

LITTLE DANIEL F  
Form 4  
February 24, 2005

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
LITTLE DANIEL F

2. Issuer Name and Ticker or Trading Symbol  
NORDSTROM INC [JWN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
C/O NORDSTROM, INC., 1617  
SIXTH AVENUE

3. Date of Earliest Transaction  
(Month/Day/Year)  
02/23/2005

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Executive Vice President

(Street)  
SEATTLE, WA 98101

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount (A) or (D) Price		
Common Stock	02/23/2005		A		1,833 (1) \$ 0 6,232	D	
Common Stock					175	I	By 401(k) Plan, per Plan statement dated 1/31/05

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not**

SEC 1474 (9-02)

required to respond unless the form displays a currently valid OMB control number.

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LITTLE DANIEL F C/O NORDSTROM, INC. 1617 SIXTH AVENUE SEATTLE, WA 98101			Executive Vice President	

## Signatures

Duane E. Adams, Attorney-in-Fact for Daniel F. Little  
 Signature: \_\_\_\_\_ Date: 02/24/2005

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Voluntary election to receive stock in lieu of a portion of the reporting person's cash bonus, pursuant to an arrangement approved in advance of the election by the Board's Compensation Committee.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. r use of the Fund's noninsured "basket," which by prospectus can amount to as much as 20% of portfolio assets. For the six months ended December 31, 2005, the Fund's Auction Market Preferred Stock had average yields as follows: Series A, 2.22%; Series B, 2.29%; Series C, 2.28%; Series D, 2.24%; and Series E, 2.29%. The Fed's interest rate hikes are clearly having an impact on the Fund's borrowing costs. The Fed raised the short-term interest rate target 100 basis points during the six-month period. Still, the tax-exempt yield curve remained relatively steep and 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

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will decline and, as a result, reduce the yield on the Fund's Common Stock. At the end of the period, the Fund's leverage amount, due to AMPS, was 38.96% of total net assets, before the deduction of Preferred Stock. (For a more complete explanation of the benefits and risks of leveraging, see page 2 of this report to shareholders.) How would you characterize the Fund's position at the close of the period? The Fund remains positioned slightly defensively with respect to interest rate risk. Although new California municipal supply was substantial during the period, the market did not provide enough longer-duration securities to enable us to materially influence the Fund's interest rate sensitivity. If long-term interest rates rise again as the Fed continues its monetary tightening, we would anticipate extending the Fund's duration to a more neutral stance. In our view, a rise in long-term interest rates would restore some of the perceived value in longer-dated maturities, and the higher yields would compensate for the longer duration. The Fund's credit quality remains very high. We are not currently seeing attractive values available from lower-rated bonds, as we do not believe we would be adequately compensated for taking on additional credit risk. With the Fund's borrowing costs rising along with the federal funds rate, we plan to maintain our fully invested posture in an effort to enhance the amount of income accrual for our shareholders. Walter C. O'Connor, CFA Vice President and Portfolio Manager January 10, 2006 MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 5 Schedule of Investments (in Thousands) Face Amount Municipal Bonds Value

California--156.5%	\$ 1,000	ABAG Finance Authority for Nonprofit Corporations, California, COP (Children's Hospital Medical Center), 6% due 12/01/2029 (a) \$ 1,096	3,345	ABC
		California Unified School District, GO, Series A, 5.625% due 8/01/2020 (f)(j)	3,534	
		4,000	Acalanes, California, Unified High School District, GO, 5.80% due 8/01/2007 (f)(i)	4,201
		11,960	Alameda County, California, COP (b): (Financing Project), 6% due 9/01/2006 (i)	12,405
		2,490	RIB, Series 410, 8.194% due 9/01/2021 (g)	2,675
		7,360	Alhambra, California, Unified School District, GO (Election of 2004), Series A, 5% due 8/01/2029 (c)	7,749
		4,535	Bakersfield, California, COP, Refunding (Convention Center Expansion Project), 5.875% due 4/01/2022 (b)	4,717
		3,885	Berkeley, California, GO, Series C, 5.375% due 9/01/2029 (c)	4,069
		2,000	Berkeley, California, Unified School District, GO, Series I (f)(i):	2,148
		4,520	5.875% due 8/01/2008	4,866
		7,120	Burbank, California, Unified School District, Capital Appreciation, GO (Election of 1997), Series C, 4.84%** due 7/01/2027 (c)	2,588
		2,925	Cajon Valley, California, Union School District, GO, Series B, 5.50% due 8/01/2027 (b)	3,163
		2,180	California Community College Financing Authority, Lease Revenue Bonds (Grossmont-Palomar-Shasta), Series A, 5.625% due 4/01/2026 (b)	2,370
		5,815	California Educational Facilities Authority, Revenue Refunding Bonds: (Occidental College), 5.625% due 10/01/2007 (b)(i)	6,168
		5,000	(Occidental College), 5.70% due 10/01/2007 (b)(i)	5,310
		7,720	(Pepperdine University), Series A, 5% due 12/01/2035 (a)	8,108
		800	California HFA, Home Mortgage Revenue Bonds, VRDN, AMT (h): Series B, 3.46% due 8/01/2033 (f)	800
		100	Series R, 3.47% due 8/01/2032 (a)	100
		315	California HFA, S/F Mortgage Revenue Bonds, AMT, Class II (b): Series A-1, 6% due 8/01/2020	325
		1,160	Series C-2, 5.625% due 8/01/2020 (d)	1,195
		9,250	California Health Facilities Financing Authority Revenue Bonds (Kaiser Permanente), Series A, 5.50% due 6/01/2022 (f)(j)	9,870
		660	California Health Facilities Financing Authority, Revenue Refunding Bonds: (Catholic Healthcare West), Series A, 6% due 7/01/2006 (b)(i)	682
		510	(Catholic Healthcare West), Series A, 5.75% due 7/01/2015 (a)	521
		1,840	(Catholic Healthcare West), Series A, 6% due 7/01/2025 (b)	1,951
		4,500	(Children's Hospital), 5.375% due 7/01/2020 (b)	4,629
		1,900	California Infrastructure and	

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Economic Development Bank Revenue Bonds (Los Angeles County Department of Public Social Services), 5.75% due 9/01/2023 (a) 2,132 ----- 2,000  
 California State, GO, 5.50% due 6/01/2025 (c) 2,135  
 ----- California State, GO, Refunding:  
 6,000 5.25% due 2/01/2026 (b) 6,390 1,075 5.75% due 12/01/2029 1,165 7,000 RIB, AMT, Series 777X, 6.91% due 12/01/2021 (b)(g) 7,251 4,130 Veterans, AMT, Series B, 5.45% due 12/01/2017 (b) 4,179  
 ----- California State Public Works Board,  
 Lease Revenue Bonds, Series C (a): 5,000 (University of California--Institution Project), 5% due 4/01/2030 5,233  
 20,000 (Various University of California Projects), 5.125% due 9/01/2022 20,926  
 ----- California State Public Works Board,  
 Lease Revenue Refunding Bonds: 5,025 (California State University), Series A, 5.50% due 10/01/2014 (b) 5,210  
 8,750 (Department of Corrections), Series B, 5.625% due 11/01/2019 (b) 9,097 2,625 (Various Community College  
 Projects), Series B, 5.625% due 3/01/2019 (a) 2,688  
 ----- 7,050 California State, Various  
 Purpose, GO, 5.50% due 11/01/2033 7,711  
 ----- 9,500 California Statewide  
 Communities Development Authority, COP, Refunding (Huntington Memorial Hospital), 5.80% due 7/01/2006 (e)(i)  
 9,808 ----- 4,915 California Statewide  
 Communities Development Authority, Health Facility Revenue Bonds (Memorial Health Services), Series A, 6% due  
 10/01/2023 5,443 Portfolio Abbreviations To simplify the listings of MuniHoldings California Insured Fund, Inc.'s  
 portfolio holdings in the Schedule 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 GO General Obligation Bonds HFA Housing Finance Agency M/F  
 Multi-Family RIB Residual Interest Bonds ROLS Reset Option Long Securities S/F Single-Family VRDN Variable  
 Rate Demand Notes 6 MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 Schedule  
 of Investments (continued) (in Thousands) Face Amount Municipal Bonds Value  
 =====  
 California (continued) ----- \$ 1,090  
 California Statewide Communities Development Authority Revenue Bonds (Los Angeles Orthopedic Hospital  
 Foundation), 5.50% due 6/01/2019 (a) \$ 1,132  
 ----- Capistrano, California, Unified Public  
 Financing Authority, Special Tax Revenue Refunding Bonds, First Lien, Series A (a): 16,770 5.70% due 9/01/2016  
 17,380 10,640 5.70% due 9/01/2020 11,022  
 ----- 8,705 Castaic Lake, California, Water  
 Agency Revenue Bonds, COP (Water System Improvement Project), 5.50% due 8/01/2023 (a) 9,333  
 ----- 2,225 Chico, California,  
 Redevelopment Agency, Tax Allocation Bonds (Chico Amended and Merged Redevelopment Project), 5% due  
 4/01/2027 (a) 2,338 ----- 2,500 Colton,  
 California, Joint Unified School District, GO, Series A, 5.375% due 8/01/2026 (c) 2,719  
 ----- 7,800 Contra Costa, California,  
 Community College District, GO (Election of 2002), 5% due 8/01/2028 (b) 8,183  
 ----- Contra Costa County, California,  
 COP, Refunding: 4,570 (Capital Projects Program), 5.25% due 2/01/2021 (a) 4,744 6,000 DRIVERS, Series 154,  
 6.921% due 11/01/2017 (b)(g) 6,658 2,000 (Merrithew Memorial Hospital Project), 5.50% due 11/01/2022 (b) 2,109  
 ----- 5,910 Corona, California, Department  
 of Water and Power, COP, 5% due 9/01/2029 (b) 6,182  
 ----- 4,250 Coronado, California,  
 Community Development Agency, Tax Allocation Bonds (Coronado Community Development Project), 5% due  
 9/01/2030 (a) 4,425 ----- 2,395  
 Covina-Valley, California, Unified School District, GO, Refunding, Series A, 5.50% due 8/01/2026 (f) 2,611  
 ----- 3,750 Culver City, California,

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Redevelopment Finance Authority, Revenue Refunding Bonds, Tax Allocation, Series A, 5.60% due 11/01/2025 (f) 4,072 ----- 1,870 Davis, California, Joint Unified School District, Community Facilities District, Special Tax Refunding Bonds, Number 1, 5.50% due 8/15/2021 (b) 1,914 ----- 7,500 Desert Sands, California, Unified School District, GO (Election of 2001), 5% due 6/01/2029 (f) 7,857 ----- East Side Union High School District, California, Santa Clara County, Capital Appreciation, GO (Election of 2002), Series E (k): 5,205 5.03%\*\* due 8/01/2024 2,081 5,550 5.05%\*\* due 8/01/2025 2,102 11,000 5.125%\*\* due 8/01/2028 3,519 ----- East Side Union High School District, California, Santa Clara County, GO, Series E (c)(j): 6,205 5% due 9/01/2022 6,333 5,655 5% due 9/01/2023 5,772 ----- 7,000 El Dorado County, California, Public Agency Financing Authority, Revenue Refunding Bonds, 5.50% due 2/15/2021 (c) 7,159 ----- 7,595 Elk Grove, California, Unified School District, Special Tax Bonds (Community Facilities District Number 1), 5% due 12/01/2035 (b) 7,964 ----- Escondido, California, COP, Refunding: 1,000 Series A, 5.75% due 9/01/2024 (c) 1,097 5,000 (Wastewater Project), 5.70% due 9/01/2006 (a)(i) 5,180 ----- 5,000 Fontana, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Southwest Industrial Park Project), 5% due 9/01/2022 (b) 5,217 ----- 5,000 Foothill-De Anza, California, Community College District, GO, Refunding, 5% due 8/01/2030 (c) 5,187 ----- 4,455 Fresno, California, Airport Revenue Bonds, AMT, Series B, 5.50% due 7/01/2020 (f) 4,741 ----- 5,200 Fullerton, California, Joint Union High School District, GO (Election of 2002), Series B, 5% due 8/01/2029 (c) 5,475 ----- 4,040 Garden Grove, California, COP (Financing Project), Series A, 5.50% due 3/01/2026 (a) 4,372 ----- 5,200 Glendale, California, Unified School District, GO, Series B, 5.125% due 9/01/2023 (f) 5,461 ----- 4,565 Hemet, California, Unified School District, GO, Series A, 5.375% due 8/01/2026 (b) 4,890 ----- 9,205 Industry, California, Urban Development Agency, Tax Allocation Refunding Bonds (Civic-Recreational-Industrial Redevelopment Project Number 1), 5.50% due 5/01/2020 (b) 9,593 ----- 1,700 Inglewood, California, Unified School District, GO, Series A, 5.60% due 10/01/2024 (c) 1,839 ----- 2,300 Irvine, California, Unified School District, Special Tax (Community Facilities District Number 86-1), 5.375% due 11/01/2020 (a) 2,457 ----- 4,665 Irvine, California, Unified School District, Special Tax Refunding Bonds (Community Facilities District Number 86-1), 5.80% due 11/01/2020 (a) 4,958 ----- 2,500 La Quinta, California, Financing Authority, Local Agency Revenue Bonds, Series A, 5.25% due 9/01/2024 (a) 2,704 ----- 3,585 La Quinta, California, Financing Authority, Local Agency Tax Allocation and Revenue Refunding Bonds, ROLS, Series II-R-412X, 6.612% due 9/01/2034 (a)(g) 3,966 ----- 4,000 Long Beach, California, Bond Finance Authority, Lease Revenue Bonds (Rainbow Harbor Refinancing Project), Series A, 5.25% due 5/01/2024 (a) 4,242 ----- 10,650 Los Altos, California, School District GO, Series A, 5% due 8/01/2023 (f) 10,853 ----- 10,000 Los Angeles, California, Community Redevelopment Agency, Community Redevelopment Financing Authority Revenue Bonds (Bunker Hill Project), Series A, 5% due 12/01/2027 (f) 10,453 ----- 2,000 Los Angeles, California, Harbor

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Department Revenue Bonds, AMT, Series B, 5.375% due 11/01/2023 2,046  
----- 330 Los Angeles, California, M/F  
Housing Revenue Refunding Bonds, Senior Series G, 5.65% due 1/01/2014 (f) 333  
----- 10,000 Los Angeles, California,  
Unified School District, GO, Series E, 5% due 7/01/2030 (a) 10,510  
----- Los Angeles County, California,  
Metropolitan Transportation Authority, Sales Tax Revenue Refunding Bonds, Senior Series A: 9,000 Proposition A,  
First Tier, 5% due 7/01/2035 (a) 9,437 3,750 Proposition C, Second Tier, 5.25% due 7/01/2030 (c) 3,983  
MUNI HOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 7 Schedule of Investments  
(continued) (in Thousands) Face Amount Municipal Bonds Value

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California (continued) ----- \$ 8,795 Los  
Angeles County, California, Sanitation Districts Financing Authority, Revenue Refunding Bonds (Capital  
Projects--District Number 14), Sub-Series B, 5% due 10/01/2034 (c) \$ 9,231  
----- 2,735 Los Gatos, California, Unified  
School District, GO (Election 2001), Series B, 5% due 8/01/2030 (f) 2,851  
----- 1,890 Los Rios, California,  
Community College District, GO (Election of 2002), Series B, 5% due 8/01/2027 (b) 1,983  
----- 5,000 Menlo Park, California,  
Community Development Agency, Tax Allocation (Las Pulgas Community Development Project), 5.50% due  
6/01/2025 (a) 5,403 ----- 9,000  
Metropolitan Water District of Southern California, Waterworks Revenue Bonds, Series B-1, 5% due 10/01/2033 (c)  
9,369 ----- 5,000 Modesto, California,  
Schools Infrastructure Financing Agency, Special Tax Bonds, 5% due 9/01/2029 (a) 5,218  
----- 3,500 Mojave, California, Water  
Agency, GO, Refunding (Improvement District--Morongo Basin), 5.80% due 9/01/2022 (c) 3,628  
----- 2,000 Montebello, California,  
Community Redevelopment Agency, Housing Tax Allocation Bonds, Series A, 5.45% due 9/01/2019 (f) 2,108  
----- 4,150 Moorpark, California,  
Redevelopment Agency, Tax Allocation Bonds (Moorpark Redevelopment Project), 5.125% due 10/01/2031 (a) 4,357  
----- 2,315 Morgan Hill, California, Unified  
School District, GO, 5.75% due 8/01/2019 (c) 2,551  
----- 1,500 Napa Valley, California, Unified  
School District, GO (Election 2002), 5% due 8/01/2029 (c) 1,579  
----- 16,000 Norco, California,  
Redevelopment Agency, Tax Allocation Refunding Bonds (Norco Redevelopment Project -- Area Number 1), 5.75%  
due 3/01/2026 (b) 16,385 ----- 2,140 North  
City West, California, School Facilities Financing Authority, Special Tax Refunding Bonds, Series B, 6% due  
9/01/2019 (f) 2,221 ----- 3,275 Northern  
California Power Agency, Public Power Revenue Refunding Bonds (Hydroelectric Project Number One), Series A,  
5.125% due 7/01/2023 (b) 3,425 -----  
10,350 Norwalk-La Mirada Unified School District, California, Capital Appreciation, GO, Series B, 5%\*\* due  
8/01/2024 (c) 4,325 ----- 9,995 Oakland,  
California, Alameda County Unified School District, GO, Refunding, Series C, 5.50% due 8/01/2019 (c) 10,114  
----- Oakland, California, Alameda County  
Unified School District, GO, Series F (b): 3,705 5.625% due 8/01/2020 4,018 5,245 5.625% due 8/01/2021 5,689  
6,000 5.50% due 8/01/2024 6,463 -----  
7,105 Oakland, California, Joint Powers Financing Authority, Lease Revenue Bonds (Oakland Administration  
Buildings), 5.75% due 8/01/2006 (a)(i) 7,349  
----- 5,000 Ohlone, California, Community  
College District, GO, Series B, 5% due 8/01/2030 (f) 5,256

Explanation of Responses:

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----- 10,000 Oxnard, California, Financing Authority, Wastewater Revenue Bonds (Redwood Trunk Sewer and Headworks Projects), Series A, 5.25% due 6/01/2034 (c) 10,701 ----- Pajaro Valley, California, Unified School District, Capital Appreciation, GO (Election of 2002), Series B (f): 5,610 5.03%\*\* due 8/01/2024 2,327 6,440 5.16%\*\* due 8/01/2028 2,168

----- 6,475 Palm Desert, California, Financing Authority, Tax Allocation Revenue Bonds (Project Area Number 2), 5% due 8/01/2033 (b) 6,745

----- 5,750 Palm Desert, California, Financing Authority, Tax Allocation Revenue Refunding Bonds (Project Area Number 1), 5.45% due 4/01/2018 (b) 6,009 ----- 1,000 Palm Springs, California, COP, Refunding (Multiple Capital Facilities Project), 5.75% due 4/01/2017 (a) 1,050

----- 1,600 Palm Springs, California, Financing Authority, Lease Revenue Refunding Bonds (Convention Center Project), Series A, 5.50% due 11/01/2035 (b) 1,771 ----- 15,490 Peralta, California, Community College District, GO (Election of 2000), Series D, 5% due 8/01/2035 (f) 16,247

----- 5,115 Perris, California, Unified School District, Capital Appreciation, GO, Series A, 5.20%\*\* due 9/01/2028 (c) 1,730

----- 4,000 Pittsburg, California, Public Financing Authority, Water Revenue Bonds, 5.50% due 6/01/2007 (b)(i) 4,185

----- 9,100 Pleasanton, California, Unified School District, GO, Series E, 5.50% due 8/01/2008 (c)(i) 9,717

----- 5,000 Port of Oakland, California, Port Revenue Refunding Bonds, Series I, 5.40% due 11/01/2017 (b) 5,285

----- 12,675 Port of Oakland, California, RIB, AMT, Series 1192, 6.96% due 11/01/2027 (c)(g) 14,312

----- Port of Oakland, California, Revenue Bonds, AMT, Series K (c): 3,500 5.75% due 11/01/2014 3,755 17,120 5.75% due 11/01/2029 18,266

----- Rancho Cordova, California, COP (City Hall Facility Acquisition Project) (k): 5,085 5% due 2/01/2030 5,307 5,525 5% due 2/01/2035 5,750

----- 2,205 Richmond, California, Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series A, 5.50% due 9/01/2018 (b) 2,396

----- 10,825 Sacramento, California, Municipal Utility District, Electric Revenue Refunding Bonds, Series L, 5.125% due 7/01/2022 (b) 11,300

----- 3,500 Sacramento, California, Power Authority Revenue Bonds (Cogeneration Project), 5.875% due 7/01/2006 (b)(i) 3,616

----- 1,700 Sacramento County, California, Airport System Revenue Bonds, Series A, 5.25% due 7/01/2017 (f) 1,831

----- 4,000 Sacramento County, California, Sanitation District Financing Authority, Revenue Bonds, Series A, 5% due 12/01/2035 (a) 4,190

----- 4,000 Sacramento County, California, Sanitation District Financing Authority, Revenue Refunding Bonds, 5% due 8/01/2030 (b) 4,205 8 MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 Schedule of Investments (continued) (in Thousands) Face Amount Municipal Bonds Value

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California (continued) ----- \$ 4,115

Saddleback Valley, California, Unified School District, GO, 5% due 8/01/2029 (f) \$ 4,314

----- 5,440 San Bernardino, California, Joint Powers Financing Authority, Lease Revenue Bonds (Department of Transportation Lease), Series A, 5.50% due 12/01/2020 (b) 5,558 ----- 1,480 San Bernardino County, California, COP, Refunding (Medical Center Financing Project), 5.50% due 8/01/2019 (b) 1,497

----- 3,330 San Diego, California,

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Community College District, GO (Election of 2002), 5% due 5/01/2030 (f) 3,497  
----- 5,055 San Diego, California, Public  
Facilities Financing Authority, Sewer Revenue Bonds, Series A, 5.25% due 5/15/2027 (c) 5,215  
----- 6,480 San Diego, California, Unified  
School District, GO (Election of 1998), Series F, 5% due 7/01/2028 (f) 6,796  
----- 1,500 San Diego County, California,  
COP (Edgemoor Project and Regional System), Refunding, 5% due 2/01/2029 (a) 1,566  
----- 4,000 San Diego County, California,  
Water Authority, Water Revenue Bonds, COP, Series A, 5% due 5/01/2031 (f) 4,191  
----- 6,795 San Francisco, California, Bay  
Area Rapid Transit District, Sales Tax Revenue Bonds, 5.50% due 7/01/2009 (c)(i) 7,360  
----- 13,100 San Francisco, California, Bay  
Area Rapid Transit District, Sales Tax Revenue Refunding Bonds, Series A, 5% due 7/01/2030 (b) 13,767  
----- San Francisco, California, City and  
County Airport Commission, International Airport Revenue Bonds, AMT, Second Series: 5,830 Issue 10A, 5.50% due  
5/01/2013 (b) 5,983 5,750 Issue 12A, 5.80% due 5/01/2021 (c) 5,850 6,430 Issue 24A, 5.50% due 5/01/2024 (f) 6,785  
----- 8,900 San Francisco, California, State  
Building Authority, Lease Revenue Bonds (San Francisco Civic Center Complex), Series A, 5.25% due 12/01/2006  
(a)(i) 9,238 ----- San Jose-Evergreen,  
California, Community College District, Capital Appreciation, GO (Election of 2004), Refunding, Series A (b):  
10,410 5.17%\*\* due 9/01/2024 4,129 7,250 5.34%\*\* due 9/01/2029 2,152  
----- San Juan, California, Unified School  
District, GO : 3,955 5.625% due 8/01/2018 (c) 4,331 3,830 5.625% due 8/01/2019 (c) 4,194 4,250 (Election of 2002),  
5% due 8/01/2028 (b) 4,438 ----- 6,740 San  
Mateo, California, Redevelopment Agency, Merged Area Tax Allocation Refunding Bonds, Series A, 5% due  
8/01/2030 (k) 7,037 ----- 2,300 San Mateo  
County, California, Community College District, COP, 5% due 10/01/2029 (b) 2,397  
----- 5,650 San Mateo County, California,  
Transit District, Sales Tax Revenue Refunding Bonds, Series A, 5% due 6/01/2029 (b) 5,945  
----- 14,000 Santa Clara, California,  
Redevelopment Agency, Tax Allocation Bonds (Bayshore North Project), Series A, 5.50% due 6/01/2023 (a) 15,000  
----- 6,050 Santa Clara, California,  
Subordinated Electric Revenue Bonds, Series A, 5% due 7/01/2028 (b) 6,315  
----- 9,750 Santa Clara County, California,  
Financing Authority, Lease Revenue Refunding Bonds, Series A, 5% due 11/15/2022 (a) 10,200  
----- 9,000 Santa Fe Springs, California,  
Community Development, Commission Tax Allocation Refunding Bonds (Consolidated Redevelopment Project),  
Series A, 5% due 9/01/2022 (b) 9,379 -----  
5,110 Santa Monica, California, Redevelopment Agency, Tax Allocation Bonds (Earthquake Recovery  
Redevelopment Project), 6% due 7/01/2029 (a) 5,552  
----- 2,855 Santa Rosa, California, High  
School District, GO (Election of 2002), 5% due 8/01/2028 (b) 2,981  
----- 4,450 Saugus, California, Union  
School District, GO, Series B, 5% due 8/01/2029 (f) 4,685  
----- 5,000 Southern California Public  
Power Authority, Power Project Revenue Bonds (Magnolia Power Project), Series A-1, 5% due 7/01/2033 (a) 5,196  
----- 1,570 Southwestern Community  
College District, California, GO, Refunding, 5.25% due 8/01/2017 (b) 1,758  
----- 3,200 Stockton, California, Public  
Financing Authority, Water Revenue Bonds (Water System Capital Improvement Projects), Series A, 5% due  
10/01/2031 (b) 3,364 ----- 1,500 Stockton,



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California, Redevelopment Agency, Revenue Bonds (Stockton Events Center--Arena Project), 5% due 9/01/2028 (c) 1,561 ----- 13,250 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 (b) 13,910 ----- 6,655 Turlock, California, Public Finance Authority, Sewer Revenue Bonds, Series A, 5% due 9/15/2033 (c) 6,926 ----- 7,475 University of California, COP, Series A, 5.25% due 11/01/2007 (a)(i) 7,823 ----- 9,875 University of California, Hospital Revenue Bonds (University of California Medical Center), 5.75% due 7/01/2006 (a)(i) 10,096 ----- 1,410 University of California Revenue Bonds, Series K, 5.25% due 9/01/2024 (c) 1,485 ----- 16,000 University of California Revenue Refunding Bonds (Multiple Purpose Projects), Series E, 5.125% due 9/01/2020 (b) 16,589 ----- 2,200 Val Verde, California, Unified School District, COP (School Construction Project), Refunding, Series B, 5% due 1/01/2030 (c) 2,292 ----- Vista, California, Unified School District, GO: 10,000 Series A, 5.25% due 8/01/2025 (f) 10,652 2,550 Series B, 5% due 8/01/2028 (c) 2,663 ----- MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 9 Schedule of Investments (concluded) (in Thousands) Face Amount Municipal Bonds Value

=====  
 California (concluded) ----- \$ 6,075  
 Washington, California, Unified School District (Yolo County), Capital Appreciation, GO (Election of 2004), Series A, 4.98%\*\* due 8/01/2029 (c) \$ 1,984 -----  
 5,825 West Contra Costa, California, Unified School District, Capital Appreciation, GO (Election of 2002), Series C, 4.98%\*\* due 8/01/2029 (c) 1,904 -----  
 6,690 West Contra Costa, California, Unified School District, GO (Election of 2002), Series B, 5% due 8/01/2032 (f) 6,932 ----- 3,145 Yorba Linda, California, Redevelopment Agency, Redevelopment Project Tax Allocation Revenue Bonds (Subordinate Lien), Series B, 5% due 9/01/2032 (a) 3,301

=====  
 Puerto Rico--4.7% ----- Puerto Rico Commonwealth Infrastructure Financing Authority, Special Tax and Capital Appreciation Revenue Bonds, Series A: 15,000 4.60%\*\* due 7/01/2030 (c) 4,778 12,400 4.77%\*\* due 7/01/2042 (c) 2,183 10,000 4.77%\*\* due 7/01/2044 (a) 1,597 ----- Puerto Rico Electric Power Authority, Power Revenue Bonds: 11,215 Series HH, 5.30% due 7/01/2020 (f) 12,015 7,880 Series NN, 5.125% due 7/01/2029 8,159 ----- Total Municipal Bonds (Cost--\$940,751)--161.2% 985,117

=====  
 Shares Held Short-Term Securities

=====  
 88 CMA California Municipal Money Fund \*\*\* 88 ----- Total Short-Term Securities (Cost--\$88)--0.0% 88

=====  
 Total Investments (Cost--\$940,839\*)--161.2% 985,205 Other Assets Less Liabilities--2.6% 15,991 Preferred Stock, at Redemption Value--(63.8%) (390,152) ----- Net Assets Applicable to Common Stock--100.0% \$ 611,044  
 ===== \* The cost and unrealized appreciation (depreciation) of investments as of December 31, 2005, as computed for federal income tax purposes, were as follows: Aggregate cost..... \$940,329

Explanation of Responses:

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=====  
 ===== Gross unrealized appreciation..... \$ 45,797 Gross unrealized  
 depreciation..... (921) ----- Net unrealized appreciation..... \$ 44,876 ===== \*\*

Represents a zero coupon bond; the interest rate shown reflects the effective yield at the time of purchase. \*\*\*

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: ----- Net Dividend

Affiliate Activity Income ----- CMA California Municipal  
 Money Fund 33 \$23 ----- (a) AMBAC Insured. (b) MBIA

Insured. (c) FGIC Insured. (d) FHA Insured. (e) Connie Lee Insured. (f) FSA Insured. (g) The rate disclosed is that currently in effect. This rate changes periodically and inversely based upon prevailing market rates. (h) 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. (i) Prerefunded. (j) Escrowed to maturity. (k) XL Capital Insured. See Notes to Financial Statements.

Portfolio Information as of December 31, 2005 Percent of Total Quality Ratings by S&P/Moody's Investments

----- AAA/Aaa .....

97.5% AA/Aa ..... 0.2 A/A ..... 2.2 Other\*

..... 0.1 ----- \* Includes

portfolio holdings in short-term investments and variable rate demand notes. 10 MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 Statement of Net Assets As of December 31, 2005

=====  
 =====  
 Assets -----

Investments in unaffiliated securities, at value (identified cost--\$940,750,258) \$ 985,116,802 Investments in affiliated securities, at value (identified cost--\$88,264) ..... 88,264 Cash ..... 31,211

Receivables: Interest ..... \$ 15,472,494 Securities sold

..... 3,528,800 19,001,294 ----- Prepaid expenses

..... 3,584 ----- Total assets .....

1,004,241,155 -----

=====  
 =====  
 Liabilities

----- Payables:

Securities purchased ..... 2,339,138 Investment adviser

..... 407,158 Dividends to Common Stock shareholders .....

60,082 Other affiliates ..... 14,705 2,821,083 ----- Accrued expenses and

other liabilities ..... 224,070 ----- Total liabilities .....

3,045,153 -----

=====  
 =====  
 Preferred Stock

----- Preferred

Stock, at redemption value, par value \$.10 per share (1,920 Class A Shares, 3,880 Class B Shares, 3,200 Class C Shares, 2,960 Class D Shares and 3,640 Class E Shares of AMPS\* authorized, issued and outstanding at \$25,000 per share liquidation preference) ..... 390,151,962 -----

=====  
 =====  
 Net Assets Applicable to Common Stock

----- Net

assets applicable to Common Stock ..... \$ 611,044,040 =====

=====  
 =====  
 Analysis of Net Assets Applicable to Common Stock

----- Common

Stock, par value \$.10 per share (40,721,660 shares issued and outstanding) \$ 4,072,166 Paid-in capital in excess of par ..... 600,677,596 Undistributed investment income--net .....

6,727,923 Accumulated realized capital losses--net ..... (44,800,189) Unrealized

appreciation--net ..... 44,366,544 ----- Total accumulated earnings--net

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..... 6,294,278 ----- Total--Equivalent to \$15.01 net asset value per share of  
 Common Stock (market price--\$15.60) ..... \$ 611,044,040 ===== \*  
 Auction Market Preferred Stock. See Notes to Financial Statements. MUNIHOLDINGS CALIFORNIA INSURED  
 FUND, INC. DECEMBER 31, 2005 11 Statement of Operations For the Six Months Ended December 31, 2005

Investment Income

----- Interest  
 ..... \$ 25,151,130 Dividends from affiliates ..... 22,806  
 ----- Total income ..... 25,173,936 -----

Expenses

Investment advisory fees ..... \$ 2,809,869 Commission fees  
 ..... 503,222 Accounting services ..... 143,930 Transfer  
 agent fees ..... 41,010 Professional fees ..... 30,325  
 Custodian fees ..... 24,830 Printing and shareholder reports .....  
 24,322 Directors' fees and expenses ..... 19,747 Pricing fees  
 ..... 15,480 Listing fees ..... 14,604 Other  
 ..... 36,938 ----- Total expenses before waiver and reimbursement  
 ..... 3,664,277 Waiver and reimbursement of expenses ..... (173,420) ----- Total  
 expenses after waiver and reimbursement ..... 3,490,857 ----- Investment income--net  
 ..... 21,683,079 -----

Realized & Unrealized Gain (Loss)--Net

----- Realized  
 gain (loss) on: Investments--net ..... 6,102,234 Futures contracts--net  
 ..... (385,491) 5,716,743 ----- Change in unrealized appreciation on: Investments--net  
 ..... (19,601,449) Futures contracts--net ..... (36,942)  
 (19,638,391) ----- Total realized and unrealized loss--net ..... (13,921,648)  
 -----

Dividends to Preferred Stock Shareholders

Investment income--net ..... (4,512,715) ----- Net Increase in Net Assets Resulting  
 from Operations ..... \$ 3,248,716 ===== See Notes to Financial Statements. 12  
 MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 Statements of Changes in Net  
 Assets For the Six For the Months Ended Year Ended December 31, June 30, Increase (Decrease) in Net Assets: 2005  
 2005

Operations

Investment income--net ..... \$ 21,683,079 \$ 43,408,467 Realized gain--net  
 ..... 5,716,743 4,909,272 Change in unrealized appreciation/depreciation--net  
 ..... (19,638,391) 23,183,647 Dividends to Preferred Stock shareholders .....  
 (4,512,715) (5,757,284) ----- Net increase in net assets resulting from operations  
 ..... 3,248,716 65,744,102 -----

Dividends to Common Stock Shareholders

Investment income--net ..... (19,278,947) (38,543,121) ----- Net  
 decrease in net assets resulting from dividends to Common Stock shareholders (19,278,947) (38,543,121)  
 -----

Capital Stock Transactions

----- Net  
 increase in net assets derived from capital stock transactions ..... 965,420 -- -----

Net Assets Applicable to Common Stock

----- Total  
 increase (decrease) in net assets applicable to Common Stock ..... (15,064,811) 27,200,981 Beginning of period  
 ..... 626,108,851 598,907,870 ----- End of period\*  
 ..... \$ 611,044,040 \$ 626,108,851 ===== \*

Undistributed investment income--net ..... \$ 6,727,923 \$ 8,836,506

===== See Notes to Financial Statements. MUNIHOLDINGS CALIFORNIA

INSURED FUND, INC. DECEMBER 31, 2005 13 Financial Highlights For the Six Months Ended For the Year  
 Ended June 30, The following per share data and ratios have been derived December 31,

----- from information provided in the financial statements. 2005 2005 2004 2003 2002

Per Share Operating Performance

----- Net asset  
 value, beginning of period ..... \$ 15.40 \$ 14.73 \$ 15.53 \$ 14.82 \$ 14.46  
 ----- Investment income--net\*\* ..... .53 1.07 1.05 1.09  
 1.10 Realized and unrealized gain (loss)--net ..... (.34) .69 (.84) .63 .30 Dividends and distributions to  
 Preferred Stock shareholders: Investment income--net ..... (.11) (.14) (.08) (.10) (.15) Realized  
 gain--net ..... -- -- -- -- + ----- Total from investment  
 operations ..... .08 1.62 .13 1.62 1.25 ----- Less dividends and  
 distributions to Common Stock shareholders: Investment income--net ..... (.47) (.95) (.93) (.91)  
 (.89) Realized gain--net ..... -- -- -- -- + ----- Total  
 dividends and distributions to Common Stock shareholders (.47) (.95) (.93) (.91) (.89)  
 ----- Net asset value, end of period ..... \$ 15.01 \$ 15.40 \$  
 14.73 \$ 15.53 \$ 14.82 ===== Market price per  
 share, end of period ..... \$ 15.60 \$ 14.97 \$ 13.36 \$ 14.85 \$ 14.19

Total Investment Return\*\*\*\*

----- Based on  
 net asset value per share ..... .59%@ 11.56% 1.28% 11.60% 9.10%

----- Based on market price per share  
 ..... 7.55%@ 19.56% (3.93%) 11.45% 14.61%

Ratios Based on Average Net Assets of Common Stock

----- Total  
 expenses, net of waiver and reimbursement and excluding reorganization expenses\*\*\* ..... 1.12%\*

1.11% 1.10% 1.11% 1.14% ===== Total

expenses, excluding reorganization expenses\*\*\* ..... 1.17%\* 1.17% 1.17% 1.17% 1.20%

===== Total expenses\*\*\*

..... 1.17%\* 1.17% 1.17% 1.17% 1.22%

===== Total investment income--net\*\*\*

..... 6.94%\* 6.99% 6.87% 7.09% 7.41%

===== Amount of dividends to Preferred  
 Stock shareholders ..... 1.45%\* .93% .53% .65% 1.02%

===== Investment income--net, to Common

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Stock shareholders ..... 5.49%\* 6.06% 6.34% 6.44% 6.39%

===== 14 MUNIHOLDINGS CALIFORNIA  
INSURED FUND, INC. DECEMBER 31, 2005 Financial Highlights (concluded) For the Six Months Ended For the  
Year Ended June 30, The following per share data and ratios have been derived December 31,  
----- from information provided in the financial statements. 2005 2005 2004 2003  
2002

Ratios Based on Average Net Assets of Preferred Stock

----- Dividends  
to Preferred Stock shareholders ..... 2.27%\* 1.48% .85% 1.03% 1.57%

Supplemental Data

----- Net assets  
applicable to Common Stock, end of period (in thousands) ..... \$611,044 \$626,109 \$598,908  
\$631,571 \$602,571 ===== Preferred  
Stock outstanding, end of period (in thousands) ..... \$390,000 \$390,000 \$390,000 \$390,000  
\$390,000 ===== Portfolio turnover  
..... 20.92% 48.42% 35.59% 26.99% 41.35%

Leverage

-----  
Asset coverage per \$1,000 ..... \$ 2,567 \$ 2,605 \$ 2,536 \$ 2,619 \$ 2,545

Dividends Per Share on Preferred Stock Outstanding

----- Series  
A--Investment income--net ..... \$ 282 \$ 347 \$ 195 \$ 253 \$ 362  
===== Series B--Investment  
income--net ..... \$ 292 \$ 391 \$ 216 \$ 269 \$ 400  
===== Series C--Investment  
income--net ..... \$ 291 \$ 373 \$ 218 \$ 248 \$ 375  
===== Series D--Investment  
income--net ..... \$ 285 \$ 351 \$ 210 \$ 255 \$ 400  
===== Series E--Investment  
income--net ..... \$ 292 \$ 369 \$ 213 \$ 262 \$ 408

===== \* Annualized. \*\* 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 lesser than the net asset value, may  
result in substantially different returns. Total investment returns exclude the effect of sales charges. + Amount is less  
than \$(.01) per share. @ Aggregate total investment return. See Notes to Financial Statements. MUNIHOLDINGS  
CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 15 Notes to Financial Statements 1. Significant  
Accounting Policies: MuniHoldings California Insured Fund, Inc. (the "Fund") is registered under the Investment  
Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. The Fund's  
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. These unaudited  
financial statements reflect all adjustments, which are, in the opinion of management, necessary to present a fair  
statement of the results for the interim period. All such adjustments are of a normal, recurring nature. The Fund  
determines and makes available for publication the net asset value of its Common Stock on a daily basis. The Fund's  
Common Stock shares are listed on the New York Stock Exchange under the symbol MUC. The following is a  
summary of significant accounting policies followed by the Fund. (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 Fund under the general direction of the Board of Directors. Such valuations and procedures are reviewed periodically by the Board of Directors of the Fund. 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 Fund's 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. 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 Board of Directors of the Fund.

(b) Derivative financial instruments -- The 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.

o Financial futures contracts -- The 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.

o Options -- The Fund may write covered call options and purchase 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.

o Forward interest rate swaps -- The Fund may enter into forward interest rate swaps. In a forward interest rate swap, the Fund and the counterparty agree to make net periodic payments on a specified notional contract amount, commencing on a specified future effective date, 16 MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 Notes to Financial Statements (concluded) unless terminated earlier. When the agreement is closed, the Fund records a realized gain or loss in an amount equal to the value of the agreement.

(c) Income taxes -- It is the 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.

(d) Security transactions and investment income -- Security transactions are recorded on the dates the transactions 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 Fund amortizes all premiums and discounts on debt securities.

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

2. Investment Advisory Agreement and Transactions with Affiliates: The 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 the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee at an annual rate of .55% of the Fund's average daily net assets, including proceeds from the issuance of Preferred Stock.

For the six months ended December 31, 2005, FAM earned fees of \$2,809,869, of which \$168,637 was waived. In addition, FAM has agreed to reimburse its advisory fee by the amount of advisory fees the Fund pays to FAM indirectly through its investment in CMA California Municipal Money Fund. For the six months ended December 31, 2005, FAM reimbursed the Fund in the amount of \$4,783. For the six months ended December 31, 2005, the Fund reimbursed FAM \$11,500 for certain accounting services. Certain officers and/or directors of the Fund are officers and/or directors of FAM, PSI, and/or ML & Co. 3. Investments: Purchases and sales of investments, excluding short-term securities, for the six months ended December 31, 2005 were \$214,865,416 and \$205,678,787, respectively. 4. Stock Transactions: The 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 Board of Directors is authorized, however, to reclassify any unissued shares of stock without approval of holders of Common Stock. Common Stock Shares issued and outstanding during the six months ended December 31, 2005 increased by 64,359 as a result of dividend reinvestment and during the year ended June 30, 2005 remained constant. Preferred Stock Auction Market Preferred Stock are shares of Preferred Stock of the Fund, with a par value of \$.10 per share and a liquidation preference of \$25,000 per share 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 December 31, 2005 were: Series A, 3.30%; Series B, 3.30%; Series C, 3.10%; Series D, 2.50%; and Series E, 3.45%. The 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 six months ended December 31, 2005, Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliate of FAM, earned \$206,140 as commissions. 5. Capital Loss Carryforward: On June 30, 2005, the Fund had a net capital loss carryforward of \$44,726,463, of which \$8,937,524 expires in 2007, \$7,894,678 expires in 2008, \$24,786,894 expires in 2009 and \$3,107,367 expires in 2012. This amount will be available to offset like amounts of any future taxable gains. 6. Subsequent Event: The Fund paid a tax-exempt income dividend to holders of Common Stock in the amount of \$.075000 per share on January 30, 2006 to shareholders of record on January 18, 2006.

MUNI HOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 17 Disclosure of Investment Advisory Agreement Activities and Composition of the Board of Directors All but one member of the Board of Directors is an independent director whose only affiliation with Fund Asset Management, L.P. (the "Investment Adviser") or other Merrill Lynch affiliates is as a director of the Fund and certain other funds advised by the Investment Adviser or its affiliates. The Co-chairmen of the Board are also independent directors. New director nominees are chosen as nominees by a Nominating Committee comprised of independent directors. All independent directors also are members of the Board's Audit Committee and the independent directors meet in executive session at each in-person Board meeting. The Board and the 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 Board Every year, the Board considers approval of the Fund's investment advisory agreement (the "Investment Advisory Agreement"). The 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. The Board also receives and assesses information regarding the services provided to the Fund by certain unaffiliated service providers. At various times throughout the year, the 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 the Investment Adviser's compliance policies and procedures; and (d) the nature, cost and character of non-investment management services provided by the Investment Adviser and its affiliates. The 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. The 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. The Board works closely with the Investment Adviser in overseeing the Investment Adviser's efforts to achieve good performance. As part of this effort, the 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 Board of Directors In the period prior to the Board meeting to consider renewal of the Investment Advisory Agreement, the Board requests and receives materials specifically relating to the Fund's Investment Advisory Agreement. These materials include (a) information compiled by Lipper Inc. ("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 of 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 clients, such as other mutual funds and offshore funds under similar investment mandates. The Board also considers other matters it deems important to the approval process such as services related to the valuation and pricing of Fund portfolio holdings, allocation of Fund portfolio transactions, the Fund's portfolio turnover statistics, and direct and indirect benefits to the Investment Adviser and its affiliates from their relationship with the Fund. Certain Specific Renewal Data In connection with the most recent renewal of the Fund's Investment Advisory Agreement which occurred in November 2005, the independent directors' and Board's review included the following: Services Provided by the Investment Adviser -- The 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. The Board focused primarily on the Investment Adviser's investment 18 MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 advisory services and the Fund's investment performance. The 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. While the 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. For the periods ended August 31, 2005, the Fund's performance after fees and expenses ranked in the fifth quintile for the one-year period, in the second quintile for the three-year period and in the first quintile for the five-year period. Considering these factors, the Board concluded that the nature and quality of these services supported the continuation of the Investment Advisory Agreement. The Investment Adviser's Personnel and Investment Process -- The Board reviews at least annually the Fund's investment objectives and strategies. The 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, the 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. The Board also reviews the Investment Adviser's compensation policies and practices with respect to the Fund's portfolio managers. The Board also considered the experience of the Fund's portfolio manager and noted that Mr. O'Connor has more than twenty-one years of experience in portfolio management. The Investment Adviser and its investment staff have extensive experience in analyzing and managing the types of investments used by the Fund. The Board concluded that the Fund benefits from that expertise. Management Fees and Other Expenses -- The 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. The Board did not consider the services provided to and the fees charged by the Investment Adviser to other types of clients with similar investment mandates because the Investment Adviser advised the Board that it had no comparable investment mandates from its clients. The Fund's contractual management fee rate was equal to, and the actual management fee rate and actual total expenses were somewhat higher than, the median fees and expenses charged by comparable funds, as determined by Lipper. The Board has concluded that the Fund's management fee and fee rate and overall expense ratio are reasonable compared to those of other comparable funds. Profitability -- The Board considers the cost of the services provided to the Fund by the Investment Adviser, and the Investment Adviser's and its affiliates' profits relating to the management of the Fund and the MLIM/FAM-advised funds. As part of its analysis, the 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 Board also



considered federal court decisions discussing an investment adviser's profitability and profitability levels considered to be reasonable in those decisions. The Board believes the Investment Adviser's profits are acceptable in relation to the nature and quality of services provided. Economies of Scale -- The 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. The Board considered economies of scale to the extent applicable to the Fund's closed-end structure and determined that the Fund appropriately benefits from any economies of scale and no changes were currently necessary. Conclusion After the independent directors deliberated in executive session, the 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.

MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 19 Dividend Policy The Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. However, in order to provide shareholders with a more stable level of dividend distributions, the Fund 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 Fund for any particular month may be more or less than the amount of net investment income earned by the Fund during such month. The Fund's 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 this report.

20 MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 Officers and Directors Robert C. Doll, Jr., President and Director James H. Bodurtha, Director Kenneth A. Froot, Director Joe Grills, Director Herbert I. London, Director Roberta Cooper Ramo, Director Robert S. Salomon, Jr., Director Stephen B. Swensrud, Director Donald C. Burke, Vice President and Treasurer Kenneth A. Jacob, Senior Vice President John M. Loffredo, Senior Vice President Walter C. O'Connor, Vice President Jeffrey Hiller, Chief Compliance Officer Alice A. Pellegrino, Secretary 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 NYSE Symbol MUC ----- Effective January 1, 2006, Stephen B. Swensrud retired as Director of MuniHoldings California Insured Fund, Inc. The Fund's Board of Directors wishes Mr. Swensrud well in his retirement. -----

MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 21 Availability of Quarterly Schedule of Investments The Fund files its complete schedule 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 Fund's Forms N-Q are available on the SEC's Web site at <http://www.sec.gov>. The Fund's 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 Fund offers electronic delivery of communications to its 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.

22 MUNIHOLDINGS CALIFORNIA INSURED FUND, INC. DECEMBER 31, 2005 [LOGO] Merrill Lynch Investment Managers [www.mlim.ml.com](http://www.mlim.ml.com) ----- Mercury Advisors A Division of Merrill Lynch Investment Managers [www.mercury.ml.com](http://www.mercury.ml.com) MuniHoldings California Insured Fund, Inc. seeks to provide shareholders with current income exempt from federal and California income taxes. The Fund seeks to achieve this objective by investing primarily 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 and California income taxes. This report, including the financial information herein, is transmitted to shareholders of MuniHoldings California Insured Fund, Inc. for their information. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Fund has leveraged its Common Stock and intends 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 Fund uses 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](http://www.mutualfunds.ml.com); and (3) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>. Information about how the Fund voted proxies relating to securities held in the Fund's portfolio during the most recent 12-month period ended June 30 is available (1) at [www.mutualfunds.ml.com](http://www.mutualfunds.ml.com) and (2) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>. MuniHoldings California Insured Fund, Inc. Box 9011 Princeton, NJ 08543-9011 #HOLDCA -- 12/05 Item 2 - Code of Ethics - Not Applicable to this semi-annual report Item 3 - Audit Committee Financial Expert - Not Applicable to this semi-annual report Item 4 - Principal Accountant Fees and Services - Not Applicable to this semi-annual report Item 5 - Audit Committee of Listed Registrants - Not Applicable to this semi-annual report Item 6 - Schedule of Investments - Not Applicable Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - Not Applicable to this semi-annual report Item 8 - Portfolio Managers of Closed-End Management Investment Companies - Not Applicable to this semi-annual report 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 certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report. 11(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) that occurred during the last fiscal half-year of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting. Item 12 - Exhibits attached hereto 12(a)(1) - Code of Ethics - Not Applicable to this semi-annual report 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. MuniHoldings California Insured Fund, Inc. By: /s/ Robert C. Doll, Jr. ----- Robert C. Doll, Jr., Chief Executive Officer of MuniHoldings California Insured Fund, Inc. Date: February 21, 2006 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 MuniHoldings California Insured Fund, Inc. Date: February 21, 2006 By: /s/ Donald C. Burke ----- Donald C. Burke, Chief Financial Officer of MuniHoldings California Insured Fund, Inc. Date: February 21, 2006