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.)

A Discussion With Your Funds' Portfolio Managers (concluded)

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

ANNUAL REPORTS JULY 31, 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.

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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%		

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

MuniHoldings Fund II, Inc. (in Thousands)

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

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

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.

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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.

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	For the Year E 2005	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 certificates have interest rates that generally reset weekly and their holders have the option to tender certificates to the TOB for redemption at par at each reset date. The residual interests held by the Funds include the right of the Funds (1) to cause the holders of a proportional share of floating rate certificates to tender their certificates at par, and (2) to transfer a corresponding share of the municipal securities from the TOB to the Funds. At July 31, 2006, the aggregate value of the underlying municipal securities transferred to TOBs and the related liability for trust certificates were:

	Liability for Trust Certificates	Range of Interest Rates on the Liability for Trust Certificates	Underlying Municipal Bonds Transferred to TOBs
MuniHoldings Fund II, Inc.	$18,270,000	3.65% - 3.66%	$38,203,715
MuniHoldings New Jersey Insured Fund, Inc.	$23,032,500	3.65% - 3.66%	$48,146,538

Financial transactions executed through TOBs generally will underperform the market for fixed rate municipal bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable. Should short-term interest rates rise, the Funds' investments in TOB Residuals likely will adversely affect the Funds' investment income - net and distributions to shareholders. Fluctuations in the market value of municipal securities deposited into the TOB may adversely affect the Funds' net asset value per share.

While the Funds' investment policies and restrictions expressly permit investments in inverse floating rate securities such as TOB Residuals, they generally do not allow the Funds to borrow money for purposes of making investments. The Funds' management believes that the Funds' restrictions on borrowings do not apply to the secured borrowings deemed to have occurred for accounting purposes.

(d) Income taxes--It is each Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

(e) Security transactions and investment income--Security transactions are recorded on the dates the trans-actions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recognized on the accrual basis. The Funds amortize all premiums and discounts on debt securities.

(f) Dividends and distributions--Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates.

(g) Recent accounting pronouncement--In July 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48 ("FIN 48") entitled "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109." FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity including mutual funds before being measured and recognized in the financial statements. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Funds will adopt FIN 48 during the fiscal 2008 year and the impact on the Funds' financial statements, if any, is currently being assessed.

2. Investment Advisory Agreement and Transactions with Affiliates:
Each Fund has entered into an Investment Advisory Agreement with Fund Asset Management, L.P. ("FAM"). The general partner of FAM is Princeton Services, Inc. ("PSI"), an indirect, wholly owned subsidiary of Merrill Lynch & Co., Inc. ("ML & Co."), which is the limited partner.

FAM is responsible for the management of each Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, each Fund pays a monthly fee at an annual rate of .55% of the Fund's average weekly net assets, including proceeds from the issuance of Preferred Stock for the year ended

July 31, 2006. The Investment Adviser has agreed to reimburse its management fee by the amount of management fees each Fund pays to FAM indirectly through its investment described below:

	Investment	Reimbursement For the Year Ended July 31, 2006
MuniHoldings Fund II, Inc.	Merrill Lynch Institutional Tax-Exempt Fund	$ 22
MuniHoldings New Jersey Insured Fund, Inc.	CMA New Jersey Municipal Money Fund	$19,874

In addition, for MuniHoldings New Jersey Insured Fund, Inc., the Investment Adviser has agreed to reimburse its management fee based on the proceeds of Preferred Stock that exceeds 35% of the Fund's total net assets. For the year ended July 31, 2006, FAM earned fees of $2,877,148, of which $167,935 was waived.

For the year ended July 31, 2006, MuniHoldings Fund II, Inc. and MuniHoldings New Jersey Insured Fund, Inc. reimbursed FAM $5,584 and $11,597, respectively, for certain accounting services.

Certain officers and/or directors of the Funds are officers and/or directors of FAM, PSI, and/or ML & Co.

In February 2006, ML & Co. and BlackRock, Inc. entered into an agreement to contribute ML & Co.'s investment management business, including FAM, to the investment management business of BlackRock, Inc. The transaction closed on September 29, 2006. See Note 7.

On August 15, 2006, shareholders of each Fund approved a new Investment Advisory Agreement with BlackRock Advisors, Inc., a subsidiary of BlackRock, Inc., as well as a contingent sub-advisory agreement with BlackRock Advisors, Inc. BlackRock Advisors, Inc. was recently reorganized into a limited liability company and renamed BlackRock Advisors, LLC. The new advisory agreement became effective on September 29, 2006 and the investment advisory fees did not change.

3. Investments:

Purchases and sales of investments, excluding short-term securities, for the year ended July 31, 2006 were as follows:

	MuniHoldings Fund II, Inc.	MuniHoldings New Jersey Insured Fund, Inc.
Total Purchases	$106,917,217	$84,862,094
Total Sales	$111,245,334	$93,828,548

4. Stock Transactions:

Each Fund is authorized to issue 200,000,000 shares of stock, including

Preferred Stock, par value $.10 per share, all of which were initially classified as Common Stock. The Boards of Directors are authorized, however, to reclassify any unissued shares of stock without approval of holders of Common Stock.

Common Stock

MuniHoldings Fund II, Inc.

Shares issued and outstanding during the years ended July 31, 2006 and July 31, 2005 increased by 21,687 and 18,116, respectively, as a result of dividend reinvestment.

Notes to Financial Statements (continued)

MuniHoldings New Jersey Insured Fund, Inc.

Shares issued and outstanding during the years ended July 31, 2006 and July 31, 2005 increased by 122,432 and 11,698, respectively, as a result of dividend reinvestment.

Preferred Stock

Auction Market Preferred Stock are shares of Preferred Stock of the Funds, with a liquidation preference of $25,000 per share plus accrued and unpaid dividends that entitle their holders to receive cash dividends at an annual rate that may vary for the successive dividend periods. The yields in effect at July 31, 2006 were as follows:

	MuniHoldings Fund II, Inc.	MuniHoldings New Jersey Insured Fund, Inc.
Series A	3.50%	3.25%
Series B	3.50%	3.05%
Series C	--	3.25%
Series D	--	3.00%
Series E	--	3.25%

Each Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate ranging from .25% to .375%, calculated on the proceeds of each auction. For the year ended July 31, 2006, Merrill Lynch, Pierce, Fenner & Smith, Incorporated earned commissions as follows:

	Commissions
MuniHoldings Fund II, Inc.	$ 104,256
MuniHoldings New Jersey Insured Fund, Inc.	$ 270,109

5. Distributions to Shareholders:
Each Fund paid a tax-exempt income dividend to holders of Common Stock in the amounts of $.067000 per share and $.065000 per share relating to MuniHoldings Fund II, Inc. and MuniHoldings New Jersey Insured Fund, Inc., respectively, on August 30, 2006 to shareholders of record on August 14, 2006.

MuniHoldings Fund II, Inc.

The tax character of distributions paid during the fiscal years ended July 31, 2006 and July 31, 2005 was as follows:

	7/31/2006	7/31/2005
Distributions paid from:		
Tax-exempt income	$ 12,717,464	$ 13,218,741
Total distributions	$ 12,717,464	$ 13,218,741

As of July 31, 2006, the components of accumulated losses on a tax basis were as follows:

Undistributed tax-exempt income--net	$ 1,141,699
Undistributed long-term capital gains - net	--
Total undistributed earnings--net	1,141,699
Capital loss carryforward	(15,556,225)*
Unrealized gains--net	13,639,328**
Total accumulated losses--net	$ (775,198)

* On July 31, 2006, the Fund had a net capital loss carryforward of $15,556,225, of which $2,476,693 expires in 2008, $12,200,919 expires in 2009, $689,205 expires in 2010 and $189,408 expires in 2011. This amount will be available to offset like amounts of any future taxable gains.

** The difference between book-basis and tax-basis net unrealized gains is attributable primarily to the tax deferral of losses on wash sales, the difference between book and tax amortization methods for premiums and discounts on fixed income securities and the difference between the book and tax treatment of residual interests in tender option bond trusts.

MuniHoldings New Jersey Insured Fund, Inc.

The tax character of distributions paid during the fiscal years ended July 31, 2006 and July 31, 2005 was as follows:

	7/31/2006	7/31/2005
Distributions paid from:		
Tax-exempt income	$ 23,875,126	$ 23,265,678

Total distributions	$ 23,875,126	$ 23,265,678
	===============	===============

As of July 31, 2006, the components of accumulated losses on a tax basis were as follows:

Undistributed tax-exempt income--net	$ 2,192,503
Undistributed long-term capital gains--net	--

Total undistributed earnings--net	2,192,503
Capital loss carryforward	(25,308,382)*
Unrealized gains--net	18,362,954**

Total accumulated losses--net	$ (4,752,925)
	===============

* On July 31, 2006, the Fund had a net capital loss carryforward of $25,308,382, of which $25,072,488 expires in 2009 and $235,894 expires in 2011. This amount will be available to offset like amounts of any future taxable gains.

** The difference between book-basis and tax-basis net unrealized gains is attributable primarily to the tax deferral of losses on straddles, the difference between book and tax amortization methods for premiums and discounts on fixed income securities and the difference between the book and tax treatment of residual interests in tender option bond trusts.

Notes to Financial Statements (continued)

6. Restatement Information:

Subsequent to the issuance of their July 31, 2006 financial statements, the Funds determined that the criteria for sale accounting in Statement of Financial Accounting Standards No. 140 had not been met for certain transfers of municipal bonds, and that these transfers should have been accounted for as secured borrowings rather than as sales. Accordingly, the Funds have restated the Statements of Net Assets, including the Schedules of Investments, as of July 31, 2006, the Statements of Operations for the year then ended, the Statements of Changes in Net Assets for each of the two years in the period then ended for MuniHoldings Fund II, Inc. and for the year ended July 31, 2006 for MuniHoldings New Jersey Insured Fund, Inc. and certain financial highlights for each of the five years in the period then ended. The effects of the restatement were to record the transfers of the municipal bonds as secured borrowings, to give effect to offsetting changes in realized gain - net and in the change in unrealized appreciation/depreciation - net on the transferred municipal securities and to give effect to interest on the bonds as interest income and interest on the secured borrowings as interest expense.

MuniHoldings Fund II, Inc.

Statement of Net Assets
As of July 31, 2006

	Previously Reported	Restated
Investments in unaffiliated securities, at value	$ 249,051,334	$ 267,321,334
Investments in unaffiliated securities, identified cost	$ 235,928,637	$ 254,078,168
Interest receivable	$ 3,685,485	$ 3,921,556
Total assets	$ 252,829,781	$ 271,335,852
Trust certificates	--	$ 18,270,000
Interest expense payable	--	$ 236,071
Total liabilities	$ 235,402	$ 184,741,473
Accumulated realized capital losses--net	$ (15,523,436)	$ (15,643,905)
Unrealized appreciation--net	$ 13,122,697	$ 13,243,166

Statement of Operations
For the Year Ended July 31, 2006

	Previously Reported	Restated
Interest	$ 13,600,684	$ 14,037,357
Total income	$ 13,601,025	$ 14,037,698
Interest expense and fees	--	$ 436,673
Total expenses before waiver and/or reimbursement	$ 1,953,230	$ 2,389,903
Total expenses after waiver and/or reimbursement	$ 1,953,208	$ 2,389,881
Realized gain on investments--net	$ 1,052,644	$ 1,242,209
Total realized gain--net	$ 1,052,644	$ 1,242,209
Change in unrealized appreciation on investments--net	$ (2,329,402)	$ (2,518,967)
Total change in unrealized appreciation--net	$ (2,329,402)	$ (2,518,967)

Statement of Changes in Net Assets
For the Year Ended July 31, 2006

	Previously Reported	Restated
Realized gain--net	$ 1,052,644	$ 1,242,209
Change in unrealized appreciation--net	$ (2,329,402)	$ (2,518,967)

Statement of Changes in Net Assets
For the Year Ended July 31, 2005

	Previously Reported	Restated
Realized gain--net	$ 2,156,742	$ 2,032,584
Change in unrealized appreciation--net	$ 10,744,979	$ 10,869,137

Financial Highlights
For the Years Ended July 31, 2006, 2005, 2004, 2003 and 2002

	2006		2005		2004		20
	Previously Reported	Restated	Previously Reported	Restated	Previously Reported	Restated	Previously Reported
Total expenses, net of reimbursement*	1.18%	1.44%	1.19%	1.27%	1.21%	1.30%	1.26%
Total expenses*	1.18%	1.44%	1.19%	1.27%	1.22%	1.31%	1.26%
Portfolio turnover	49.12%	41%	45.11%	38%	31.03%	29%	44.03%

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

Notes to Financial Statements (continued)

MuniHoldings New Jersey Insured Fund, Inc.

Statement of Net Assets
As of July 31, 2006

	Previously Reported	Restated
Investments in unaffiliated securities, at value	$ 514,039,654	$ 537,072,154
Investments in unaffiliated securities, identified cost	$ 496,649,440	$ 517,582,828
Interest receivable	$ 5,259,730	$ 5,441,290
Total assets	$ 523,723,279	$ 546,937,339
Trust certificates	--	$ 23,032,500
Interest expense payable	--	$ 181,560
Total liabilities	$ 4,987,924	$ 28,201,984
Accumulated realized capital losses--net	$ (24,392,890)	$ (26,492,002)
Unrealized appreciation--net	$ 17,390,214	$ 19,489,326

Statement of Operations
For the Year Ended July 31, 2006

	Previously Reported	Restated
Interest	$ 25,330,258	$ 26,112,615
Total income	$ 25,430,241	$ 26,212,598
Interest expense and fees	--	$ 782,357

Total expenses before waiver and reimbursement	$ 3,862,971	$ 4,645,328
Total expenses after waiver and reimbursement	$ 3,675,162	$ 4,457,519
Realized gain on investments--net	$ 3,907,246	$ 3,062,663
Total realized gain--net	$ 3,944,138	$ 3,099,555
Change in unrealized appreciation on investments--net	$ (16,648,229)	$ (15,803,646)
Total change in unrealized appreciation--net	$ (16,888,244)	$ (16,043,661)

Statement of Changes in Net Assets
For the Year Ended July 31, 2006

	Previously Reported	Restated
Realized gain--net	$ 3,944,138	$ 3,099,555
Change in unrealized appreciation--net	$ (16,888,244)	$ (16,043,661)

Financial Highlights
For the Years Ended July 31, 2006, 2005, 2004, 2003 and 2002

	2006		2005		2004		20
	Previously Reported	Restated	Previously Reported	Restated	Previously Reported	Restated	Previously Reported
Total expenses, net of waiver and reimbursement and excluding reorganization expenses**	1.15%	1.39%	1.14%	1.25%	1.13%	1.19%	1.15%
Total expenses, net of waiver and reimbursement**	1.15%	1.39%	1.14%	1.25%	1.13%	1.19%	1.15%
Total expenses**	1.21%	1.45%	1.20%	1.31%	1.21%	1.27%	1.23%
Portfolio turnover	19.11%	16%	29.61%	29%	8.53%	8%	28.89%

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

Notes to Financial Statements (concluded)

While the Statements of Net Assets of the Funds as of July 31, 2005, 2004, 2003 and 2002, not presented herein, have not been reissued to give effect to the restatement, the principal effects of the restatement would be to increase investments and payable for floating rate certificates by corresponding amounts at each year, with no effect on previously reported net assets.

The Statements of Operations of the Funds for the years ended July 31, 2005, 2004, 2003 and 2002, not presented herein, have not been reissued to give effect to the restatement. However, the principal effects of the restatement would be to increase interest income and interest expense and fees by corresponding amounts each year, and where applicable, to revise realized gain (loss) on investments - net, and the change in unrealized appreciation/depreciation on investments - net, by corresponding and offsetting amounts.

The Statements of Changes in Net Assets of the Funds for the years ended July 31, 2004, 2003 and 2002, not presented herein, have not been reissued to give effect to the restatement, but the principal effects of a restatement, where applicable, would be to revise the previously reported realized gain (loss) on investments - net, and change in unrealized appreciation/depreciation - net, by corresponding and offsetting amounts.

7. Subsequent Event:
On September 29, 2006, BlackRock, Inc. and ML & Co. combined ML & Co.'s investment management business, Merrill Lynch Investment Managers, L.P., and its affiliates, including FAM, with BlackRock, Inc. to create a new independent company. MuniHoldings Fund II, Inc. and MuniHoldings New Jersey Insured Fund, Inc. were renamed BlackRock MuniHoldings Fund II, Inc. and BlackRock MuniHoldings New Jersey Insured Fund, Inc., respectively.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Boards of
Directors of MuniHoldings Fund II, Inc. and
MuniHoldings New Jersey Insured Fund, Inc.:

We have audited the accompanying statements of net assets, including the schedules of investments, of MuniHoldings Fund II, Inc. and of MuniHoldings New Jersey Insured Fund, Inc. (the "Funds") as of July 31, 2006, and the related statements of operations, the statements of changes in net assets, and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on the financial statements and financial highlights based on our audits. The statement of changes in net assets of MuniHoldings Fund II, Inc. for the year ended July 31, 2005 (before the restatements described in Note 6) and the financial highlights for each of the four years in the period then ended (before the restatements described in Note 6) and the financial highlights of MuniHoldings New Jersey Insured Fund, Inc. for each of the four years in the period then ended (before the restatements described in Note 6) were audited by other auditors whose report, dated September 21, 2005, expressed qualified opinions on those financial statements and financial highlights because of the errors described in Note 6. Also, the statement of changes in net assets of MuniHoldings New Jersey Insured Fund, Inc. for the year ended July 31, 2005 was audited by other auditors whose report dated September 21, 2005, expressed an unqualified opinion on that financial statement.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of July 31, 2006, by correspondence with the custodian and brokers. Where replies were not received by brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights of MuniHoldings Fund II, Inc. and of MuniHoldings New Jersey Insured Fund, Inc. referred to above, present fairly, in all material respects, their respective financial positions as of July 31, 2006, the results of their operations, the changes in their net assets and their financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6, the statements of net assets, including the schedules of investments as of July 31, 2006, and the related statement of operations, the statement of changes in net assets and the financial highlights for the year then ended have been restated.

We also have audited the adjustments, applied by management, to restate the statement of changes in net assets of MuniHoldings Fund II, Inc. for the year ended July 31, 2005 and certain financial highlights of each of the Funds for each of the four years in the period then ended, to correct the errors described in Note 6. These adjustments are the responsibility of the Funds' management. The audit procedures that we performed with respect to the adjustments included such tests as we considered necessary in the circumstances and were designed to obtain reasonable assurance about whether the adjustments are appropriate and have been properly applied, in all material respects, to the restated statement of changes in net assets of MuniHoldings Fund II, Inc. for the year ended July 31, 2005, and to the restated information in the Funds' financial highlights for each of the four years in the period ended July 31, 2005. We did not perform any audit procedures designed to assess whether any additional adjustments or disclosures to the Funds' financial statements or financial highlights as of July 31, 2005, and for each of the four years in the period then ended, might be necessary in order for such financial statements or financial highlights to be presented in conformity with generally accepted accounting principles in the United States of America. In our opinion, the adjustments to the statement of changes in net assets of the MuniHoldings Fund II, Inc. for the year ended July 31, 2005 and to the Funds' financial highlights for each of the four years in the period then ended, for the restatement described in Note 6, are appropriate and have been properly applied, in all material respects. However, we were not engaged to audit, review, or apply any procedures to the Funds' financial statements or financial highlights as of July 31, 2005, and for each of the four years in the period then ended, other than with respect to the adjustments to the MuniHoldings Fund II, Inc.'s statement of changes in net assets and the Funds' financial highlights for the restatement described in Note 6 and, accordingly, we do not express an opinion or any other form of assurance on the Funds' financial statements as of July 31, 2005, or on their financial highlights for each of the years in the four year period then ended.

Deloitte & Touche LLP
Princeton, New Jersey
September 20, 2006
(May 18, 2007 as to the effects of the restatements disclosed in Note 6 and the subsequent event disclosed in Note 7.)

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
of MuniHoldings Fund II, Inc. and
MuniHoldings New Jersey Insured Fund, Inc.:

We have audited, before the effects of the adjustments for the correction of the error described in Note 6, the accompanying statement of changes in net assets of MuniHoldings Fund II, Inc. for the year ended July 31, 2005, and financial highlights for each of the four years in the period then ended. We have also audited the accompanying statement of changes in net assets of MuniHoldings New Jersey Insured Fund, Inc. for the year ended July 31, 2005, and financial highlights, before the effects of the adjustments for the correction of the error described in Note 6, for each of the four years in the period then ended. The 2005 financial statement and financial highlights referred to above for MuniHoldings Fund II and the 2005 financial highlights referred to above for MuniHoldings New Jersey Insured Fund, Inc., before the effects of the adjustments discussed in Note 6 are not presented herein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, except for the error described in Note 6, the 2005 financial statement and financial highlights referred to above present fairly, in all material respects, the changes in net assets of MuniHoldings Fund II, Inc. for the year ended July 31, 2005, and its financial highlights for each of the four years in the period then ended, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the 2005 financial statement and, except for the error described in Note 6, the financial highlights referred to above present fairly, in all material respects, the changes in net assets of MuniHoldings New Jersey Insured Fund, Inc., for the year ended July 31, 2005, and its financial highlights for each of the four years in the period then ended, in conformity with U.S. generally accepted accounting principles.

We were not engaged to audit, review, or apply any procedures to the adjustments for the correction of the error described in Note 6 and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by Deloitte & Touche LLP.

(Ernst & Young LLP)
Philadelphia, Pennsylvania
September 12, 2005

Fund Certification (Unaudited)

In February 2006, MuniHoldings Fund II, Inc. and MuniHoldings New Jersey Insured Fund, Inc. filed their Chief Executive Officer Certification for the prior year with the New York Stock Exchange pursuant to Section 303A.12(a) of the New York Stock Exchange Corporate Governance Listing Standards.

The Funds' Chief Executive Officer and Chief Financial Officer Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 were filed with the Funds' Form N-CSR and are available on the Securities and Exchange Commission's Web site at http://www.sec.gov.

Automatic Dividend Reinvestment Plan

How the Plan Works--The Funds offer a Dividend Reinvestment Plan (the "Plan") under which income and capital gains dividends paid by each Fund are automatically reinvested in additional shares of Common Stock of each Fund. The Plan is administered on behalf of the shareholders by The Bank of New York (the "Plan Agent"). Under the Plan, whenever the Funds declare a dividend, participants in the Plan will receive the equivalent in shares of Common Stock of each Fund. The Plan Agent will acquire the shares for the participant's account either (i) through receipt of additional unissued but authorized shares of each Fund ("newly issued shares") or (ii) by purchase of outstanding shares of Common Stock on the open market on the New York Stock Exchange or elsewhere. If, on the dividend payment date, each Fund's net asset value per share is equal to or less than the market price per share plus estimated brokerage commissions (a condition often referred to as a "market premium"), the Plan Agent will invest the dividend amount in newly issued shares. If the Funds' net asset value per share is greater than the market price per share (a condition often referred to as a "market discount"), the Plan Agent will invest the dividend amount by purchasing on the open market additional shares. If the Plan Agent is unable to invest the full dividend amount in open market purchases, or if the market discount shifts to a market premium during the purchase period, the Plan Agent will invest any uninvested portion in newly issued shares. The shares acquired are credited to each shareholder's account. The amount credited is determined by dividing the dollar amount of the dividend by either (i) when the shares are newly issued, the net asset value per share on the date the shares are issued or (ii) when shares are purchased in the open market, the average purchase price per share.

Participation in the Plan--Participation in the Plan is automatic, that is, a shareholder is automatically enrolled in the Plan when he or she purchases shares of Common Stock of the Funds unless the shareholder specifically elects not to participate in the Plan. Shareholders who elect not to participate will receive all dividend distributions in cash. Shareholders who do not wish to participate in the Plan must advise the Plan Agent in writing (at the address set forth below) that they elect not to participate in the Plan. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by writing to the Plan Agent.

Benefits of the Plan--The Plan provides an easy, convenient way for shareholders to make additional, regular investments in the Funds. The Plan promotes a long-term strategy of investing at a lower cost. All shares acquired pursuant to the Plan receive voting rights. In addition, if the market price plus commissions of each Fund's shares is above the net asset value, participants in the Plan will receive shares of the Funds for less than they could otherwise purchase them and with a cash value greater than the value of any cash distribution they would have received. However, there may not be enough shares available in the market to make distributions in shares at prices below the net asset value. Also, since each Fund does not redeem shares, the price on resale may be more or less than the net asset value.

Plan Fees--There are no enrollment fees or brokerage fees for participating in the Plan. The Plan Agent's service fees for handling the reinvestment of distributions are paid for by the Funds. However, brokerage commissions may be incurred when the Funds purchase shares on the open market and shareholders will pay a pro rata share of any such commissions.

Tax Implications--The automatic reinvestment of dividends and distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such dividends. Therefore, income and capital gains may still be realized even though shareholders do not receive cash. Participation in the Plan generally will not effect the tax-exempt status of exempt interest dividends paid by the Fund. If, when the Funds' shares are trading at a market premium, the Funds issue shares pursuant to the Plan that have a greater fair market value than the amount of cash reinvested, it is possible that all or a portion of the discount from the market value (which may not exceed 5% of the fair market value of each Fund's shares) could be viewed as a taxable distribution. If the discount is viewed as a taxable distribution, it is also possible that the taxable character of this discount would be allocable to all the shareholders, including shareholders who do not participate in the Plan. Thus, shareholders who do not participate in the Plan might be required to report as ordinary income a portion of their distributions equal to their allocable share of the discount.

Contact Information--All correspondence concerning the Plan, including any questions about the Plan, should be directed to the Plan Agent at The Bank of New York, Church Street Station, P.O. Box 11258, New York, NY 10286-1258, Telephone: 800-432-8224.

Disclosure of Investment Advisory Agreement

Activities and Composition of the Boards of Directors

All but one member of each Board of Directors is an independent director, whose only association with Fund Asset Management, L.P. (the "Investment Adviser") or other Merrill Lynch affiliates is as a director of each Fund and as a trustee or director of certain other funds advised by the Investment Adviser or its affiliates. The Chairman of the Boards is also an independent director. New director nominees are chosen by a Nominating Committee comprised of independent directors. All independent directors also are members of each Board's Audit Committee, and the independent directors meet in executive session at each in-person Board meeting. Each Board and each Audit Committee meet in person for at least two days each quarter and conduct other in-person and telephone meetings throughout the year, some of which are formal Board meetings and some of which are informational meetings. The independent counsel to the independent directors attends all in-person Board and Audit Committee meetings and other meetings at the independent directors' request.

Investment Advisory Agreement--Matters Considered by the Boards

Every year, each Board considers approval of the Fund's investment advisory agreement (the "Investment Advisory Agreement"). Each Board assesses the nature, scope and quality of the services provided to the Fund by the personnel of the Investment Adviser and its affiliates, including administrative services, shareholder services, oversight of fund accounting, marketing services and assistance in meeting legal and regulatory requirements. Each Board also receives and assesses information regarding the services provided to the Fund by certain unaffiliated service providers.

At various times throughout the year, each Board also considers a range of information in connection with its oversight of the services provided by the Investment Adviser and its affiliates. Among the matters considered are: (a) fees (in addition to management fees) paid to the Investment Adviser and its affiliates by the Fund; (b) Fund operating expenses paid to third parties; (c) the resources devoted to and compliance reports relating to the Fund's investment objective, policies and restrictions, and its compliance with its Code of Ethics and compliance policies and procedures; and (d) the nature, cost and character of non-investment management services provided by the Investment Adviser and its affiliates.

Each Board believes that the Investment Adviser is one of the most experienced global asset management firms and considers the overall services provided by the Investment Adviser to be of high quality. Each Board also believes that the Investment Adviser is financially sound and well managed and notes that the Investment Adviser is affiliated with one of America's largest financial firms. Each Board works closely with the Investment Adviser in overseeing the Investment Adviser's efforts to achieve good performance. As part of this effort, each Board discusses portfolio manager effectiveness and, when performance is not satisfactory, discusses with the Investment Adviser taking steps such as changing investment personnel.

Annual Consideration of Approval by the Boards of Directors

In the period prior to the Board meeting to consider renewal of the Investment Advisory Agreement, each Board requests and receives materials specifically relating to the Investment Advisory Agreement. These materials are prepared separately for each Fund and include (a) information compiled by Lipper Inc. ("Lipper") on the fees and expenses, investment performance and leverage of the Fund as compared to a comparable group of funds as classified by Lipper; (b) information comparing each Fund's market price with its net asset value per share; (c) a discussion by the Fund's portfolio management team regarding investment strategies used by the Fund during its most recent fiscal year; (d) information on the profitability to the Investment Adviser and its affiliates of the Investment Advisory Agreement and other relationships with the Fund; and (e) information provided by the Investment Adviser concerning investment advisory fees charged to other retail closed-end funds under similar investment mandates. Each Board also considers other matters it deems important to the approval process, such as payments made for services related to the valuation and pricing of Fund portfolio holdings, the Fund's portfolio turnover statistics, and direct and indirect benefits to the Investment Adviser and its affiliates from their relationship with the Fund. The Boards did not identify any particular information as controlling, and each member of the Boards may have attributed different weights to the various items considered.

Certain Specific Renewal Data

In connection with the most recent renewal of each Fund's Investment Advisory Agreement in February 2006, the independent directors' and Boards' review included the following:

Services Provided by the Investment Adviser--Each Board reviewed the nature, extent and quality of services provided by the Investment Adviser, including the investment advisory services and the resulting performance of the Fund. Each Board focused primarily on the Investment Adviser's investment advisory services and the Fund's investment performance. Each Board compared Fund performance - both including and excluding the effects of the Fund's fees and expenses - to the performance of a comparable group of funds and the performance of a relevant index or combination of indexes. The Board considered the small number of funds classified by Lipper as comparable funds to MuniHoldings New Jersey Insured Fund, Inc. While each Board reviews performance data at least quarterly, consistent with the Investment Adviser's investment goals, the Boards attach more importance to performance over relatively long periods of time, typically three to five years.

Relative to closed-end leveraged general municipal debt funds deemed comparable by the Investment Adviser, the Board noted that for the periods ended November 30, 2005, MuniHoldings Fund II, Inc.'s performance for the one-, three- and five-year periods ranked in the first quintile. The Board also reviewed MuniHoldings Fund II, Inc.'s performance based on annualized total return and annualized yield. The Board noted that with respect to both total return and yield the Fund ranked in the first quintile for the years ended November 30, 2005, 2004 and 2003; with respect to total return in the third quintile for the year ended November 30, 2002 and the first quintile for the year ended November 30, 2001; and with respect to yield in the second quintile for the years ended November 30, 2002 and 2001. The Board noted the lack of any significant number of comparable closed-end leveraged New Jersey municipal debt funds, but did note that relative to the three comparable funds identified MuniHoldings New Jersey Insured Fund, Inc.'s performance for the periods ended November 30, 2005 ranked third out of three funds for the one-year period, second out of three funds for the three-year period and first out of two funds for the five-year period. The Board also noted that MuniHoldings New Jersey Insured Fund, Inc.'s performance based on annualized yields ranked second out of three funds for the years ended November 30, 2005 and 2003, third out of three funds for the year ended November 30, 2004, and second out of two funds for the years ended November 30, 2002 and 2001. Each Board concluded that the Fund's performance supported the continuation of the Investment Advisory Agreement.

The Investment Adviser's Personnel and Investment Process--Each Board reviewed the Fund's investment objectives and strategies. Each Board discusses with senior management of the Investment Adviser responsible for investment operations and the senior management of the Investment Adviser's municipal investing group the strategies being used to achieve the stated objectives. Among other things, each Board considers the size, education and experience of the Investment Adviser's investment staff, its use of technology, and the Investment Adviser's approach to training and retaining portfolio managers and other research, advisory and management personnel. Each Board also reviews the Investment Adviser's compensation policies and practices with respect to the Fund's portfolio manager. Each Board also considered the experience of the Fund's portfolio manager. It was noted that Mr. DiMella, the port-folio manager for MuniHoldings Fund II, Inc., has more than 13 years' experience in portfolio management and Mr. Jaeckel, the portfolio manager for MuniHoldings New Jersey Insured Fund, Inc., has more than 15 years' experience. The Boards considered that the Investment Adviser and its investment staff have extensive experience in analyzing and managing the types of investments used by the Funds. The Boards concluded that the Funds benefit from that experience.

Management Fees and Other Expenses--Each Board reviews the Fund's contractual management fee rate and actual management fee rate as a percentage of total assets at common asset levels - the actual rate includes advisory and administrative service fees and the effects of any fee waivers - compared to the other funds in its Lipper category. It also compares the Fund's total expenses to those of other comparable funds. Each Board considered the services provided to and the fees charged by the Investment Adviser to retail closed-end funds with similar investment mandates. The Boards noted that the investment advisory fees charged to each of the Funds was equal to or slightly more than the fees charged to other retail closed-end funds of the Investment Adviser. With respect to MuniHoldings Fund II, Inc., the Board noted that the contractual and actual management fee rates and total expense ratio were below the median fees charged by comparable funds, as determined by Lipper. With respect to MuniHoldings New Jersey Insured Fund, Inc., the Board noted that the contractual management fee rate was equal to and the actual management fee rate was higher than the median fee charged by comparable funds, as determined by Lipper, while the actual total expense ratio was slightly lower than the median charged by such comparable funds. The Boards concluded that each Fund's management fee rate (including fee waivers) and overall expense ratio are reasonable compared to those of other comparable funds.

Profitability--Each Board considers the cost of the ser-vices provided to the Fund by the Investment Adviser and the Investment Adviser's and its affiliates' profits relating to the management and distribution of the Fund and the MLIM/FAM-advised funds. As part of its analysis, each Board reviewed the Investment Adviser's methodology in allocating its costs to the management of the Fund and concluded that there was a reasonable basis for the allocation. The Boards also considered federal court decisions discussing an investment adviser's profitability and profitability levels considered to be reasonable in those decisions. Each Board concluded that the profits of the Investment Adviser and its affiliates are acceptable in relation to the nature and quality of services provided and given the level of fees and expenses overall.

Economies of Scale--Each Board considered the extent to which economies of scale might be realized as the assets of the Fund increase and whether there should be changes in the management fee rate or structure in order to enable the Fund to participate in these economies of scale. Each Board considered economies of scale to the extent applicable to each Fund's closed-end structure and determined that each Fund appropriately benefits from any economies of scale. Each Board determined that no changes were currently necessary.

Conclusion

After the independent directors deliberated in executive session, each entire Board, including all of the independent directors, approved the renewal of the existing Investment Advisory Agreement, concluding that the advisory fee was reasonable in relation to the services provided and that a contract renewal was in the best interests of the shareholders.

Disclosure of New Investment Advisory Agreement

New BlackRock Investment Advisory Agreements--Matters Considered by the Boards

In connection with the Transaction between Merrill Lynch and BlackRock, each Fund's Board of Directors considered a new investment advisory agreement (each a "New Investment Advisory Agreement") between the Fund and BlackRock Advisors, Inc. or its successor ("BlackRock Advisors"). Each Fund's New Investment Advisory Agreement has been approved by the Fund's shareholders and is expected to become effective upon the closing of the Transaction in the third quarter of 2006.

The Boards discussed the New Investment Advisory Agreements at telephonic and in-person meetings held during April and May 2006. Each Board, including the independent directors, approved the applicable New Investment Advisory Agreement at a meeting held on May 12, 2006.

To assist each Fund's Board in its consideration of the Fund's New Investment Advisory Agreement, BlackRock provided materials and information about BlackRock, including its financial condition and asset management capabilities and organization, and Merrill Lynch provided materials and information about the Transaction. Each Fund's independent directors, through their independent legal counsel, also requested and received additional information from Merrill Lynch and BlackRock in connection with their consideration of the Fund's New Investment Advisory Agreement. The additional information was provided in advance of the May 12, 2006 meetings. In addition, each Fund's independent directors consulted with their counsel and Fund counsel on numerous occasions, discussing, among other things, the legal standards and certain other considerations relevant to the directors' deliberations.

At each Fund's Board meetings, the directors discussed with Merrill Lynch management and certain BlackRock representatives the Transaction, its strategic rationale and BlackRock's general plans and intentions regarding the Fund. At these Board meetings, representatives of Merrill Lynch and BlackRock made presentations to and responded to questions from the Boards. The directors also inquired about the plans for and anticipated roles and responsibilities of certain employees and officers of the Investment Adviser and certain affiliates being transferred to BlackRock in connection with the Transaction. The independent directors also conferred separately and with their counsel about the Transaction and other matters related to the Transaction on a number of occasions, including in connection with the April and May 2006 meetings. After the presentations and after reviewing the written materials provided, each Fund's independent directors met in executive sessions with their counsel to consider the Fund's New Investment Advisory Agreement.

In connection with each Board's review of the New Investment Advisory Agreement, Merrill Lynch and/or BlackRock advised the directors about a variety of matters. The advice included the following, among other matters:

* that there is not expected to be any diminution in the nature, quality and extent of services provided to each Fund and its shareholders by BlackRock Advisors, including compliance services;

* that operation of New BlackRock as an independent investment management firm will enhance its ability to attract and retain talented professionals;

* that each Fund should benefit from having access to BlackRock's state of the art technology and risk management analytic tools, including investment tools, provided under the BlackRock Solutions (R) brand name;

* that BlackRock has no present intention to alter any applicable expense waivers or reimbursements currently in effect and, while it reserves the right to do so in the future, it would seek Board approval before making any changes;

* that in connection with the Transaction, Merrill Lynch and BlackRock have agreed to conduct, and use reasonable best efforts to cause their respective affiliates to conduct, their respective businesses in compliance with the conditions of Section 15(f) of the Investment Company Act of 1940 (the "1940 Act") in relation to any public funds advised by BlackRock or the Investment Adviser (or its affiliates), respectively; and

* that Merrill Lynch and BlackRock would derive benefits from the Transaction and that, as a result, they have a different financial interest in the matters that were being considered than do Fund shareholders.

The directors considered the information provided by Merrill Lynch and BlackRock above, and, among other factors, the following:

* the potential benefits to each Fund's shareholders from being part of a combined fund family with BlackRock-sponsored funds, including possible economies of scale and access to investment opportunities;

* the reputation, financial strength and resources of BlackRock and its investment advisory subsidiaries and the anticipated financial strength and resources of New BlackRock;

* the compliance policies and procedures of BlackRock Advisors;

* the terms and conditions of each New Investment Advisory Agreement, including the fact that neither Fund's schedule of total advisory fees will increase by virtue of the Fund's New Investment Advisory Agreement, but will remain the same;

* that in February 2006, each Fund's Board performed a full annual review of the investment advisory agreement currently in effect for the Fund (each a "Current Investment Advisory Agreement") as required by the 1940 Act and determined that the Investment Adviser has the capabilities, resources and personnel necessary to provide the advisory and administrative services currently provided to the Fund; and that the advisory and/or management fees to be paid by the Fund, taking into account any applicable agreed-upon fee waivers and breakpoints, represented reasonable compensation to the Investment Adviser in light of the services to be provided, the expected costs to the Investment Adviser of providing those services, potential economies of scale, the fees and other expenses paid by similar funds (including information provided by Lipper Inc. ["Lipper"]), and such other matters as the directors considered relevant in the exercise of their reasonable judgment; and

* that Merrill Lynch agreed to pay all expenses of each Fund in connection with the Board's consideration of the New Investment Advisory Agreement and related agreements and all costs of shareholder approval of the New Investment Advisory Agreement and as a result the Fund would bear no costs in obtaining shareholder approval of the New Investment Advisory Agreement.

Certain of these considerations are discussed in more detail below.

In its review of the New Investment Advisory Agreement, each Board assessed the nature, scope and quality of the services to be provided to the applicable Fund by the personnel of BlackRock Advisors and its affiliates, including administrative services, shareholder services, oversight of fund accounting and assistance in meeting legal and regulatory requirements. In its review of the New Investment Advisory Agreement, each Board also considered a range of information in connection with its oversight of the services to be provided by BlackRock Advisors and its affiliates. Among the matters considered by each Board were: (a) fees (in addition to management fees) to be paid to BlackRock Advisors and its affiliates by the Fund; (b) Fund operating expenses paid to third parties; (c) the resources devoted to and compliance reports relating to the Fund's investment objective, policies and restrictions, and its compliance with its Code of Ethics and BlackRock Advisors' compliance policies and procedures; and (d) the nature, cost and character of non-investment management services to be provided by BlackRock Advisors and its affiliates.

In the period prior to each Fund's Board meeting to consider the renewal of the Fund's Current Investment Advisory Agreement, the Board had requested and received materials specifically relating to the Current Investment Advisory Agreement. For each Fund, these materials included (a) information compiled by Lipper on the fees and expenses and the investment performance of the Fund as compared to a comparable group of funds as classified by Lipper; (b) information comparing the Fund's market price with its net asset value per share; (c) a discussion by the Fund's portfolio management team on investment strategies used by the Fund during its most recent fiscal year; (d) information on the profitability to the Investment Adviser of the Current Investment Advisory Agreement and other payments received by the Investment Adviser and its affiliates from the Fund; and (e) information provided by the Investment Adviser concerning services related to the valuation and pricing of Fund portfolio holdings, the Fund's portfolio turnover statistics, and direct and indirect benefits to the Investment Adviser and its affiliates from their relationship with the Fund.

In their deliberations, each Fund's directors considered information received in connection with their recent continuation of the Fund's Current Investment Advisory Agreement, in addition to information provided by BlackRock and BlackRock Advisors in connection with their evaluation of the terms and conditions of the Fund's New Investment Advisory Agreement. Neither Fund's directors identified any particular information that was all-important or controlling, and each director attributed different weights to the various factors. The directors of each Fund, including a majority of the independent directors, concluded that the terms of the Fund's New Investment Advisory Agreement are appropriate, that the fees to be paid are reasonable in light of the services to be provided to the Fund, and that the New Investment Advisory Agreement should be approved and recommended to Fund shareholders.

Nature, Quality and Extent of Services Provided--Each Fund's Board reviewed the nature, extent and quality of services provided by the Investment Adviser, including the investment advisory services and the resulting performance of the Fund, as well as the nature, quality and extent of services expected to be provided by BlackRock Advisors. Each Fund's Board focused primarily on the Investment Adviser's advisory services and the Fund's investment performance, but also considered certain areas in which both the Investment Adviser and the Fund receive services as part of the Merrill Lynch complex. Each Fund's Board compared the Fund's performance - both including and excluding the effects of the Fund's fees and expenses - to the performance of a comparable group of funds, and the performance of a relevant index or combination of indexes. While each Board reviews performance data at least quarterly, consistent with the Investment Adviser's investment goals, the Board attaches more importance to performance over relatively long periods of time, typically three to five years.

In evaluating the nature, quality and extent of the services to be provided by BlackRock Advisors under the New Investment Advisory Agreement, each Fund's directors considered, among other things, the expected impact of the Transaction on the operations, facilities, organization and personnel of New BlackRock and how it would affect the Fund; the ability of BlackRock Advisors to perform its duties after the Transaction; and any anticipated changes to the current investment and other practices of the Fund.

Each Fund's directors were given information with respect to the potential benefits to the Fund and its shareholders from having access to BlackRock's state of the art technology and risk management analytic tools, including the investment tools provided under the BlackRock Solutions brand name.

Each Fund's directors were advised that, as a result of Merrill Lynch's equity interest in BlackRock after the Transaction, the Fund will continue to be subject to restrictions concerning certain transactions involving Merrill Lynch affiliates (for example, transactions with a Merrill Lynch broker-dealer acting as principal) absent revised or new regulatory relief. Each Fund's directors were advised that a revision of existing regulatory relief with respect to these restrictions was being sought from the Securities and Exchange Commission and were advised of the possibility of receipt of such revised regulatory relief. There can be no assurance that such relief will be obtained.

Based on their review of the materials provided and the assurances they had received from the management of Merrill Lynch and of BlackRock, each Fund's directors determined that the nature and quality of services to be provided to the Fund under the New Investment Advisory Agreement were expected to be as good as or better than that provided under the Fund's Current Investment Advisory Agreement. It was noted, however, that it is expected that there will be changes in personnel following the Transaction and the combination of the operations of the Investment Adviser and its affiliates with those of BlackRock. Each Fund's directors noted that if current portfolio managers or other personnel cease to be available, the Board would consider all available options, which could include seeking the investment advisory or other services of BlackRock affiliates. Accordingly, each Fund's directors concluded that, overall, they were satisfied at the present time with assurances from BlackRock and BlackRock Advisors as to the expected nature, extent and quality of the services to be provided to the Fund under its New Investment Advisory Agreement.

Costs of Services Provided and Profitability--It was noted that, in conjunction with their recent review of each Fund's Current Investment Advisory Agreement, the Fund's directors had received, among other things, a report from Lipper comparing the Fund's expected fees and expenses to those of a peer group selected by Lipper, and information as to the fees charged by the Investment Adviser or its affiliates to other registered investment company clients for investment management services. Each Fund's Board reviewed the Fund's contractual management fee rate and actual management fee rate as a percentage of total assets at common asset levels - the actual rate includes advisory fees and the effects of any fee waivers - compared to the other funds in its Lipper category. Each Fund's Board also compared the Fund's total expenses to those of other comparable funds. The information showed that each Fund had fees and expenses within the range of fees and expenses of comparable funds. Each Fund's Board considered the services to be provided by and the fees to be charged by BlackRock Advisors to other funds with similar investment mandates and noted that the fees charged by BlackRock Advisors in those cases, including fee waivers and expense reimbursements, were generally comparable to those being charged to the Fund. Each Fund's Board concluded that the Fund's management fee and fee rate and overall expense ratio are reasonable compared to those of other comparable funds.

In evaluating the costs of the services to be provided by BlackRock Advisors under each Fund's New Investment Advisory Agreement, the Fund's directors considered, among other things, whether advisory fees or other expenses would change as a result of the Transaction. Based on their review of the materials provided and the fact that each New Investment Advisory Agreement is substantially similar to the applicable Current Investment Advisory Agreement in all material respects, including the rate of compensation, each Fund's directors determined that the Transaction should not increase the total fees payable, including any fee waivers and expense reimbursements, for advisory and administrative services. Each Fund's directors noted that it was not possible to predict how the Transaction would affect BlackRock Advisors' profitability from its relationship with the Fund.

Each Fund's directors discussed with BlackRock Advisors its general methodology to be used in determining its profitability with respect to its relationship with the Fund. The directors noted that they expect to receive profitability information from BlackRock Advisors on at least an annual basis and thus be in a position to evaluate whether any adjustments in Fund fees and/or fee breakpoints would be appropriate.

Fees and Economies of Scale--Each Fund's Board considered the extent to which economies of scale might be realized as the assets of the Fund increase and whether there should be changes in the management fee rate or structure in order to enable the Fund to participate in these economies of scale. Each Fund's Board determined that changes were not currently necessary.

In reviewing the Transaction, the directors considered, among other things, whether advisory fees or other expenses would change as a result of the Transaction. Based on the fact that each New Investment Advisory Agreement is substantially similar to the applicable Current Investment Advisory Agreement in all material respects, including the rate of compensation, each Fund's directors determined that as a result of the Transaction, the Fund's total advisory fees would be no higher than the fees under Investment Advisory Agreement. Each Fund's directors noted that in conjunction with their most recent deliberations concerning the Current Investment Advisory Agreement, they had determined that the expected total fees for advisory and administrative services for the Fund were reasonable in light of the services to be provided. It was noted that in conjunction with the recent review of each Current Investment Advisory Agreement, each Fund's directors had received, among other things, a report from Lipper comparing the Fund's expected fees and expenses to those of a peer group selected by Lipper, and information as to the fees charged by the Investment Adviser or its affiliates to other registered investment company clients for investment management services. Each Fund's directors concluded that, because the rates for advisory fees for the Fund would be no higher than its current fee rates, the proposed management fee structure, including any fee waivers, was reasonable and that no additional changes were currently necessary.

Fall-Out Benefits--In evaluating the fall-out benefits to be received by BlackRock Advisors under the New Investment Advisory Agreement, each Fund's directors considered whether the Transaction would have an impact on the fall-out benefits received by the Investment Adviser by virtue of the Current Investment Advisory Agreement. Based on their review of the materials provided, including materials received in connection with their most recent approval of the Current Investment Advisory Agreement, and their discussions with management of the Investment Adviser and BlackRock, each Fund's directors determined that those benefits could include increased ability for BlackRock to distribute shares of its funds and other investment products. The directors noted that any fall-out benefits were difficult to quantify with certainty at this time, and indicated that they would continue to evaluate them going forward.

Investment Performance--Each Fund's directors considered investment performance for the Fund. Each Fund's directors compared the Fund's performance - both including and excluding the effects of the Fund's fees and expenses - to the performance of a comparable group of funds, and the performance of a relevant index or combination of indexes. The comparative information received from Lipper showed each Fund's performance at various levels within the range of performance of comparable funds over different time periods. While each Board reviews performance data at least quarterly, consistent with the Investment Adviser's investment goals, the Board attaches more importance over relatively long periods of time, typically three to five years. Each Fund's directors believed the Fund's performance was satisfactory. Also, the directors took into account the investment performance of funds currently advised by BlackRock Advisors. Each Board considered comparative information from Lipper which showed that the performance of the funds advised by BlackRock Advisors was within the range of performance of comparable funds over different time periods. Each Fund's Board noted BlackRock's considerable investment management experience and capabilities, but was unable to predict what effect, if any, consummation of the Transaction would have on the future performance of the Fund.

Disclosure of New Investment Advisory Agreement (concluded)

Conclusion--After the independent directors of each Fund deliberated in executive session, the Fund's entire Board, including the independent directors, approved the Fund's New Investment Advisory Agreement, concluding that the advisory fee rate was reasonable in relation to the services provided and that the New Investment Advisory Agreement was in the best interests of the Fund's shareholders. In approving the New Investment Advisory Agreement, each Board noted that it anticipated reviewing the continuance of the agreement in advance of the expiration of the initial two-year period.

Contingent BlackRock Subadvisory Agreements--Matters Considered by the Boards At the telephonic and in-person meetings held during April and May 2006 at which each Board of Directors discussed and approved the New Investment Advisory Agreement, the Board, including the independent directors, also considered and approved a contingent subadvisory agreement (each a "Contingent Subadvisory Agreement") between the Investment Adviser and BlackRock Advisors (the "BlackRock Subadviser"). Each Fund's Contingent Subadvisory Agreement is intended to ensure that the Fund operates with efficient portfolio management services until the closing of the Transaction, in the event that the Fund's Board deems it necessary and in the best interests of the Fund and its shareholders that the BlackRock Subadviser assist in managing the operations of the Fund during the interim period until the closing of the Transaction. Each Fund's Contingent Subadvisory Agreement would take effect only upon recommendation from the Investment Adviser and upon subsequent approval of the Fund's Board in the period up to the closing of the Transaction. The effectiveness of each Fund's Contingent Subadvisory Agreement, therefore, is contingent on further Board approval. Pursuant to each Contingent Subadvisory Agreement, the BlackRock Subadviser would receive a monthly fee from the Investment Adviser equal to 50% of the advisory fee received by the Investment Adviser. The Investment Adviser would pay the BlackRock Subadviser out of its own resources. There would be no increase in either Fund's expenses as a result of the Contingent Subadvisory Agreement.

In making its approval at the May in-person meeting, each Board considered the Contingent Subadvisory Agreement in conjunction with the New Investment Advisory Agreement and reviewed the same information and factors discussed above, and came to the same conclusions. Each Fund's Board also considered in conjunction with the Contingent Subadvisory Agreement the necessity of ensuring that the Fund operates with effective management services until the closing of the Transaction. In reviewing the subadvisory fee rate provided in each Fund's Contingent Subadvisory Agreement, the Fund's Board took note of the fact that both the Investment Adviser and the BlackRock Subadviser would have significant responsibilities under their respective advisory agreements. The Investment Adviser would remain responsible for oversight of each Fund's operations and administration and the BlackRock Subadviser would provide advisory services to the Fund under the Contingent Subadvisory Agreement. Each Fund's Board also took into account the expected short duration of the term of any Contingent Subadvisory Agreement and the fact that total advisory fees paid by the Fund would not increase as a result of the Contingent Subadvisory Agreement. Under all of the circumstances, each Fund's Board concluded that it was a reasonable allocation of fees for the BlackRock Subadviser to receive 50% of the advisory fee paid by the Fund to the Investment Adviser.

After the independent directors of each Fund deliberated in executive session, the Fund's entire Board, including the independent directors, approved the applicable Contingent Subadvisory Agreement, concluding that the advisory fee was reasonable in relation to the services provided and that the Contingent Subadvisory Agreement was in the best interests of the Fund's shareholders.

Swap Agreements

The Funds may invest in swap agreements, which are over-the-counter contracts in which one party agrees to make periodic payments based on the change in market value of a specified bond, basket of bonds, or index in return for periodic payments based on a fixed or variable interest rate or the change in market value of a different bond, basket of bonds or index. Swap agreements may be used to obtain exposure to a bond or market without owning or taking physical custody of securities. Swap agreements involve the risk that the party with whom each Fund has entered into the swap will default on its obligation to pay the Fund and the risk that the Fund will not be able to meet its obligations to pay the other party to the agreement.

Dividend Policy

The Funds' dividend policy is to distribute all or a portion of their net investment income to their shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Funds may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The Funds' current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Net Assets, which comprises part of the financial information included in these reports.

Change in Funds' Independent Registered Public Accounting Firm

On August 28, 2006, Ernst & Young LLP ("E&Y") resigned as the Independent Registered Public Accounting Firm of MuniHoldings Fund II, Inc. and MuniHoldings New Jersey Insured Fund, Inc. (each a "Fund" and collectively the "Funds").

E&Y's reports on the financial statements of the Funds for the past two fiscal years did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

In connection with its audits for the two most recent fiscal years and through August 28, 2006 (1) there were no disagreements with E&Y on any matter of accounting principle or practices, financial statement disclosure or auditing scope or procedure, whereby such disagreements, if not resolved to the satisfaction of E&Y, would have caused them to make reference to the subject matter of the disagreements in connection with their report on the financial statements for such years; and (2) there have been no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K).

The Audit Committee of each of the Funds' Board of Directors approved the engagement of Deloitte & Touche LLP as the Funds' Independent Registered Public Accounting Firm for the fiscal years ended July 31, 2006.

Important Tax Information

All of the net investment income distributions paid by MuniHoldings Fund II, Inc. and MuniHoldings New Jersey Insured Fund, Inc. during the taxable year ended July 31, 2006 qualify as tax-exempt interest dividends for federal income tax purposes.

Officers and Directors

Name, Address & Age	Position(s) Held with Funds	Length of Time Served	Principal Occupation(s) During Past 5 Years
Interested Director			
Robert C. Doll, Jr.* P.O. Box 9011 Princeton, NJ 08543-9011 Age: 51	President and Director	2005 to present	President of the MLIM/FAM-advised funds since 2005; President and Chief Investment Officer of MLIM and FAM since 2001; Co-Head (Americas Region) thereof from 2000 to 2001 and Senior Vice President from 1999 to 2001; President and Director of Princeton Services, Inc. ("Princeton Services") since 2001; President of Princeton Administrators, L.P. ("Princeton Administrators") since 2001; Chief Investment Officer of OppenheimerFunds, Inc. in 1999 and Executive Vice President thereof from 1991 to 1999.

* Mr. Doll is a director, trustee or member of an advisory board of certain other investment companies for which MLIM or FAM acts as investment adviser. Mr. Doll is an "interested person," as defined in the Investment Company Act, of the Fund based on his positions with MLIM, FAM, Princeton Services and Princeton Administrators. Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. As Fund President, Mr. Doll serves at the pleasure of the Boards of Directors.

Officers and Directors (continued)

Name, Address & Age	Position(s) Held with Funds	Length of Time Served	Principal Occupation(s) During Past 5 Years
Independent Directors*			
Ronald W. Forbes** P.O. Box 9095 Princeton, NJ 08543-9095 Age: 65	Director	1998 to present	Professor Emeritus of Finance, School of Business, State University of New York at Albany since 2000 and Professor thereof from 1989 to 2000; International Consultant, Urban Institute, Washington, D.C. from 1995 to 1999.
Cynthia A. Montgomery P.O. Box 9095 Princeton, NJ 08543-9095 Age: 54	Director	1998 to present	Professor, Harvard Business School since 1989; Associate Professor, J.L. Kellogg Graduate School of Management, Northwestern University from 1985 to 1989; Associate Professor, Graduate School of Business Administration, University of Michigan from 1979 to 1985; Director, Harvard Business School Publishing since 2005; Director, McLean Hospital since 2005.
Jean Margo Reid P.O. Box 9095 Princeton, NJ 08543-9095 Age: 60	Director	2004 to present	Self-employed consultant since 2001; Counsel of Alliance Capital Management (investment adviser) in 2000; General Counsel, Director and Secretary of Sanford C. Bernstein & Co., Inc. (investment adviser/broker-dealer) from 1997 to 2000; Secretary, Sanford C. Bernstein Fund, Inc. from 1994 to 2000; Director and Secretary of SCB, Inc. since 1998; Director and Secretary of SCB Partners, Inc. since 2000; and Director of Covenant House from 2001 to 2004.
Roscoe S. Suddarth P.O. Box 9095 Princeton, NJ 08543-9095 Age: 70	Director	2000 to present	President, Middle East Institute, from 1995 to 2001; Foreign Service Officer, United States Foreign Service, from 1961 to 1995 and Career Minister from 1989 to 1995; Deputy Inspector General, U.S. Department of State, from 1991 to 1994; U.S. Ambassador to the Hashemite Kingdom of Jordan from 1987 to 1990.
Richard R. West P.O. Box 9095 Princeton, NJ 08543-9095 Age: 68	Director	1998 to present	Professor of Finance from 1984 to 1995, Dean from 1984 to 1993 and since 1995 Dean Emeritus of New York University's Leonard N. Stern School of Business Administration.

Edward D. Zinbarg P.O. Box 9095 Princeton, NJ 08543-9095 Age: 71	Director	2000 to present	Self-employed financial consultant since 1994; Executive Vice President of the Prudential Insurance Company of America from 1988 to 1994; Former Director of Prudential Reinsurance Company and former Trustee of the Prudential Foundation.

* Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

** Chairman of the Boards of Directors and the Audit Committee.

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Officers and Directors (continued)

Name, Address & Age	Position(s) Held with Funds	Length of Time Served	Principal Occupation(s) During Past 5 Years
Fund Officers*			
Donald C. Burke P.O. Box 9011 Princeton, NJ 08543-9011 Age: 46	Vice President and Treasurer	1993 to present and 1999 to present	Managing Director of MLIM and FAM since 2006 and First Vice President of MLIM and FAM from 1997 to and Treasurer of Princeton Services since 1999 an President of FAM Distributors, Inc. ("FAMD") sinc 2004; Vice President of MLIM and FAM from 1990 to of MLIM from 1990 to 2001; Vice President, Treasu Funds since 2004.
Kenneth A. Jacob P.O. Box 9011 Princeton, NJ 08543-9011 Age: 55	Senior Vice President	2002 to present	Managing Director (Tax-Exempt Fund Management) of of MLIM from 1997 to 2000.
John M. Loffredo P.O. Box 9011 Princeton, NJ 08543-9011 Age: 42	Senior Vice President	2002 to present	Managing Director (Tax-Exempt Fund Management) of of MLIM from 1997 to 2000.
Robert A. DiMella P.O. Box 9011 Princeton, NJ 08543-9011 Age: 39	Vice President	1998 to present	Managing Director (Tax-Exempt Fund Management) of of MLIM from 2002 to 2004; Vice President of MLIM

Theodore R. Jaeckel Jr. P.O. Box 9011 Princeton, NJ 08543-9011 Age: 46	Vice President	1998 to present	Managing Director (Tax-Exempt Fund Management) of of MLIM from 1997 to 2005; Vice President of MLIM
Jeffrey Hiller P.O. Box 9011 Princeton, NJ 08543-9011 Age: 54	Chief Compliance Officer	2004 to present	Chief Compliance Officer of the MLIM/FAM-advised and Chief Compliance Officer of MLIM (Americas Re Compliance Officer of the IQ Funds since 2004; Gl at Morgan Stanley Investment Management from 2002 and Global Director of Compliance at Citigroup As 2002; Chief Compliance Officer at Soros Fund Mana Compliance Officer at Prudential Financial from 1 in the Securities and Exchange Commission's Divis Washington, D.C. from 1990 to 1995.
Alice A. Pellegrino P.O. Box 9011 Princeton, NJ 08543-9011 Age: 46	Secretary	2004 to present	Director (Legal Advisory) of MLIM since 2002; Vic to 2002; Attorney associated with MLIM since 1997 and Princeton Services since 2004.

* Officers of the Funds serve at the pleasure of the Boards of Directors.

Custodian
The Bank of New York
100 Church Street
New York, NY 10286

Transfer Agents

Common Stock:
The Bank of New York
101 Barclay Street - 11 East
New York, NY 10286

Preferred Stock:
The Bank of New York
101 Barclay Street - 7 West
New York, NY 10286

ANNUAL REPORTS JULY 31, 2006

Officers and Directors (concluded)

Effective January 1, 2007, Edward D. Zinbarg retired as a Director of MuniHoldings Fund II, Inc. and MuniHoldings New Jersey Insured Fund, Inc. The Funds' Boards of Directors wish Mr. Zinbarg well in his retirement.

Effective April 13, 2007, Jeffrey Hiller resigned his position as Chief Compliance Officer of the Funds. Also effective April 13, 2007, Karen Clark was appointed Chief Compliance Officer of the Funds. Ms. Clark has been a Managing Director of BlackRock, Inc. since 2007. She was a Director thereof from 2005 to 2007. Prior to that, Ms. Clark was a principal and senior compliance officer at State Street Global Advisors from 2001 to 2005. Ms. Clark was a principal consultant with PricewaterhouseCoopers, LLP from 1998 to 2001. From 1993 to 1998, Ms. Clark was Branch Chief, Division of Investment Management and Office of Compliance Inspections and Examinations, with the U.S. Securities and Exchange Commission.

Investment Objectives

NYSE Symbol MUH	MuniHoldings Fund II, Inc. seeks to provide shareholders with current income exempt from federal income taxes by investing primarily in a portfolio of long-term, investment grade municipal obligations the interest on which, in the opinion of the bond counsel to the issuer, is exempt from federal income taxes.
NYSE Symbol MUJ	MuniHoldings New Jersey Insured Fund, Inc. seeks to provide shareholders with current income exempt from federal income tax and New Jersey personal income taxes by investing in a portfolio of long-term, investment grade municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from federal income tax and New Jersey personal income taxes.

Availability of Quarterly Schedule of Investments

The Funds file their complete schedules of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's Web site at http://www.sec.gov. The Funds' Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Electronic Delivery

The Funds offer electronic delivery of communications to their shareholders. In order to receive this service, you must register your account and provide us with e-mail information. To sign up for this service, simply access this Web site at http://www.icsdelivery.com/live and follow the instructions. When you visit this site, you will obtain a personal identification number (PIN). You will need this PIN should you wish to update your e-mail address, choose to discontinue this service and/or make any other changes to the service. This service is not available for certain retirement accounts at this time.

Item 2 - Code of Ethics - The registrant has adopted a code of ethics, as of the end of the period covered by this report, that applies to the registrant's principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions. A copy of the code of ethics is available without charge at www.blackrock.com.

Item 3 - Audit Committee Financial Expert - The registrant's board of directors has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent: (1) Ronald W. Forbes, (2) Richard R. West, and (3) Edward D. Zinbarg (retired as of December 31, 2006).

Item 4 - Principal Accountant Fees and Services
Note: The Fund changed auditors effective August, 28, 2006. Prior to that date, Ernst & Young LLP provided services as the Fund's independent registered public accountant.

(a) Audit Fees - Fiscal Year Ending July 31, 2006 - $28,000
Fiscal Year Ending July 31, 2005 - $32,000

(b) Audit-Related Fees -
Fiscal Year Ending July 31, 2006 - $3,500
Fiscal Year Ending July 31, 2005 - $3,500

The nature of the services include assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

(c) Tax Fees - Fiscal Year Ending July 31, 2006 - $6,000
Fiscal Year Ending July 31, 2005 - $5,700

The nature of the services include tax compliance, tax advice and tax planning.

(d) All Other Fees - Fiscal Year Ending July 31, 2006 - $0
Fiscal Year Ending July 31, 2005 - $0

(e)(1) The registrant's audit committee (the "Committee") has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the registrant's affiliated service providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are a) consistent with the SEC's auditor independence rules and b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis ("general pre-approval"). However, such services will only be deemed pre-approved provided that any individual project does not exceed $5,000 attributable to the registrant or $50,000 for all of the registrants the Committee oversees. Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services).

The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting.

(e)(2) 0%

(f) Not Applicable

(g) Fiscal Year Ending July 31, 2006 - $2,186,750
Fiscal Year Ending July 31, 2005 - $7,926,666

(h) The registrant's audit committee has considered and determined that the provision of non-audit services that were rendered to the registrant's investment adviser and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

Regulation S-X Rule 2-01(c)(7)(ii) - $1,409,500, 0%

Item 5 - Audit Committee of Listed Registrants - The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act (15 U.S.C. 78c(a)(58)(A)):

Ronald W. Forbes
Cynthia A. Montgomery
Jean Margo Reid
Roscoe S. Suddarth
Richard R. West
Edward D. Zinbarg (retired as of December 31, 2006)

Item 6 - Schedule of Investments - Not Applicable

Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies -
Proxy Voting Policies and Procedures

Each Fund's Board of Directors/Trustees has delegated to Merrill Lynch Investment Managers, L.P. and/or Fund Asset Management, L.P. (the "Investment Adviser") authority to vote all proxies relating to the Fund's portfolio securities. The Investment Adviser has adopted policies and procedures ("Proxy Voting Procedures") with respect to the voting of proxies related to the portfolio securities held in the account of one or more of its clients, including a Fund. Pursuant to these Proxy Voting Procedures, the Investment Adviser's primary objective when voting proxies is to make proxy voting decisions solely in the best interests of each Fund and its shareholders, and to act in a manner that the Investment Adviser believes is most likely to enhance the economic value of the securities held by the Fund. The Proxy Voting Procedures are designed to ensure that the Investment Adviser considers the interests of its clients, including the Funds, and not the interests of the Investment Adviser, when voting proxies and that real (or perceived) material conflicts that may arise between the Investment Adviser's interest and those of the Investment Adviser's clients are properly addressed and resolved.

In order to implement the Proxy Voting Procedures, the Investment

Adviser has formed a Proxy Voting Committee (the "Committee"). The Committee is comprised of the Investment Adviser's Chief Investment Officer (the "CIO"), one or more other senior investment professionals appointed by the CIO, portfolio managers and investment analysts appointed by the CIO and any other personnel the CIO deems appropriate. The Committee will also include two non-voting representatives from the Investment Adviser's Legal department appointed by the Investment Adviser's General Counsel. The Committee's membership shall be limited to full-time employees of the Investment Adviser. No person with any investment banking, trading, retail brokerage or research responsibilities for the Investment Adviser's affiliates may serve as a member of the Committee or participate in its decision making (except to the extent such person is asked by the Committee to present information to the Committee, on the same basis as other interested knowledgeable parties not affiliated with the Investment Adviser might be asked to do so). The Committee determines how to vote the proxies of all clients, including a Fund, that have delegated proxy voting authority to the Investment Adviser and seeks to ensure that all votes are consistent with the best interests of those clients and are free from unwarranted and inappropriate influences. The Committee establishes general proxy voting policies for the Investment Adviser and is responsible for determining how those policies are applied to specific proxy votes, in light of each issuer's unique structure, management, strategic options and, in certain circumstances, probable economic and other anticipated consequences of alternate actions. In so doing, the Committee may determine to vote a particular proxy in a manner contrary to its generally stated policies. In addition, the Committee will be responsible for ensuring that all reporting and recordkeeping requirements related to proxy voting are fulfilled.

The Committee may determine that the subject matter of a recurring proxy issue is not suitable for general voting policies and requires a case-by-case determination. In such cases, the Committee may elect not to adopt a specific voting policy applicable to that issue. The Investment Adviser believes that certain proxy voting issues require investment analysis - such as approval of mergers and other significant corporate transactions - akin to investment decisions, and are, therefore, not suitable for general guidelines. The Committee may elect to adopt a common position for the Investment Adviser on certain proxy votes that are akin to investment decisions, or determine to permit the portfolio manager to make individual decisions on how best to maximize economic value for a Fund (similar to normal buy/sell investment decisions made by such portfolio managers). While it is expected that the Investment Adviser will generally seek to vote proxies over which the Investment Adviser exercises voting authority in a uniform manner for all the Investment Adviser's clients, the Committee, in conjunction with a Fund's portfolio manager, may determine that the Fund's specific circumstances require that its proxies be voted differently.

To assist the Investment Adviser in voting proxies, the Committee has retained Institutional Shareholder Services ("ISS"). ISS is an independent adviser that specializes in providing a variety of fiduciary-level proxy-related services to institutional investment managers, plan sponsors, custodians, consultants, and other institutional investors. The services provided to the Investment Adviser by ISS include in-depth research, voting recommendations (although the Investment Adviser is not obligated to follow such recommendations), vote execution, and recordkeeping. ISS will also assist the Fund in fulfilling its reporting and recordkeeping obligations under the Investment Company Act.

The Investment Adviser's Proxy Voting Procedures also address special circumstances that can arise in connection with proxy voting. For instance, under the Proxy Voting Procedures, the Investment Adviser generally will not seek to vote proxies related to portfolio securities that are on loan, although it may do so under certain circumstances. In addition, the Investment Adviser will vote proxies related to securities of foreign issuers only on a best efforts basis and may elect not to vote at all in certain countries where the Committee determines that the costs associated with voting generally outweigh the benefits. The Committee may at any time override these general policies if it determines that such action is in the best interests of a Fund.

From time to time, the Investment Adviser may be required to vote proxies in respect of an issuer where an affiliate of the Investment Adviser (each, an "Affiliate"), or a money management or other client of the Investment Adviser (each, a "Client") is involved. The Proxy Voting Procedures and the Investment Adviser's adherence to those procedures are designed to address such conflicts of interest. The Committee intends to strictly adhere to the Proxy Voting Procedures in all proxy matters, including matters involving Affiliates and Clients. If, however, an issue representing a non-routine matter that is material to an Affiliate or a widely known Client is involved such that the Committee does not reasonably believe it is able to follow its guidelines (or if the particular proxy matter is not addressed by the guidelines) and vote impartially, the Committee may, in its discretion for the purposes of ensuring that an independent determination is reached, retain an independent fiduciary to advise the Committee on how to vote or to cast votes on behalf of the Investment Adviser's clients.

In the event that the Committee determines not to retain an independent fiduciary, or it does not follow the advice of such an independent fiduciary, the powers of the Committee shall pass to a subcommittee, appointed by the CIO (with advice from the Secretary of the Committee), consisting solely of Committee members selected by the CIO. The CIO shall appoint to the subcommittee, where appropriate, only persons whose job responsibilities do not include contact with the Client and whose job evaluations would not be affected by the Investment Adviser's relationship with the Client (or failure to retain such relationship). The subcommittee shall determine whether and how to vote all proxies on behalf of the Investment Adviser's clients or, if the proxy matter is, in their judgment, akin to an investment decision, to defer to the applicable portfolio managers, provided that, if the subcommittee determines to alter the Investment Adviser's normal voting guidelines or, on matters where the Investment Adviser's policy is case-by-case, does not follow the voting recommendation of any proxy voting service or other independent fiduciary that may be retained to provide research or advice to the Investment Adviser on that matter, no proxies relating to the Client may be voted unless the Secretary, or in the Secretary's absence, the Assistant Secretary of the Committee concurs that the subcommittee's determination is consistent with the Investment Adviser's fiduciary duties

In addition to the general principles outlined above, the Investment Adviser has adopted voting guidelines with respect to certain recurring proxy issues that are not expected to involve unusual circumstances. These policies are guidelines only, and the Investment Adviser may elect to vote differently from the recommendation set forth in a voting guideline if the Committee determines that it is in a Fund's best interest to do so. In addition, the guidelines may be reviewed at any time upon the request of a Committee member and may be amended or deleted upon the vote of a majority of Committee members present at a Committee meeting at which there is a quorum.

The Investment Adviser has adopted specific voting guidelines with respect to the following proxy issues:

* Proposals related to the composition of the Board of Directors of issuers other than investment companies. As a general matter, the Committee believes that a company's Board of Directors (rather than shareholders) is most likely to have access to important, nonpublic information regarding a company's business and prospects, and is therefore best-positioned to set corporate policy and oversee management. The Committee, therefore, believes that the foundation of good corporate governance is the election of qualified, independent corporate directors who are likely to diligently represent the interests of shareholders and oversee management of the corporation in a manner that will seek to maximize shareholder value over time. In individual cases, the Committee may look at a nominee's history of representing shareholder interests as a director of other companies or other factors, to the extent the Committee deems relevant.

* Proposals related to the selection of an issuer's independent auditors. As a general matter, the Committee believes that corporate auditors have a responsibility to represent the interests of shareholders and provide an independent view on the propriety of financial reporting decisions of corporate management. While the Committee will generally defer to a corporation's choice of auditor, in individual cases, the Committee may look at an auditors' history of representing shareholder interests as auditor of other companies, to the extent the Committee deems relevant.

* Proposals related to management compensation and employee benefits. As a general matter, the Committee favors disclosure of an issuer's compensation and benefit policies and opposes excessive compensation, but believes that compensation matters are normally best determined by an issuer's board of directors, rather than shareholders. Proposals to "micro-manage" an issuer's compensation practices or to set arbitrary restrictions on compensation or benefits will, therefore, generally not be supported.

* Proposals related to requests, principally from management, for approval of amendments that would alter an issuer's capital structure. As a general matter, the Committee will support requests that enhance the rights of common shareholders and oppose requests that appear to be unreasonably dilutive.

* Proposals related to requests for approval of amendments to an issuer's charter or by-laws. As a general matter, the Committee opposes poison pill provisions.

* Routine proposals related to requests regarding the formalities of corporate meetings.

* Proposals related to proxy issues associated solely with holdings of investment company shares. As with other types of companies, the Committee believes that a fund's Board of Directors (rather than its shareholders) is best-positioned to set fund policy and oversee management. However, the Committee opposes granting Boards of Directors authority over certain matters, such as changes to a fund's investment objective, that the Investment Company Act envisions will be approved directly by shareholders.

* Proposals related to limiting corporate conduct in some manner that relates

to the shareholder's environmental or social concerns. The Committee generally believes that annual shareholder meetings are inappropriate forums for discussion of larger social issues, and opposes shareholder resolutions "micromanaging" corporate conduct or requesting release of information that would not help a shareholder evaluate an investment in the corporation as an economic matter. While the Committee is generally supportive of proposals to require corporate disclosure of matters that seem relevant and material to the economic interests of shareholders, the Committee is generally not supportive of proposals to require disclosure of corporate matters for other purposes.

Item 8 - Portfolio Managers of Closed-End Management Investment Companies - as of July 31, 2006.

(a)(1) Mr. Theodore R. Jaeckel, Jr. is primarily responsible for the day-to-day management of the registrant's portfolio ("Portfolio Manager"). Mr. Jaeckel has been a Managing Director of MLIM since 2005. He was a Director of MLIM from 1997 to 2005. Mr. Jaeckel has been a portfolio manager with the Investment Adviser and MLIM since 1991 and has been a Vice President and portfolio manager of the Fund since 1997.

(a)(2) As of July 31, 2006:

	(ii) Number of Other Accounts Managed and Assets by Account Type			(iii) Number of Other Ac Assets for Which Adviso Performance-Base	
(i) Name of Portfolio Manager	Other Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts	Other Registered Investment Companies	Other Inves Vehi
Theodore R. Jaeckel, Jr.	8	1	0	0	
	$ 2,183,789,807	$ 23,221,741	$ 0	$ 0	$ 23,22

(iv) Potential Material Conflicts of Interest

Real, potential or apparent conflicts of interest may arise when a portfolio manager has day-to-day portfolio management responsibilities with respect to more than one fund or account, including the following:

Certain investments may be appropriate for the Fund and also for other clients advised by the Investment. Adviser and its affiliates, including other client accounts managed by the Fund's portfolio management team. Investment decisions for the Fund and other clients are made with a view to achieving their respective investment objectives and after consideration of such factors as their current holdings, availability of cash for investment and the size of their investments generally. Frequently, a particular security may be bought or sold for only one client or in different amounts and at different times for more than one but less than all clients. Likewise, because clients of the Investment Adviser and its affiliates may have differing investment strategies, a particular security may be bought for one or more clients when one or more other clients are selling the security. The investment results for the Fund may differ from the results achieved by other clients of the Investment Adviser and its affiliates and results among clients may differ. In addition, purchases or sales of the same security may be made for two or more clients on the same day.

In such event, such transactions will be allocated among the clients in a manner believed by the Investment Adviser and its affiliates to be equitable to each. The Investment Adviser will not determine allocations based on whether it receives a performance based fee from the client. In some cases, the allocation procedure could have an adverse effect on the price or amount of the securities purchased or sold by the Fund. Purchase and sale orders for the Fund may be combined with those of other clients of the Investment Adviser and its affiliates in the interest of achieving the most favorable net results to the Fund.

To the extent that the Fund's portfolio management team has responsibilities for managing accounts in addition to the Fund, a portfolio manager will need to divide his time and attention among relevant accounts.

In some cases, a real, potential or apparent conflict may also arise where (i) the Investment Adviser may have an incentive, such as a performance based fee, in managing one account and not with respect to other accounts it manages or (ii) where a member of the Fund's portfolio management team owns an interest in one fund or account he or she manages and not another.

(a)(3) As of July 31, 2006:

Portfolio Manager Compensation

The Portfolio Manager Compensation Program of MLIM and its affiliates, including the Investment Adviser, is critical to MLIM's ability to attract and retain the most talented asset management professionals. This program ensures that compensation is aligned with maximizing investment returns and it provides a competitive pay opportunity for competitive performance.

Compensation Program

The elements of total compensation for MLIM and its affiliates portfolio managers are a fixed base salary, annual performance-based cash and stock compensation (cash and stock bonus) and other benefits. MLIM has balanced these components of pay to provide portfolio managers with a powerful incentive to achieve consistently superior investment performance. By design, portfolio manager compensation levels fluctuate--both up and down--with the relative investment performance of the portfolios that they manage.

Base Salary

Under the MLIM approach, like that of many asset management firms, base salaries represent a relatively small portion of a portfolio manager's total compensation. This approach serves to enhance the motivational value of the performance-based (and therefore variable) compensation elements of the compensation program.

Performance-Based Compensation

MLIM believes that the best interests of investors are served by recruiting and retaining exceptional asset management talent and managing their compensation within a consistent and disciplined framework that emphasizes pay for performance in the context of an intensely competitive market for talent. To that end, MLIM and its affiliates portfolio manager incentive compensation is based on a formulaic compensation program. MLIM's formulaic portfolio manager compensation program includes: investment performance relative to a subset of general closed-end, New Jersey municipal debt funds over 1-, 3- and 5-year performance periods and a measure of operational efficiency. Portfolio managers are compensated based on the pre-tax performance of the products they manage. If a portfolio manager's tenure is less than 5 years, performance periods will reflect time in position. Portfolio managers are compensated based on products they manage. A discretionary element of portfolio manager compensation may include consideration of: financial results, expense control, profit margins, strategic planning and implementation, quality of client service, market share, corporate reputation, capital allocation, compliance and risk control, leadership, workforce diversity, supervision, technology and innovation. MLIM and its affiliates also consider the extent to which individuals exemplify and foster ML & Co.'s principles of client focus, respect for the individual, teamwork, responsible citizenship and integrity. All factors are considered collectively by MLIM management.

Cash Bonus

Performance-based compensation is distributed to portfolio managers in a combination of cash and stock. Typically, the cash bonus, when combined with base salary, represents more than 60% of total compensation for portfolio managers.

Stock Bonus

A portion of the dollar value of the total annual performance-based bonus is paid in restricted shares of ML & Co. stock. Paying a portion of annual bonuses in stock puts compensation earned by a portfolio manager for a given year "at risk" based on the company's ability to sustain and improve its performance over future periods. The ultimate value of stock bonuses is dependent on future ML & Co. stock price performance. As such, the stock bonus aligns each portfolio manager's financial interests with those of the ML & Co. shareholders and encourages a balance between short-term goals and long-term strategic objectives. Management strongly believes that providing a significant portion of competitive performance-based compensation in stock is in the best interests of investors and shareholders. This approach ensures that portfolio managers participate as shareholders in both the "downside risk" and "upside opportunity" of the company's performance. Portfolio managers therefore have a direct incentive to protect ML & Co.'s reputation for integrity.

Other Compensation Programs

Portfolio managers who meet relative investment performance and financial management objectives during a performance year are eligible to participate in a deferred cash program. Awards under this program are in the form of deferred cash that may be benchmarked to a menu of MLIM mutual funds (including their own fund) during a five-year vesting period. The deferred cash program aligns the interests of participating portfolio managers with the investment results of MLIM products and promotes continuity of successful portfolio management teams.

Other Benefits

Portfolio managers are also eligible to participate in broad-based plans offered generally to employees of ML & Co. and its affiliates, including broad-based retirement, 401(k), health, and other employee benefit plans.

(a)(4) Beneficial Ownership of Securities. As of July 31, 2006, Mr. Jaeckel does not beneficially own any stock issued by the Fund.

Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers - Not Applicable

Item 10 - Submission of Matters to a Vote of Security Holders - Not Applicable

Item 11 - Controls and Procedures

11(a) - The Registrant's principal executive and principal financial officers have evaluated the Registrant's disclosure controls and procedures, including internal control over financial reporting, within 90 days of this filing. Such principal officers have concluded that as of May 18, 2007, the Registrant's disclosure controls and procedures were effective in design and operation to reasonably ensure that information required to be disclosed by the Registrant in this Form N-CSR/A was recorded, processed, summarized, and reported within the required time periods, and were sufficient to form the basis of the certifications required by Rule 30a-(2) of the Investment Company Act of 1940, as amended. Prior to reaching that conclusion, such principal officers had become aware of matters relating to the Registrant's participation in certain inverse floater structures that necessitated restatement of financial information included in Item 1 of this filing. As a result, management of the Registrant had reevaluated certain disclosure controls and procedures determined not to be effective, as discussed more fully below.

Management of the Registrant is responsible for establishing and maintaining effective internal control over financial reporting. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. The Registrant's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Such internal control includes policies and procedures that provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a registrant's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Registrant's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Registrant's annual or interim financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Subsequent to the initial filing of the Registrant's Form N-CSR, the Registrant identified the following control deficiency, that was determined to be a material weakness, as defined above, in the Registrant's internal control over financial reporting at July 31, 2006. The Registrant's controls related to the review and analysis of relevant terms and conditions of transfers of certain assets pertaining to inverse floater structures were not operating effectively to appropriately determine whether the transfers of assets qualified for sale accounting under the provisions of Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 140"). As a result, these controls did not detect that certain transfers were not appropriately recorded as borrowings. Accordingly, the Registrant's financial statements as of and for the period ended July 31, 2006, including prior periods where applicable, were restated to appropriately reflect transfers of such securities as secured borrowings and to report the related income and expense. The restatement had no impact on net assets, net asset value per share or total return.

Subsequent to July 31, 2006, but prior to the evaluation of the design and operation of the Registrant's disclosure controls and procedures at May 18, 2007, the Registrant's disclosure controls and procedures were modified to enhance the review and analysis of the relevant terms and conditions of transfers of securities in connection with inverse floater structures in light of SFAS 140.

11(b) - There have been no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940, as amended) that occurred during the second half of the Registrant's fiscal year that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting. However, as discussed above, subsequent to July 31, 2006, the Registrant has enhanced controls related to the application of SFAS 140.

Item 12 - Exhibits attached hereto

12(a)(1) - Code of Ethics - See Item 2

12(a)(2) - Certifications - Attached hereto

12(a)(3) - Not Applicable

12(b) - Certifications - Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock MuniHoldings New Jersey Insured Fund, Inc.

By: /s/ Robert C. Doll, Jr.

Robert C. Doll, Jr.,
Chief Executive Officer of
BlackRock MuniHoldings New Jersey Insured Fund, Inc.

Date: June 7, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Robert C. Doll, Jr.

Robert C. Doll, Jr.,
Chief Executive Officer of
BlackRock MuniHoldings New Jersey Insured Fund, Inc.

Date: June 7, 2007

By: /s/ Donald C. Burke

Donald C. Burke,
Chief Financial Officer of
BlackRock MuniHoldings New Jersey Insured Fund, Inc.

Date: June 7, 2007