), AMT, 5.50% due 9/01/2030 (a)	518
	Monmouth County, New Jersey, Improvement Authority Revenue Refunding Bonds (a):	
1,540	5.35% due 12/01/2017	1,622
1,470	5.375% due 12/01/2018	1,550
	New Jersey EDA, Cigarette Tax Revenue Bonds:	
2,700	5.625% due 6/15/2019	2,819
2,000	5.75% due 6/15/2029	2,118
585	5.50% due 6/15/2031	606
1,180	5.75% due 6/15/2034	1,242
5,000	New Jersey EDA, Lease Revenue Bonds (University of Medicine and Dentistry--International Center for Public Health Project), 6% due 6/01/2032 (a)	5,352
	New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series A (d):	
7,500	5.25% due 7/01/2026	8,308
11,105	5.25% due 7/01/2033	11,707
4,485	5% due 7/01/2034	4,616
1,000	New Jersey EDA, Parking Facility Revenue Bonds (Elizabeth Development Company Project), 5.60% due 10/15/2026 (b)	1,038
3	New Jersey EDA, Revenue Bonds, DRIVERS, Series 219, 8.021% due 5/01/2016 (c)(j)	3
	New Jersey EDA, School Facilities Construction Revenue Bonds:	
9,000	Series L, 5% due 3/01/2030 (c)	9,278
8,420	Series O, 5.25% due 3/01/2023	8,914
2,500	New Jersey EDA, Solid Waste Disposal Facilities Revenue Bonds (Waste Management, Inc.), AMT, Series A, 5.30% due 6/01/2015	2,608
	New Jersey EDA, State Lease Revenue Bonds:	
2,670	(Liberty State Park Project), Series C, 5% due 3/01/2022 (c)	2,787
1,400	(Liberty State Park Project), Series C, 5% due 3/01/2023 (c)	1,458
3,000	(State Office Buildings Projects), 6% due 6/15/2010 (a)(e)	3,237
4,620	(State Office Buildings Projects), 6.25% due 6/15/2010 (a)(e)	5,026
10,775	New Jersey Health Care Facilities Financing Authority,	

	Department of Human Services Revenue Bonds (Greystone Park Psychiatric Hospital Project), 5% due 9/15/2023 (a)	11,223

Schedule of Investments (continued)

MuniHoldings New Jersey Insured Fund, Inc. (in Thousands)

Face Amount	Municipal Bonds	Value
New Jersey (continued)		
	New Jersey Health Care Facilities Financing Authority Revenue Bonds:	
$ 2,315	(RWJ Healthcare Corporation), Series B, 5% due 7/01/2025 (i)	$ 2,370
3,015	(RWJ Healthcare Corporation), Series B, 5% due 7/01/2035 (i)	3,065
2,820	(Society of the Valley Hospital), 5.375% due 7/01/2025 (a)	2,938
2,135	(Somerset Medical Center), 5.50% due 7/01/2033	2,178
5,440	(South Jersey Hospital), 6% due 7/01/2026	5,761
	New Jersey Health Care Facilities Financing Authority, Revenue Refunding Bonds:	
4,000	(AHS Hospital Corporation), Series A, 6% due 7/01/2013 (a)	4,451
1,455	(Atlantic City Medical Center), 6.25% due 7/01/2017	1,604
3,500	(Atlantic City Medical Center), 5.75% due 7/01/2025	3,704
1,775	(Holy Name Hospital), 6% due 7/01/2025	1,827
1,000	(Meridian Health System Obligation Group), 5.375% due 7/01/2024 (c)	1,042
	New Jersey Sports and Exposition Authority, Luxury Tax Revenue Refunding Bonds (Convention Center) (d):	
5,890	5.50% due 3/01/2021	6,622
3,000	5.50% due 3/01/2022	3,380
2,400	New Jersey Sports and Exposition Authority, State Contract Revenue Bonds, Series A, 6% due 3/01/2013 (d)	2,570
7,500	New Jersey State Educational Facilities Authority, Higher Education, Capital Improvement Revenue Bonds, Series A, 5.125% due 9/01/2022 (a)	7,889
	New Jersey State Educational Facilities Authority Revenue Bonds:	
9,420	(Capital Improvement Fund), Series A, 5.75% due 9/01/2010 (c)(e)	10,112

1,200	(Montclair State University), Series A, 5% due 7/01/2021 (a)	1,264
2,880	(Montclair State University), Series A, 5% due 7/01/2022 (a)	3,027
3,615	(Rowan University), Series C, 5.125% due 7/01/2028 (d)	3,769
3,260	(Rowan University), Series C, 5% due 7/01/2034 (d)	3,360
	New Jersey State Educational Facilities Authority, Revenue Refunding Bonds:	
7,510	(Montclair State University), Series L, 5% due 7/01/2034 (d)	7,740
2,375	(Rowan University), Series C, 5.25% due 7/01/2017 (b)	2,520
2,820	(Rowan University), Series C, 5.25% due 7/01/2018 (b)	2,992
2,635	(Rowan University), Series C, 5.25% due 7/01/2019 (b)	2,796
1,410	(Rowan University), Series C, 5% due 7/01/2031 (b)	1,445
11,225	New Jersey State Housing and Mortgage Finance Agency, Capital Fund Program Revenue Bonds, Series A, 4.70% due 11/01/2025 (c)	11,304

Face Amount	Municipal Bonds	Value
New Jersey (continued)		
	New Jersey State Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, AMT, Series U (d):	
$ 1,000	5.60% due 10/01/2012	$ 1,025
2,820	5.65% due 10/01/2013	2,890
3,000	5.75% due 4/01/2018	3,076
805	5.85% due 4/01/2029	824
5,000	New Jersey State Transit Corporation, COP (Federal Transit Administration Grants), Series A, 6.125% due 9/15/2009 (a)(e)	5,339
	New Jersey State Transportation Trust Fund Authority, Transportation System Revenue Bonds:	
7,500	Series A, 6% due 6/15/2010 (e)	8,091
1,400	Series C, 5.05% due 12/15/2035 (a)(k)	340
5,500	Series C, 5.05% due 12/15/2036 (a)(k)	1,272
6,200	Series D, 5% due 6/15/2015 (c)(e)	6,659
7,800	Series D, 5% due 6/15/2019 (c)	8,181
	New Jersey State Transportation Trust Fund Authority, Transportation System Revenue Refunding Bonds:	
10,750	Series A, 5.25% due 12/15/2020 (c)	11,812
9,165	Series B, 5.50% due 12/15/2021 (d)	10,337
7,615	New Jersey State Turnpike Authority, Turnpike Revenue Bonds, Series B, 5.15% due 1/01/2035 (a)(k)	5,101

	New Jersey State Turnpike Authority, Turnpike Revenue Refunding Bonds:	
910	Series C, 6.50% due 1/01/2016 (d)	1,049
4,610	Series C, 6.50% due 1/01/2016 (d)(g)	5,327
4,665	Series C-1, 4.50% due 1/01/2031 (a)	4,550
	North Bergen Township, New Jersey, Board of Education, COP (c):	
1,000	6% due 12/15/2010 (e)	1,097
3,260	6.25% due 12/15/2010 (e)	3,608
1,250	5% due 12/15/2018	1,293
4,335	North Hudson Sewage Authority, New Jersey, Sewer Revenue Refunding Bonds, 5.125% due 8/01/2020 (d)	4,718
3,035	Orange Township, New Jersey, Municipal Utility and Lease, GO, Refunding, Series C, 5.10% due 12/01/2017 (d)	3,135
	Paterson, New Jersey, Public School District, COP (d):	
1,980	6.125% due 11/01/2015	2,131
2,000	6.25% due 11/01/2019	2,162
4,750	Port Authority of New Jersey and New York, Consolidated Revenue Refunding Bonds, AMT, 119th Series, 5.50% due 9/15/2019 (b)	4,806
	Port Authority of New Jersey and New York, Special Obligation Revenue Bonds (JFK International Air Terminal LLC), AMT (d):	
650	RIB, Series 157, 7.52% due 12/01/2022 (j)	704
13,500	Series 6, 6.25% due 12/01/2011	14,852
1,500	Series 6, 6.25% due 12/01/2015	1,718
4,750	Series 6, 5.75% due 12/01/2025	4,860
9,600	Rahway Valley Sewerage Authority, New Jersey, Sewer Revenue Bonds (Capital Appreciation), Series A, 4.79% due 9/01/2028 (d)(k)	3,310

Schedule of Investments (concluded)

MuniHoldings New Jersey Insured Fund, Inc. (in Thousands)

Face Amount	Municipal Bonds	Value
New Jersey (concluded)		
	South Jersey Port Corporation of New Jersey, Revenue Refunding Bonds:	
$ 3,750	4.50% due 1/01/2015	$ 3,823
1,920	4.50% due 1/01/2016	1,945
1,500	5% due 1/01/2026	1,531

2,000	5.10% due 1/01/2033	2,046
4,755	Tobacco Settlement Financing Corporation of New Jersey, Asset-Backed Revenue Bonds, 7% due 6/01/2041	5,417
2,000	University of Medicine and Dentistry of New Jersey, COP, 5% due 6/15/2029 (d)	2,054
4,740	University of Medicine and Dentistry of New Jersey, Revenue Bonds, Series A, 5.50% due 12/01/2027 (a)	5,077
8,580	West Deptford Township, New Jersey, GO, 5.625% due 9/01/2010 (b)(e)	9,170
3,615	West Orange, New Jersey, Board of Education, COP, 6% due 10/01/2009 (d)(e)	3,884
Puerto Rico--7.7%		
	Puerto Rico Commonwealth Highway and Transportation Authority, Transportation Revenue Refunding Bonds:	
4,500	Series J, 5% due 7/01/2029 (d)	4,657
3,480	Series K, 5% due 7/01/2040	3,487
	Puerto Rico Electric Power Authority, Power Revenue Bonds:	
6,830	Series HH, 5.25% due 7/01/2029 (c)	7,158
5,100	Series RR, 5% due 7/01/2028 (f)	5,282
	Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Revenue Bonds, Series A:	
1,780	(Hospital Auxilio Mutuo Obligation Group), 6.25% due 7/01/2024 (d)	1,794
1,750	(Hospital de la Concepcion), 6.50% due 11/15/2020	1,930
	Total Municipal Bonds (Cost--$470,867)--154.9%	488,926

Face Amount	Municipal Bonds Held in Trust (m)	Value
New Jersey--15.3%		
$ 25,230	New Jersey EDA, Natural Gas Facilities Revenue Refunding Bonds (NUI Corporation Projects), AMT, Series A, 5.70% due 6/01/2032 (d)	$ 25,979
9,155	New Jersey EDA, Revenue Bonds (Transportation Project), Sub-Lease, Series A, 6% due 5/01/2009 (c)(e)	9,682
3,030	Port Authority of New York and New Jersey, Special Obligation Revenue Bonds (JFK International Air Terminal), AMT, Series 6, 5.75% due 12/01/2022 (d)	3,158
8,650	Trenton, New Jersey, Parking Authority,	

	Parking Revenue Bonds, 6.10% due 4/01/2010 (b)(e)	9,328
	Total Municipal Bonds Held in Trust (Cost--$46,716)--15.3%	48,147
Shares Held	Short-Term Securities	
1,050	CMA New Jersey Municipal Money Fund, 3.03% (h)(l)	1,050
	Total Short-Term Securities (Cost--$1,050)--0.3%	1,050
Total Investments (Cost--$518,633*)--170.5%		538,123
Other Assets Less Liabilities--1.2%		3,826
Liability for Trust Certificates, Including Interest Expense Payable--(7.4%)		(23,214)
Preferred Stock, at Redemption Value--(64.3%)		(203,086)
Net Assets Applicable to Common Stock--100.0%		$ 315,649

* The cost and unrealized appreciation (depreciation) of investments, as of July 31, 2006, as computed for federal income tax purposes, were as follows:

Aggregate cost	$ 496,593
Gross unrealized appreciation	$ 19,170
Gross unrealized depreciation	(673)
Net unrealized appreciation	$ 18,497

(a) AMBAC Insured.

(b) FGIC Insured.

(c) FSA Insured.

(d) MBIA Insured.

(e) Prerefunded.

(f) CIFG Insured.

(g) Escrowed to maturity.

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

Affiliate	Net Activity	Dividend Income
CMA New Jersey Municipal Money Fund	(5,082)	$ 100

(i) Radian Insured.

(j) The rate disclosed is that currently in effect. This rate changes periodically and inversely based upon prevailing market rates.

(k) Represents a zero coupon bond; the interest rate shown reflects the effective yield at the time of purchase.

(l) Represents the current yield as of July 31, 2006.

(m) As Restated. See Note 6. Securities represent underlying bonds transferred to a separate securitization trust established in a tender option bond transaction in which the Fund may have acquired the residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1(c) to Financial Statements for details of Municipal Bonds Held in Trust.

See Notes to Financial Statements.

ANNUAL REPORTS JULY 31, 2006

Statements of Net Assets (As Restated. See Note 6)

As of July 31, 2006	F
Assets	
Investments in unaffiliated securities, at value*	$
Investments in affiliated securities, at value**	
Cash	
Interest receivable	
Receivable for securities sold	
Prepaid expenses	
	--
Total assets	
	--
Liabilities	
Trust certificates	
Payable for securities purchased	
Interest expense payable	
Payable to investment adviser	
Payable for other affiliates	
Payable for dividends to shareholders	
Accrued expenses	
	--
Total liabilities	
	--
Preferred Stock	
Preferred Stock, at redemption value, par value $.10 per share***	

of AMPS+++ at $25,000 per share liquidation preference

Net Assets Applicable to Common Stock

Net assets applicable to Common Stock $

Net Assets Consist of

Undistributed investment income--net $
Accumulated realized capital losses--net
Unrealized appreciation--net

Total accumulated losses--net

Common Stock, par value $.10 per share++
Paid-in capital in excess of par

Net Assets $

Net asset value per share of Common Stock $

Market price $

* Identified cost on unaffiliated securities $

** Identified cost on affiliated securities $

*** Preferred Shares authorized, issued and outstanding:
Series A Shares

Series B Shares

Series C Shares

Series D Shares

Series E Shares

++ Common Shares issued and outstanding

+++ Auction Market Preferred Stock.

See Notes to Financial Statements.

ANNUAL REPORTS JULY 31, 2006

Statements of Operations (As Restated. See Note 6)

For the Year Ended July 31, 2006 F

Investment Income

Interest $
Dividends from affiliates

--

Total income

--

Expenses

Investment advisory fees
Interest expense and fees
Commission fees
Accounting services
Professional fees
Transfer agent fees
Printing and shareholder reports
Directors' fees and expenses
Listing fees
Custodian fees
Pricing fees
Other (including $21,248 recovery of filing fees for MuniHoldings New Jersey Insured Fund, Inc.)

--

Total expenses before waiver and/or reimbursement
Waiver and/or reimbursement of expenses

--

Total expenses after waiver and/or reimbursement

--

Investment income--net

--

Realized & Unrealized Gain (Loss)--Net

Realized gain on:
Investments--net
Financial futures contracts and forward interest rate swaps--net

--

Total realized gain--net

--

Change in unrealized appreciation on:
Investments--net
Financial futures contracts and forward interest rate swaps--net

--

Total change in unrealized appreciation

--

Total realized and unrealized loss--net

--

Dividends to Preferred Shareholders

Investment income--net

--

Net Increase in Net Assets Resulting from Operations $

==

See Notes to Financial Statements.

Statements of Changes in Net Assets (As Restated. See Note 6)

Increase (Decrease) in Net Assets:

Operations

Investment income--net $
Realized gain--net
Change in unrealized appreciation--net
Dividends to Preferred Stock shareholders
--
Net increase in net assets resulting from operations
--

Dividends to Common Stock Shareholders

Investment income--net
--
Net decrease in net assets resulting from dividends to Common Stock shareholders
--

Common Stock Transactions

Value of shares issued to Common Stock shareholders in reinvestment of dividends
--

Net Assets Applicable to Common Stock

Total increase (decrease) in net assets applicable to Common Stock
Beginning of year
--
End of year* $
==
* Undistributed investment income--net $
==

See Notes to Financial Statements.

Statements of Changes in Net Assets (As Restated for 2006. See Note 6) MuniHoldin

Increase (Decrease) in Net Assets:

Operations

Investment income--net $
Realized gain--net
Change in unrealized appreciation--net
Dividends to Preferred Stock shareholders
--
Net increase in net assets resulting from operations
--

Dividends to Common Stock Shareholders

Investment income--net

Net decrease in net assets resulting from dividends to Common Stock shareholders

Common Stock Transactions

Value of shares issued to Common Stock shareholders in reinvestment of dividends

Net Assets Applicable to Common Stock

Total increase (decrease) in net assets applicable to Common Stock
Beginning of year

End of year* $

* Undistributed investment income--net $

See Notes to Financial Statements.

ANNUAL REPORTS JULY 31, 2006

Financial Highlights (As Restated. See Note 6)

The following per share data and ratios have been derived from information provided in the financial statements.	2006	2005	For the Year E 20
Per Share Operating Performance			
Net asset value, beginning of year	$ 15.03	$ 13.98	$ 1
Investment income--net	1.04++	1.08++	1.
Realized and unrealized gain (loss)--net	(.11)	1.15	
Less dividends to Preferred Stock shareholders from investment income--net	(.23)	(.14)	(
Total from investment operations	.70	2.09	
Less dividends to Common Stock shareholders from investment income--net	(.91)	(1.04)	(1
Net asset value, end of year	$ 14.82	$ 15.03	$ 1
Market price per share, end of year	$ 14.12	$ 15.25	$ 1
Total Investment Return**			
Based on net asset value per share	4.89%	15.46%	11
Based on market price per share	(1.50%)	21.04%	10

Ratios Based on Average Net Assets Applicable to Common Stock			
Total expenses, net of reimbursement and excluding interest expense and fees*	1.18%	1.19%	1
Total expenses, net of reimbursement*	1.44%	1.27%	1
Total expenses*	1.44%	1.27%	1
Total investment income--net*	7.04%	7.38%	8
Amount of dividends to Preferred Stock shareholders	1.55%	.98%	
Investment income--net, to Common Stock shareholders	5.49%	6.40%	7
Ratios Based on Average Net Assets Applicable to Preferred Stock			
Dividends to Preferred Stock shareholders	2.95%	1.84%	1
Supplemental Data			
Net assets applicable to Common Stock, end of year (in thousands)	$ 165,565	$ 167,588	$ 155
Preferred Stock outstanding at liquidation preference, end of year (in thousands)	$ 87,000	$ 87,000	$ 87
Portfolio turnover	41%	38%	
Leverage			
Asset coverage per $1,000	$ 2,903	$ 2,926	$ 2
Dividends Per Share on Preferred Stock Outstanding			
Series A--Investment income--net	$ 754	$ 445	$
Series B--Investment income--net	$ 724	$ 471	$

* Do not reflect the effect of dividends to Preferred Stock shareholders.

** Total investment returns based on market value, which can be significantly greater or than the net asset value, may result in substantially different returns. Total investm returns exclude the effects of sales charges.

++ Based on average shares outstanding.

See Notes to Financial Statements.

Financial Highlights (As Restated. See Note 6) MuniHoldin

The following per share data and ratios have been derived from information provided in the financial statements.		For the Year E	
	2006	2005	20
Per Share Operating Performance			
Net asset value, beginning of year	$ 15.62	$ 15.03	$ 1
Investment income--net*	1.03	1.04	
Realized and unrealized gain (loss)--net	(.61)	.66	
Less dividends to Preferred Stock shareholders from investment income--net	(.26)	(.16)	(
Total from investment operations	.16	1.54	
Less dividends to Common Stock shareholders from investment income--net	(.87)	(.95)	(
Net asset value, end of year	$ 14.91	$ 15.62	$ 1
Market price per share, end of year	$ 14.98	$ 15.89	$ 1
Total Investment Return* **			
Based on net asset value per share	1.09%	10.63%	10
Based on market price per share	(.16%)	19.37%	11
Ratios Based on Average Net Assets Applicable to Common Stock			
Total expenses, net of waiver and reimbursement and excluding reorganization expenses and interest expense and fees**	1.15%	1.14%	1
Total expenses, net of waiver and reimbursement and excluding reorganization expenses**	1.39%	1.25%	1
Total expenses, net of waiver and reimbursement**	1.39%	1.25%	1
Total expenses**	1.45%	1.31%	1
Total investment income--net**	6.80%	6.69%	6
Amount of dividends to Preferred Stock shareholders	1.72%	1.02%	
Investment income--net, to Common Stock shareholders	5.08%	5.67%	6
Ratios Based on Average Net Assets Applicable to Preferred Stock			
Dividends to Preferred Stock shareholders	2.71%	1.64%	
Supplemental Data			
Net assets applicable to Common Stock, end of year (in thousands)	$ 315,649	$ 328,853	$ 316

Preferred Stock outstanding at liquidation preference, end of year (in thousands)	$ 203,000	$ 203,000	$ 203
Portfolio turnover	16%	29%	
Leverage			
Asset coverage per $1,000	$ 2,555	$ 2,620	$ 2
Dividends Per Share on Preferred Stock Outstanding			
Series A--Investment income--net	$ 683	$ 402	$
Series B--Investment income--net	$ 682	$ 403	$
Series C--Investment income--net	$ 689	$ 419	$
Series D--Investment income--net	$ 673	$ 415	$
Series E--Investment income--net	$ 655	$ 394	$

* Based on average shares outstanding.

** Do not reflect the effect of dividends to Preferred Stock shareholders.

*** Total investment returns based on market value, which can be significantly greater or than the net asset value, may result in substantially different returns. Total invest returns exclude the effects of sales charges.

See Notes to Financial Statements.

ANNUAL REPORTS JULY 31, 2006

Notes to Financial Statements

1. Significant Accounting Policies:
MuniHoldings Fund II, Inc. and MuniHoldings New Jersey Insured Fund, Inc. (the "Funds" or individually as the "Fund") are registered under the Investment Company Act of 1940, as amended, as non-diversified, closed-end management investment companies. The Funds' financial statements are prepared in conformity with U.S. generally accepted accounting principles, which may require the use of management accruals and estimates. Actual results may differ from these estimates. The Funds determine and make available for publication the net asset value of their Common Stock on a daily basis. The Funds' Common Stock shares are listed on the New York Stock Exchange under the symbols MUH and MUJ, respectively. The following is a summary of significant accounting policies followed by the Funds.

(a) Valuation of investments--Municipal bonds are traded primarily in the over-the-counter ("OTC") markets and are valued at the last available bid price in the OTC market or on the basis of values as obtained by a pricing service. Pricing services use valuation matrixes that incorporate both dealer-supplied valuations and valuation models. The procedures of the pricing service and its valuations are reviewed by the officers of the Funds under the general direction of the Boards of Directors. Such valuations and procedures are reviewed periodically by the Board of Directors of the Funds. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their closing prices as of the close of such exchanges. Options written or purchased are valued at the last sale price in the case of exchange-traded options. In the case of options traded in the OTC market, valuation is the last asked price (options written) or the last bid price (options purchased). Swap agreements are valued by quoted fair values received daily by the Funds' pricing service. Short-term investments with a remaining maturity of 60 days or less are valued at amortized cost, which approximates market value, under which method the investment is valued at cost and any premium or discount is amortized on a straight line basis to maturity. Valuation of other short-term investment vehicles is generally based on the net asset value of the underlying investment vehicle or amortized cost. Investments in open-end investment companies are valued at their net asset value each business day. Securities and other assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Boards of Directors of the Funds.

(b) Derivative financial instruments--Each Fund may engage in various portfolio investment strategies both to increase the return of the Fund and to hedge, or protect, its exposure to interest rate movements and movements in the securities markets. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

* Financial futures contracts--Each Fund may purchase or sell financial futures contracts and options on such futures contracts. Futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

* Options--Each Fund may write covered call options and purchase call and put options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received).

Written and purchased options are non-income producing investments.

* Forward interest rate swaps--Each Fund may enter into swap agreements, which are OTC contracts in which the Fund and a counterparty agree to make periodic net payments on a specified notional amount. The net payments can be made for a set period of time or may be triggered by a predetermined credit event. The net periodic payments may be based on a fixed or variable interest rate; the change in market value of a specified security, basket of securities, or index; or the return generated by a security. These periodic payments received or made by the Fund are recorded in the accompanying Statement of Operations as realized gains or losses, respectively. Gains or losses are also realized upon termination of the swap agreements. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). Risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms and the possible lack of liquidity with respect to the swap agreements.

(c) Municipal bonds held in trust--The Funds invest in leveraged residual certificates ("TOB Residuals") issued by tender option bond trusts ("TOBs"). A TOB is established by a third party sponsor forming a special purpose entity, into which a Fund, or an agent on behalf of the Fund, transfers municipal securities. A TOB typically issues two classes of beneficial interests: short-term floating rate certificates, which are sold to third party investors, and residual certificates, which are generally issued to the Fund which made the transfer or to affiliates of the Fund. Each Fund's transfers of the municipal securities to a TOB do not qualify for sale treatment under Statement of Financial Accounting Standards No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," therefore the municipal securities deposited into a TOB are presented in the Funds' schedules of investments and the proceeds from the transactions are reported as a liability for trust certificates of the Funds. Similarly, proceeds from residual certificates issued to affiliates, if any, from the transaction are included in the liability for trust certificates. Interest income from the underlying security is recorded by the Funds on an accrual basis. Interest expense incurred on the secured borrowing and other expenses related to remarketing, administration and trustee services to a TOB are reported as expenses of a Fund. The floating rate:559px;top:568px;font-style:normal;font-weight:normal;font-s

Black Hills Corporation
BBB-
CMS Energy Corporation
BBB-
Constellation Energy Group, Inc.
BBB-
Duquesne Light Company
BBB-
Edison International
BBB-
Empire District Electric Company
BBB-
IPALCO Enterprises, Inc.
BBB-
NiSource Inc.
BBB-
Otter Tail Corporation
BBB-
Pinnacle West Capital Corporation
BBB-

Westar Energy, Inc. Puget Energy, Inc.
BBB-
Puget Energy, Inc.
BB+
NV Energy, Inc.
BB
PNM Resources, Inc.
BB-
Energy Future Holdings Corp.
B-
#1 NSTAR
A+
*As published by EEI

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Key Merger Terms
Chuck Shivery to be non-executive Chairman
Tom May to be President and CEO
14 Board members
7 nominated by Northeast Utilities including Chuck
Shivery
7 nominated by NSTAR including Tom May

Governance:
Timing / Approvals:
Expected
to
close
within
9

12
months
Shareholders, federal, and state
Headquarters:
Dual
Hartford and Boston
Company Name:
Northeast Utilities
Consideration:
100% NU shares
No acquisition premium
Exchange Ratio:
1.312 shares of NU per NSTAR share
Pro Forma Ownership:
56% NU shareholders
44% NSTAR shareholders
Balanced Terms and Governance

13
Merger Transaction
Current Organizations
Northeast Utilities
Existing Subsidiaries
(e.g., PSNH, CL&P,
Yankee Gas,
WMECO, etc.)

NU Holding
Energy
2, LLC
NU Holding
Energy
1, LLC
NSTAR
NSTAR
Electric
NSTAR
Gas
Other Existing
NSTAR
Subsidiaries

14
Northeast Utilities
Existing Subsidiaries
(e.g., PSNH, CL&P,
Yankee Gas,
WMECO, etc.)
NU Holding
Energy

1,
LLC
NU Holding
Energy
2, LLC
NSTAR
Gas
NSTAR
Electric
NSTAR
Other NSTAR
subsidiaries
Step One
Step One

NU Holding Energy 1, LLC merges with
and into NSTAR, and NSTAR survives
as a subsidiary of Northeast Utilities
Merger Transaction
Step 1

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Northeast Utilities
Existing Subsidiaries
(e.g., PSNH, CL&P,
Yankee Gas,
WMECO, etc.)
NU Holding
Energy

2,
LLC
NSTAR
Gas
NSTAR
Electric
NSTAR
Other NSTAR
subsidiaries
Step Two
Step Two

NSTAR merges with and into NU Holding Energy 2, LLC and NU Holding Energy 2, LLC survives as a subsidiary of Northeast Utilities

NU Holding Energy 2, LLC renamed
NSTAR LLC
Step One Complete
Merger Transaction
Step 2

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Northeast Utilities
Existing Subsidiaries
(e.g., PSNH, CL&P,
Yankee Gas,
WMECO, etc.)
NSTAR
Gas

NSTAR
Electric
NSTAR LLC
Other NSTAR
subsidiaries
Step Two Complete
Merger Transaction
Completed

17
Post Merger High Level Company Organization Chart
The Connecticut
Light and Power
Company
Yankee Energy
Systems, Inc.
(Holding Company)

NU Enterprises, Inc
Public Service
Company of New
Hampshire
Western
Massachusetts
Electric Company
NSTAR LLC
(Holding Company)
NSTAR Companies
(NSTAR Electric,
NSTAR Gas, etc.)
Other NU Companies
(NUSCO, Rocky
River Realty, etc.)
Yankee Gas
Services Company

18
Executive Management Organization
Tom May
President & Chief
Executive Officer
Greg Butler
General Counsel
David McHale

19
Regulatory Timeline
Oct 2010
Closing
Expected
in
9

12
months
Q4 2010
Q1 2011
Q2 2011
Q3 2011
Merger Announced
Commence
Regulatory Filings
File Joint Proxy
Statement/Prospectus
Regulatory Processes
FERC, SEC, NRC, DOJ,
MDPU, FCC, Maine PUC
Northeast Utilities and
NSTAR Shareholder
Meetings
Develop Transition Implementation Plans
Receive Regulatory
Approvals
Close Merger

20
Impact on PSNH
No
changes
to
the
rates
or

services
of
PSNH
(or
other
NU
affiliates) are
planned or contemplated as a condition of the merger
There is no consolidation of NSTAR Electric, NSTAR Gas, PSNH (or
other NU affiliates) that would result from the merger
The
merger
will
not
result
in
a
change
of
control
of
NU
The
merger
will
not
result
in
a
change
of
control
of
PSNH
(or
other NU
affiliates) and they will continue to be first-tier subsidiaries of NU
The merger will strengthen the financial integrity and investment
capability of NU; a corollary effect will be the enhancement of PSNH s
capability to maintain reliable and cost-effective delivery systems
Over time, the integration of NSTAR and NU is anticipated to produce
net savings in costs
that will be passed on to customers through
reduced costs of service
No adverse effect on rates, terms, service, or operation of PSNH
within
the state

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Questions?
David R. McHale
Executive Vice President and
Chief Financial Officer,
Northeast Utilities
Douglas S. Horan
Senior Vice President, Secretary and

General Counsel,
NSTAR
Gregory B. Butler
Senior Vice President and
General Counsel,
Northeast Utilities

Information Concerning Forward-Looking Statements

In addition to historical information, this communication may contain a number of forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Words such as anticipate, expect, project, intend, plan, believe, and words and terms of similar substance used in connection with any discussion of future plans, actions, or events identify forward-looking statements. Forward-looking statements relating to the proposed merger include, but are not limited to: statements about the benefits of the proposed merger involving NSTAR and Northeast Utilities, including future financial and operating results; NSTAR s and Northeast Utilities plans, objectives, expectations and intentions; the expected timing of completion of the transaction; and other statements relating to the merger that are not historical facts. Forward-looking statements involve estimates, expectations and projections and, as a result, are subject to risks and uncertainties. There can be no assurance that actual results will not materially differ from expectations. Important factors could cause actual results to differ materially from those indicated by such forward-looking statements. With respect to the proposed merger, these factors include, but are not limited to: risks and uncertainties relating to the ability to obtain the requisite NSTAR and Northeast Utilities shareholder approvals; the risk that NSTAR or Northeast Utilities may be unable to obtain governmental and regulatory approvals required for the merger, or required governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could reduce the anticipated benefits from the merger or cause the parties to abandon the merger; the risk that a condition to closing of the merger may not be satisfied; the length of time necessary to consummate the proposed merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on merger-related issues; the effect of future regulatory or legislative actions on the companies; and the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect. These risks, as well as other risks associated with the merger, are more fully discussed in the joint proxy statement/prospectus that is included in the Registration Statement on Form S-4 (Registration No. 333-170754) that was filed by Northeast Utilities with the SEC in connection with the merger. Additional risks and uncertainties are identified and discussed in NSTAR s and Northeast Utilities reports filed with the SEC and available at the SEC s website at www.sec.gov. Forward-looking statements included in this document speak only as of the date of this document. Neither NSTAR nor Northeast Utilities undertakes any obligation to update its forward-looking statements to reflect events or circumstances after the date of this document.

Additional Information and Where To Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed merger between Northeast Utilities and NSTAR, Northeast Utilities filed with the SEC a Registration Statement on Form S-4 (Registration No. 333-170754) that includes a joint proxy statement of Northeast Utilities and NSTAR that also constitutes a prospectus of Northeast Utilities. Northeast Utilities and NSTAR mailed the definitive joint proxy statement/prospectus to their respective shareholders, on or about January 5, 2011. Northeast Utilities and NSTAR urge investors and shareholders to read the joint proxy statement/prospectus regarding the proposed merger, as well as other documents filed with the SEC, because they contain important information. You may obtain copies of all documents filed with the SEC regarding this proposed transaction, free of charge, at the SEC s website (www.sec.gov). You may also obtain these documents, free of charge, from Northeast Utilities website (www.nu.com) under the tab Investors and then under the heading Financial/SEC Reports. You may also obtain these documents, free of charge, from NSTAR s website (www.nstar.com) under the tab Investor Relations.