Form **1040** **U.S. Individual Income Tax Return** **2006** (99) IRS Use Only - Do not write or staple in this space.

OMB No. 1545-0074

For the year Jan. 1-Dec. 31, 2006, or other tax year beginning , 2006, ending , 20

Label (See instructions on page 16.) **Use the IRS label.** Otherwise, please print or type. **Presidential Election Campaign** ▶

LABEL HERE

Your first name and initial	Last name	Your social security number
JOHN S	MCCAIN, III	[redacted]
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
		[redacted]

Home address (number and street). If you have a P.O. box, see page 16. [redacted] Apt. no.

You **must** enter ▲ your SSN(s) above. ▲

City, town or post office, state, and ZIP code. If you have a foreign address, see page 16.
PHOENIX, AZ [redacted]

Checking a box below will not change your tax or refund.

Check here if you, or your spouse if filing jointly, want $3 to go to this fund (see page 16) ... ▶ [X] You [ ] Spouse

Filing Status Check only one box.

1 [ ] Single
2 [ ] Married filing jointly (even if only one had income)
3 [X] Married filing separately. Enter spouse's SSN above and full name here. ▶ CINDY H MCCAIN
4 [ ] Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 [ ] Qualifying widow(er) with dependent child (see page 17)

Exemptions

6a [X] **Yourself.** If someone can claim you as a dependent, **do not** check box 6a
b [ ] **Spouse**

Boxes checked on 6a and 6b: 1

c **Dependents:** (1) First name / Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 19)
MEGHAN M. MCCAIN	[redacted]	CHILD	
JOHN S. MCCAIN		CHILD	

No. of children on 6c who:
- lived with you: 2
- did not live with you due to divorce or separation (see page 20):

Dependents on 6c not entered above:

If more than four dependents, see page 19.

d Total number of exemptions claimed: Add numbers on lines above ▶ 3

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 23.

Enclose, but do not attach, any payment. Also, please use **Form 1040-V.**

7	Wages, salaries, tips, etc. Attach Form(s) W-2		7	* 299,418.
8a	**Taxable** interest. Attach Schedule B if required		8a	* 14.
b	**Tax-exempt** interest. **Do not** include on line 8a	8b		
9a	Ordinary dividends. Attach Schedule B if required		9a	
b	Qualified dividends (see page 23)	9b		
10	Taxable refunds, credits, or offsets of state and local income taxes STMT 2 STMT 4		10	0.
11	Alimony received		11	
12	Business income or (loss). Attach Schedule C or C-EZ		12	* 40,194.
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ [ ]		13	
14	Other gains or (losses). Attach Form 4797		14	
15a	IRA distributions — 15a	b Taxable amount	15b	
16a	Pensions and annuities — 16a	b Taxable amount	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	
18	Farm income or (loss). Attach Schedule F		18	
19	Unemployment compensation		19	
20a	Social security benefits — 20a 22,104.	b Taxable amount (see page 27)	20b	18,788.
21	Other income. List type and amount (see page 29)		21	
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ▶		22	358,414.

Adjusted Gross Income

23	Archer MSA deduction. Attach Form 8853	23		
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24		
25	Health savings account deduction. Attach Form 8889	25		
26	Moving expenses. Attach Form 3903	26		
27	One-half of self-employment tax. Attach Schedule SE	27	1,905.	
28	Self-employed SEP, SIMPLE, and qualified plans	28		
29	Self-employed health insurance deduction (see page 29)	29		
30	Penalty on early withdrawal of savings	30		
31a	Alimony paid b Recipient's SSN ▶ [redacted]	31a	17,700.	
32	IRA deduction (see page 31)	32		
33	Student loan interest deduction (see page 33)	33		
34	Jury duty pay you gave to your employer	34		
35	Domestic production activities deduction. Attach Form 8903	35		
36	Add lines 23 through 31a and 32 through 35		36	19,605.
37	Subtract line 36 from line 22. This is your **adjusted gross income** ▶		37	338,809.

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LHA **For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 80.** Form **1040** (2006)

* See Attached Statement A for Community Property Income and Expenses

Tax and Credits	38	Amount from line 37 (adjusted gross income)	38	338,809.
Standard Deduction for - • People who checked any box on line 39a or 39b **or** who can be claimed as a dependent. • All others: Single or Married filing separately, $5,150; Married filing jointly or Qualifying widow(er), $10,300; Head of household, $7,550	39a	Check if: [X] **You** were born before January 2, 1942, [ ] Blind. [ ] **Spouse** was born before January 2, 1942, [ ] Blind. **Total boxes checked** ▶ 39a 1		
	b	If your spouse itemizes on a separate return or you were a dual-status alien, see page 34 and check here ▶ 39b [X]		
	40	**Itemized deductions** (from Schedule A) **or** your **standard deduction** (see left margin)	40	120,205.
	41	Subtract line 40 from line 38	41	218,604.
	42	If line 38 is over $112,875, or you provided housing to a person displaced by Hurricane Katrina, see page 36. Otherwise, multiply $3,300 by the total number of exemptions claimed on line 6d	42	3,300.
	43	**Taxable income.** Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	215,304.
	44	**Tax.** Check if any tax is from: a [ ] Form(s) 8814 b [ ] Form 4972	44	61,982.
	45	**Alternative minimum tax.** Attach Form 6251	45	6,979.
	46	Add lines 44 and 45 ▶	46	68,961.
	47	Foreign tax credit. Attach Form 1116 if required 47		
	48	Credit for child and dependent care expenses. Attach Form 2441 48		
	49	Credit for the elderly or the disabled. Attach Schedule R 49		
	50	Education credits. Attach Form 8863 50		
	51	Retirement savings contributions credit. Attach Form 8880 51		
	52	Residential energy credits. Attach Form 5695 52		
	53	Child tax credit (see page 42). Attach Form 8901 if required 53		
	54	Credits from: a [ ] Form 8396 b [ ] Form 8839 c [ ] Form 8859 54		
	55	Other credits: a [ ] Form 3800 b [ ] Form 8801 c [ ] Form ____ 55		
	56	Add lines 47 through 55. These are your **total credits**	56	
	57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0- ▶	57	68,961.
Other Taxes	58	Self-employment tax. Attach Schedule SE	58	3,810.
	59	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	59	
	60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
	61	Advance earned income credit payments from Form(s) W-2, box 9	61	
	62	Household employment taxes. Attach Schedule H	62	* 24,162.
	63	Add lines 57 through 62. This is your **total tax** ▶	63	96,933.
Payments	64	Federal income tax withheld from Forms W-2 and 1099 64 * 65,667.		STATEMENT 6
	65	2006 estimated tax payments and amount applied from 2005 return 65 64,364.		
If you have a qualifying child, attach Schedule EIC.	66a	**Earned income credit (EIC)** 66a		
	b	Nontaxable combat pay election ▶ 66b		
	67	Excess social security and tier 1 RRTA tax withheld (see page 60) 67		
	68	Additional child tax credit. Attach Form 8812 68		
	69	Amount paid with request for extension to file (see page 60) 69		
	70	Payments from: a [ ] Form 2439 b [ ] Form 4136 c [ ] Form 8885 70		
	71	Credit for federal telephone excise tax paid. Attach Form 8913 if required 71 50.		
	72	Add lines 64, 65, 66a, and 67 through 71. These are your **total payments** ▶	72	130,081.
Refund	73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you **overpaid**	73	33,148.
Direct deposit? See page 61 and fill in 74b, 74c, and 74d, or Form 8888.	74a	Amount of line 73 you want **refunded to you.** If Form 8888 is attached, check here ▶ [ ]	74a	
	b	Routing number ▶ c Type: [ ] Checking [ ] Savings ▶ d Account number		
	75	Amount of line 73 you want **applied to your 2007 estimated tax** ▶ 75 33,148.		
Amount You Owe	76	**Amount you owe.** Subtract line 72 from line 63. For details on how to pay, see page 62 ▶	76	
	77	Estimated tax penalty (see page 62) 77		

Third Party Designee Do you want to allow another person to discuss this return with the IRS (see page 63)? [ ] **Yes.** Complete the following. [X] **No**

Designee's name ▶ Phone no. ▶ Personal identification number (PIN) ▶

Sign Here Joint return? See page 17. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
		U.S. SENATOR	
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed	Preparer's SSN or PTIN
William J Hodges WILLIAM J. HODGES	04/05/07	[ ]	[redacted]

Firm's name (or yours if self-employed), address, and ZIP code: INLIGN WEALTH MANAGEMENT, 2355 EAST CAMELBACK RD, SUITE 750, PHOENIX, AZ 85016 — EIN [redacted] — Phone no [redacted]

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* See Attached Statement A for Community Property Income and Expenses

SCHEDULES A&B (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Schedule A - Itemized Deductions

(Schedule B is on page 2)

▶ Attach to Form 1040. ▶ See Instructions for Schedules A&B (Form 1040).

OMB No. 1545-0074

2006

Attachment Sequence No. 07

Name(s) shown on Form 1040

Your social security number

JOHN S MCCAIN, III

[redacted]

Medical and Dental Expenses		**Caution.** Do not include expenses reimbursed or paid by others.			
	1	Medical and dental expenses (see page A-1)	1		
	2	Enter amount from Form 1040, line 38	2		
	3	Multiply line 2 by 7.5% (.075)	3		
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-			4
Taxes You Paid (See page A-3.)	5	State and local income taxes SEE STATEMENT 7	5	15,424.	
	6	Real estate taxes (see page A-3)	6	* 3,610.	
	7	Personal property taxes	7	* 510.	
	8	Other taxes. List type and amount ▶	8		
	9	Add lines 5 through 8			9 19,544.
Interest You Paid (See page A-3.)	10	Home mortgage interest and points reported to you on Form 1098	10		
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ▶	11		
Note. Personal interest is not deductible.	12	Points not reported to you on Form 1098.	12		
	13	Investment interest. Attach Form 4952 if required. (See page A-4.)	13		
	14	Add lines 10 through 13			14
Gifts to Charity If you made a gift and got a benefit for it, see page A-4.	15	Gifts by cash or check. SEE STATEMENT 8	15	* 64,695.	
	16	Other than by cash or check. If any gift of $250 or more, see page A-5. You **must** attach Form 8283 if over $500	16		
	17	Carryover from prior year	17	32,063.	
	18	Add lines 15 through 17			18 96,758.
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-6.)			19
Job Expenses and Certain Miscellaneous Deductions (See page A-6.)	20	Unreimbursed employee expenses - job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-6.) ▶FROM FORM 2106 12,500.	20	* 12,500.	
	21	Tax preparation fees	21	* 3,450.	
	22	Other expenses - investment, safe deposit box, etc. List type and amount ▶	22		
	23	Add lines 20 through 22	23	15,950.	
	24	Enter amount from Form 1040, line 38	24	338,809.	
	25	Multiply line 24 by 2% (.02)	25	6,776.	
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-			26 9,174.
Other Miscellaneous Deductions	27	Other - from list on page A-7. List type and amount ▶			27
Total Itemized Deductions	28	Is Form 1040, line 38, over $150,500 (over $75,250 if married filing separately)? ☐ **No.** Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 40. ☒ **Yes.** Your deduction may be limited. See page A-7 for the amount to enter.		STMT 9 ▶	28 120,205.
	29	If you elect to itemize deductions even though they are less than your standard deduction, check here ▶ ☐			

Name(s) shown on Form 1040. Do not enter name and social security number if shown on page 1.

Your social security number

JOHN S MCCAIN, III

Schedule B - Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

	Amount
JPMORGAN CHASE BANK	14.
1	

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

2	Add the amounts on line 1	2	14.
3	Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	14.

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

5 List name of payer ▶

	Amount
5	

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

6	Add the amounts on line 5. Enter the total here and on Form 1040, line 9a ▶	6	

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

You must complete this part if you **(a)** had over $1,500 of taxable interest or ordinary dividends; or **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

		Yes	No
7a	At any time during 2006, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account?		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2006, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

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SCHEDULE C (Form 1040)
Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)
▶ Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.
▶ Attach to Form 1040, 1040NR, or 1041. ▶ See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074
2006
Attachment Sequence No. 09

Name of proprietor: JOHN S MCCAIN, III

Social security number (SSN): [redacted]

A Principal business or profession, including product or service (see page C-2): AUTHOR

B Enter code from pages C-8, 9, & 10 ▶ 711510

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), if any

E Business address (including suite or room no.) ▶ [redacted]
City, town or post office, state, and ZIP code PHOENIX, AZ [redacted]

F Accounting method: (1) [X] Cash (2) [ ] Accrual (3) [ ] Other (specify) ▶

G Did you "materially participate" in the operation of this business during 2006? If "No," see page C-3 for limit on losses [X] Yes [ ] No

H If you started or acquired this business during 2006, check here ▶ [ ]

Part I Income

1	Gross receipts or sales. **Caution.** If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here ▶ [ ]	1	44,709.
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	44,709.
4	Cost of goods sold (from line 42 on page 2)	4	
5	**Gross profit.** Subtract line 4 from line 3	5	44,709.
6	Other income, including federal and state gasoline or fuel tax credit or refund (see page C-3)	6	
7	**Gross income.** Add lines 5 and 6 ▶	7	44,709.

Part II Expenses. Enter expenses for business use of your home only on line 30.

8	Advertising	8		18	Office expense	18	
9	Car and truck expenses (see page C-4)	9		19	Pension and profit-sharing plans	19	
10	Commissions and fees	10	4,515.	20	Rent or lease (see page C-5):		
11	Contract labor (see page C-4)	11		a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		b	Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)	13		21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	
15	Insurance (other than health)	15		23	Taxes and licenses	23	
16	Interest:			24	Travel, meals, and entertainment:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel	24a	
b	Other	16b		b	Deductible meals and entertainment (see page C-6)	24b	
17	Legal and professional services	17		25	Utilities	25	
				26	Wages (less employment credits)	26	
				27	Other expenses (from line 48 on page 2)	27	

28	**Total expenses** before expenses for business use of home. Add lines 8 through 27 in columns ▶	28	4,515.
29	Tentative profit (loss). Subtract line 28 from line 7	29	* 40,194.
30	Expenses for business use of your home. Attach **Form 8829**	30	
31	**Net profit or (loss).** Subtract line 30 from line 29. • If a profit, enter on both **Form 1040, line 12,** and **Schedule SE, line 2** or on **Form 1040NR, line 13** (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3. • If a loss, you **must** go to line 32.	31	* 40,194.
32	If you have a loss, check the box that describes your investment in this activity (see page C-6). • If you checked 32a, enter the loss on both **Form 1040, line 12,** and **Schedule SE, line 2** or on **Form 1040NR, line 13** (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you **must** attach **Form 6198.** Your loss may be limited.	32a [ ] All investment is at risk. 32b [ ] Some investment is not at risk.	

Name of person with **self-employment** income (as shown on Form 1040)	Social security number of person with **self-employment** income ▶
JOHN S MCCAIN, III	[redacted]

Section B - Long Schedule SE

Part I Self-Employment Tax

Note. If your only income subject to self-employment tax is **church employee income,** skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order **is not** church employee income. See page SE-1.

A If you are a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361, but you had $400 or more of **other** net earnings from self-employment, check here and continue with Part I ▶ ☐

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A. **Note.** Skip this line if you use the farm optional method (see page SE-4)		1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-3 for other income to report. **Note.** Skip this line if you use the nonfarm optional method (see page SE-4) SEE STATEMENT 10		2	* 40,194.
3	Combine lines 1 and 2 COMMUNITY INCOME TAXED TO SPOUSE 40,195.		3	80,389.
4a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3		4a	74,239.
b	If you elect one or both of the optional methods, enter the total of lines 15 and 17 here		4b	
c	Combine lines 4a and 4b. If less than $400, **stop**; you do not owe self-employment tax. **Exception.** If less than $400 and you had **church employee income,** enter -0- and continue ▶		4c	74,239.
5a	Enter your **church employee income** from Form W-2. See page SE-1 for definition of church employee income	5a		
b	Multiply line 5a by 92.35% (.9235). If less than $100, enter -0-		5b	
6	**Net earnings from self-employment.** Add lines 4c and 5b		6	74,239.
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2006		7	94,200.00
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If $94,200 or more, skip lines 8b through 10, and go to line 11	8a 80,837.		
b	Unreported tips subject to social security tax (from Form 4137, line 9)	8b		
c	Add lines 8a and 8b		8c	80,837.
9	Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 ▶		9	13,363.
10	Multiply the **smaller** of line 6 or line 9 by 12.4% (.124)		10	1,657.
11	Multiply line 6 by 2.9% (.029)		11	2,153.
12	**Self-employment tax.** Add lines 10 and 11. Enter here and on **Form 1040, line 58**		12	3,810.
13	**Deduction for one-half of self-employment tax.** Multiply line 12 by 50% (.5). Enter the result here and on **Form 1040, line 27**	13 1,905.		

Part II Optional Methods To Figure Net Earnings (see page SE-3)

Farm Optional Method. You may use this method **only** if **(a)** your gross farm income [1] was not more than $2,400, **or (b)** your net farm profits [2] were less than $1,733.

14	Maximum income for optional methods	14	1,600.00
15	Enter the **smaller** of: two-thirds (2/3) of gross farm income [1] (not less than zero) **or** $1,600. Also include this amount on line 4b above	15	

Nonfarm Optional Method. You may use this method **only** if **(a)** your net nonfarm profits [3] were less than $1,733 and also less than 72.189% of your gross nonfarm income [4] **and (b)** you had net earnings from self-employment of at least $400 in 2 of the prior 3 years.

Caution. You may use this method no more than five times.

16	Subtract line 15 from line 14	16	
17	Enter the **smaller** of: two-thirds (2/3) of gross nonfarm income [4] (not less than zero) **or** the amount on line 16. Also include this amount on line 4b above	17	

[1] From Sch. F, line 11, and Sch. K-1 (Form 1065), box 14, code B.
[2] From Sch. F, line 36, and Sch. K-1 (Form 1065), box 14, code A.
[3] From Sch. C , line 31; Sch. C-EZ, line 3; Sch. K-1 (Form 1065), box 14, code A; and Sch. K-1 (Form 1065-B), box 9, code J1.
[4] From Sch. C , line 7; Sch. C-EZ, line 1; Sch. K-1 (Form 1065), box 14, code C; and Sch. K-1 (Form 1065-B), box 9, code J2.

Form **6251**

Department of the Treasury
Internal Revenue Service (99)

Alternative Minimum Tax - Individuals

▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

2006

Attachment Sequence No. **32**

Name(s) shown on Form 1040 or Form 1040NR

JOHN S MCCAIN, III

Your social security number [redacted]

Part I Alternative Minimum Taxable Income

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41 (minus any amount on Form 8914, line 6), and go to line 2. Otherwise, enter the amount from Form 1040, line 38 (minus any amount on Form 8914, line 6), and go to line 7. (If less than zero, enter as a negative amount.)	1	218,604.
2	Medical and dental. Enter the **smaller** of Schedule A (Form 1040), line 4, **or** 2 1/2% of Form 1040, line 38	2	
3	Taxes from Schedule A (Form 1040), line 9	3	19,544.
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet on page 2 of the instructions	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 26	5	9,174.
6	If Form 1040, line 38, is over $150,500 (over $75,250 if married filing separately), enter the amount from line 11 of the **Itemized Deductions Worksheet** on page A-7 of the instructions for Schedule A (Form 1040)	6	<5,271.>
7	Tax refund from Form 1040, line 10 or line 21	7	
8	Investment interest expense (difference between regular tax and AMT)	8	
9	Depletion (difference between regular tax and AMT)	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	10	
11	Interest from specified private activity bonds exempt from the regular tax	11	
12	Qualified small business stock (7% of gain excluded under section 1202)	12	
13	Exercise of incentive stock options (excess of AMT income over regular tax income)	13	
14	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	14	
15	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	15	
16	Disposition of property (difference between AMT and regular tax gain or loss)	16	
17	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	17	
18	Passive activities (difference between AMT and regular tax income or loss)	18	
19	Loss limitations (difference between AMT and regular tax income or loss)	19	
20	Circulation costs (difference between regular tax and AMT)	20	
21	Long-term contracts (difference between AMT and regular tax income)	21	
22	Mining costs (difference between regular tax and AMT)	22	
23	Research and experimental costs (difference between regular tax and AMT)	23	
24	Income from certain installment sales before January 1, 1987	24	
25	Intangible drilling costs preference	25	
26	Other adjustments, including income-based related adjustments	26	
27	Alternative tax net operating loss deduction	27	
28	**Alternative minimum taxable income.** Combine lines 1 through 27. (If married filing separately and line 28 is more than $200,100, see instructions)	28	252,539.

Part II Alternative Minimum Tax

29 Exemption. (If this form is for a child under age 18, see instructions.)

IF your filing status is ...	AND line 28 is not over ...	THEN enter on line 29 ...
Single or head of household	$112,500	$42,500
Married filing jointly or qualifying widow(er)	150,000	62,550
Married filing separately	75,000	31,275

If line 28 is **over** the amount shown above for your filing status, see instructions.

29		29	0.
30	Subtract line 29 from line 28. If more than zero **or** you are filing Form 2555 or 2555-EZ, go to line 31. If zero or less and you are not filing Form 2555 or 2555-EZ, enter -0- on lines 33 and 35 and skip the rest of Part II	30	252,539.
31	• If you are filing Form 2555 or 2555-EZ, see page 8 of the instructions for the amount to enter. • If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; **or** you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on page 2 and enter the amount from line 55 here. • **All others:** If line 30 is $175,000 or less ($87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract $3,500 ($1,750 if married filing separately) from the result.	31	68,961.
32	Alternative minimum tax foreign tax credit (see instructions)	32	
33	Tentative minimum tax. Subtract line 32 from line 31	33	68,961.
34	Tax from Form 1040, line 44 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 47). If you used Sch J to figure your tax, the amount for line 44 of Form 1040 must be refigured without using Sch J	34	61,982.
35	**Alternative minimum tax.** Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45	35	6,979.

Part III Tax Computation Using Maximum Capital Gains Rates

36	Enter the amount from Form 6251, line 30		36	
37	Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 13 of the Schedule D Tax Worksheet on page D-10 of the instructions for Schedule D (Form 1040), whichever applies (as refigured for the AMT, if necessary) (see the instructions)	37		
38	Enter the amount from Schedule D (Form 1040), line 19 (as refigured for the AMT, if necessary) (see instructions)	38		
39	If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the **smaller** of that result or the amount from line 10 of the Schedule D Tax Worksheet (as refigured for the AMT, if necessary)	39		
40	Enter the **smaller** of line 36 or line 39		40	
41	Subtract line 40 from line 36		41	
42	If line 41 is $175,000 or less ($87,500 or less if married filing separately), multiply line 41 by 26% (.26). Otherwise, multiply line 41 by 28% (.28) and subtract $3,500 ($1,750 if married filing separately) from the result ▶		42	
43	Enter: • $61,300 if married filing jointly or qualifying widow(er), • $30,650 if single or married filing separately, or • $41,050 if head of household.	43		
44	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 14 of the Schedule D Tax Worksheet on page D-10 of the instructions for Schedule D (Form 1040), whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter -0-	44		
45	Subtract line 44 from line 43. If zero or less, enter -0-	45		
46	Enter the **smaller** of line 36 or line 37	46		
47	Enter the **smaller** of line 45 or line 46	47		
48	Multiply line 47 by 5% (.05) ▶		48	
49	Subtract line 47 from line 46	49		
50	Multiply line 49 by 15% (.15) ▶		50	
	If line 38 is zero or blank, skip lines 51 and 52 and go to line 53. Otherwise, go to line 51.			
51	Subtract line 46 from line 40	51		
52	Multiply line 51 by 25% (.25) ▶		52	
53	Add lines 42, 48, 50, and 52		53	
54	If line 36 is $175,000 or less ($87,500 or less if married filing separately), multiply line 36 by 26% (.26). Otherwise, multiply line 36 by 28% (.28) and subtract $3,500 ($1,750 if married filing separately) from the result		54	
55	Enter the **smaller** of line 53 or line 54 here and on line 31		55	

SCHEDULE H (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Household Employment Taxes

(For Social Security, Medicare, Withheld Income, and Federal Unemployment (FUTA) Taxes)

▶ Attach to Form 1040, 1040NR, 1040-SS, or 1041.

▶ See separate instructions.

OMB No. 1545-1971

2006

Attachment Sequence No. 44

Name of employer

JOHN S MCCAIN, III

Social security number [redacted]

Employer identification number

A Did you pay **any one** household employee cash wages of $1,500 or more in 2006? (If any household employee was your spouse, your child under age 21, your parent, or anyone under age 18, see the line A instructions on page H-3 before you answer this question.)

- [X] **Yes.** Skip lines B and C and go to line 1.
- [ ] **No.** Go to line B.

B Did you withhold federal income tax during 2006 for any household employee?

- [ ] **Yes.** Skip line C and go to line 5.
- [ ] **No.** Go to line C.

C Did you pay **total** cash wages of $1,000 or more in **any** calendar **quarter** of 2005 or 2006 to **all** household employees? (**Do not** count cash wages paid in 2005 or 2006 to your spouse, your child under age 21, or your parent.)

- [ ] **No.** **Stop.** Do not file this schedule.
- [ ] **Yes.** Skip lines 1-9 and go to line 10 on page 2. (Calendar year taxpayers having no household employees in 2006 **do not** have to complete this form for 2006.)

Part I Social Security, Medicare, and Income Taxes

1	Total cash wages subject to social security taxes (see page H-4)	1	91,777.	
2	Social security taxes. Multiply line 1 by 12.4% (.124)		2	11,380.
3	Total cash wages subject to Medicare taxes (see page H-4)	3	91,777.	
4	Medicare taxes. Multiply line 3 by 2.9% (.029)		4	2,662.
5	Federal income tax withheld, if any		5	9,930.
6	**Total social security, Medicare, and income taxes.** Add lines 2, 4, and 5		6	23,972.
7	Advance earned income credit (EIC) payments, if any		7	
8	**Net taxes** (subtract line 7 from line 6)		8	23,972.

9 Did you pay **total** cash wages of $1,000 or more in **any** calendar **quarter** of 2005 or 2006 to household employees? (**Do not** count cash wages paid in 2005 or 2006 to your spouse, your child under age 21, or your parent.)

- [ ] **No.** **Stop.** Enter the amount from line 8 above on Form 1040, line 62. If you are not required to file Form 1040, see the line 9 instructions on page H-4.
- [X] **Yes.** Go to line 10 on page 2.

Part II Federal Unemployment (FUTA) Tax

		Yes	No
10 Are you required to pay unemployment contributions to only one state?	10	X	
11 Did you pay all state unemployment contributions for 2006 by April 16, 2007? Fiscal year filers, see page H-4.	11	X	
12 Were all wages that are taxable for FUTA tax also taxable for your state's unemployment tax?	12	X	

Next: If you checked the **"Yes"** box on **all** the lines above, complete Section A.
If you checked the **"No"** box on **any** of the lines above, skip Section A and complete Section B.

Section A

13 Name of the state where you paid unemployment contributions ▶		AZ
14 State reporting number as shown on state unemployment tax return ▶		[redacted]
15 Contributions paid to your state unemployment fund (see page H-4)	15	92.
16 Total cash wages subject to FUTA tax (see page H-4)	16	23,715.
17 **FUTA tax.** Multiply line 16 by .008. Enter the result here, skip Section B, and go to line 26	17	190.

Section B

18 Complete all columns below that apply (if you need more space, see page H-5):

(a) Name of state	(b) State reporting number as shown on state unemployment tax return	(c) Taxable wages (as defined in state act)	(d) State experience rate period From	(d) To	(e) State experience rate	(f) Multiply col. (c) by .054	(g) Multiply col. (c) by col. (e)	(h) Subtract col. (g) from col. (f). If zero or less, enter -0-.	(i) Contributions paid to state unemployment fund

19 Totals	19		
20 Add columns (h) and (i) of line 19	20		
21 Total cash wages subject to FUTA tax (see the line 16 instructions on page H-4)	21		
22 Multiply line 21 by 6.2% (.062)	22		
23 Multiply line 21 by 5.4% (.054)	23		
24 Enter the **smaller** of line 20 or line 23	24		
25 **FUTA tax.** Subtract line 24 from line 22. Enter the result here and go to line 26	25		

Part III Total Household Employment Taxes

26 Enter the amount from line 8. If you checked the "Yes" box on line C of page 1, enter -0-	26	23,972.
27 Add line 17 (or line 25) and line 26	27	* 24,162.

28 Are you required to file Form 1040?

[X] **Yes. Stop.** Enter the amount from line 27 above on Form 1040, line 62. **Do not** complete Part IV below.

[ ] **No.** You may have to complete Part IV. See page H-5 for details.

Part IV Address and Signature - Complete this part **only** if required. See the line 28 instructions on page H-5.

Address (number and street) or P.O. box if mail is not delivered to street address | Apt., room, or suite no.

City, town or post office, state, and ZIP code

Under penalties of perjury, I declare that I have examined this schedule, including accompanying statements, and to the best of my knowledge and belief, it is true, correct, and complete. No part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments to employees.

▶ Employer's signature ▶ Date

Form **2106**

Department of the Treasury
Internal Revenue Service (99)

Employee Business Expenses

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

2006

Attachment Sequence No. **54**

Your name	Occupation in which you incurred expenses	Social security number
JOHN S MCCAIN, III	U.S. SENATOR	[redacted]

Part I Employee Business Expenses and Reimbursements

Step 1 Enter Your Expenses

		Column A Other Than Meals and Entertainment	Column B Meals and Entertainment
1 Vehicle expense from line 22 or line 29. (Rural mail carriers: See instructions.)	1		
2 Parking fees, tolls, and transportation, including train, bus, etc., that **did not** involve overnight travel or commuting to and from work	2		
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. **Do not** include meals and entertainment	3	* 1,500.	
4 Business expenses not included on lines 1 through 3. **Do not** include meals and entertainment SEE STATEMENT 11	4	* 11,000.	
5 Meals and entertainment expenses (see instructions)	5		
6 **Total expenses.** In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5	6	12,500.	

Note: *If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.*

Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1

7 Enter reimbursements received from your employer that were **not** reported to you in box 1 of Form W-2. Include any reimbursements reported under code "L" in box 12 of your Form W-2 (see instructions)	7		

Step 3 Figure Expenses To Deduct on Schedule A (Form 1040)

8 Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 7 (or on Form 1040NR, line 8)	8	12,500.	
Note: *If* **both columns** *of line 8 are zero, you cannot deduct employee business expenses. Stop here and attach Form 2106 to your return.*			
9 In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 75% (.75) instead of 50%. For details, see instructions.)	9	12,500.	
10 Add the amounts on line 9 of both columns and enter the total here. **Also, enter the total on Schedule A (Form 1040), line 20** (or on Schedule A (Form 1040NR), line 9). (Reservists, qualified performing artists, fee-basis state or local government officials, and individuals with disabilities: See the instructions for special rules on where to enter the total.) ▶	10		12,500.

Part II Vehicle Expenses

Section A - General Information (You must complete this section if you are claiming vehicle expenses.)		(a) Vehicle	(b) Vehicle
11 Enter the date the vehicle was placed in service	11		
12 Total miles the vehicle was driven during 2006	12	miles	miles
13 Business miles included on line 12	13	miles	miles
14 Percent of business use. Divide line 13 by line 12	14	%	%
15 Average daily roundtrip commuting distance	15	miles	miles
16 Commuting miles included on line 12	16	miles	miles
17 Other miles. Add lines 13 and 16 and subtract the total from line 12	17	miles	miles

18 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

19 Was your vehicle available for personal use during off-duty hours? ☐ Yes ☐ No

20 Do you have evidence to support your deduction? ☐ Yes ☐ No

21 If "Yes," is the evidence written? ☐ Yes ☐ No

Section B - Standard Mileage Rate (See the instructions for Part II to find out whether to complete this section or Section C.)

22 Multiply line 13 by 44.5¢ (.445) — 22

Section C - Actual Expenses		(a) Vehicle	(b) Vehicle
23 Gasoline, oil, repairs, vehicle insurance, etc.	23		
24a Vehicle rentals	24a		
b Inclusion amount (see instructions)	24b		
c Subtract line 24b from line 24a	24c		
25 Value of employer-provided vehicle (applies only if 100% of annual lease value was included on Form W-2--see instructions)	25		
26 Add lines 23, 24c, and 25	26		
27 Multiply line 26 by the percentage on ln 14	27		
28 Depreciation (see instructions)	28		
29 Add lines 27 and 28. Enter total here and on line 1	29		

Section D - Depreciation of Vehicles (Use this section only if you owned the vehicle and are completing Section C for the vehicle.)

		(a) Vehicle	(b) Vehicle
30 Enter cost or other basis (see instructions)	30		
31 Enter section 179 deduction (see instructions)	31		
32 Multiply line 30 by line 14 (see instructions if you claimed the section 179 deduction or special allowance)	32		
33 Enter depreciation method and percentage (see instructions)	33		
34 Multiply line 32 by the percentage on line 33 (see instructions)	34		
35 Add lines 31 and 34	35		
36 Enter the applicable limit explained in the line 36 instructions	36		
37 Multiply line 36 by the percentage on ln 14	37		
38 Enter the smaller of line 35 or line 37. If you skipped lines 36 and 37, enter the amount from line 35. Also enter this amount on line 28 above	38		

JOHN S. MCCAIN, III
SSN: [redacted]
STATEMENT A

A STATEMENT ATTACHED TO AND MADE PART OF
THE FEDERAL AND ARIZONA INCOME TAX RETURNS
FOR THE YEAR ENDED DECEMBER 31, 2006

ALLOCATION OF COMMUNITY PROPERTY INCOME AND EXPENSES

Description	Total	John S. McCain SSN: [redacted] Allocated Amount	Cindy H. McCain SSN: [redacted] Allocated Amount
Income			
Wages and Salaries			
United States Senate - John S. McCain	161,675	80,838	80,838
Hensley & Company - Cindy H. McCain	437,161	218,581	218,581
Social Security Income	22,104	22,104	
Interest			
JPMorgan Chase Bank	29	14	14
Schedule C			
Random House	80,390	40,195	40,195
Deductions			
Taxes			
Personal Property Taxes	1,020	510	510
Real Estate Taxes	7,220	3,610	3,610
Contributions			
Cash	129,390	64,695	64,695
Miscellaneous Deductions			
Congressional Expenses	3,000	1,500	1,500
Accounting Fees for preparation of disclosure	22,000	11,000	11,000
Tax Preparation	6,900	3,450	3,450
Exemptions			
Dependent Exemptions (4)	12,800	6,400	6,400
Personal Exemptions (2)	6,400	3,200	3,200
Less Phase-Out		(9,600)	(9,600)
Household Employment Taxes			
Schedule H	48,323	24,162	24,162
Tax Withheld			
Federal - W-2 Wages			
United States Senate - John S. McCain	31,790	15,895	15,895
Hensley & Company - Cindy H. McCain	85,840	42,920	42,920
Federal - Social Security	6,852	6,852	
Arizona State Witholding	22,920	11,549	11,549

FORM 1040 SOCIAL SECURITY BENEFITS WORKSHEET STATEMENT 1

CHECK ONLY ONE BOX:
A. SINGLE, HEAD OF HOUSEHOLD, OR QUALIFYING WIDOW(ER)
B. MARRIED FILING JOINTLY
X C. MARRIED FILING SEPARATELY AND LIVED WITH YOUR SPOUSE AT ANY TIME DURING 2006
D. MARRIED FILING SEPARATELY AND LIVED APART FROM YOUR SPOUSE FOR ALL OF 2006

1.	ENTER THE TOTAL AMOUNT FROM BOX 5 OF ALL YOUR FORMS SSA-1099 AND RRB-1099. ALSO, ENTER THIS AMOUNT ON FORM 1040, LINE 20A.	22,104.
2.	ENTER ONE HALF OF LINE 1	11,052.
3.	ADD THE AMOUNTS ON FORM 1040, LINE 7, 8B, 9A, 10 THRU 14, 15B, 16B, 17 THRU 19, 21 AND SCHEDULE B, LINE 2. DO NOT INCLUDE ANY AMOUNTS FROM BOX 5 OF FORMS SSA-1099 OR RRB-1099	339,626.
4.	ENTER THE AMOUNT OF ANY EXCLUSIONS FROM FOREIGN EARNED INCOME, FOREIGN HOUSING, INCOME FROM U.S. POSSESSIONS, OR INCOME FROM PUERTO RICO BY BONA FIDE RESIDENTS OF PUERTO RICO THAT YOU CLAIMED	
5.	ADD LINES 2, 3, AND 4.	350,678.
6.	ADD THE AMOUNTS ON FORM 1040, LINES 23 THROUGH LINE 32, LINE 34, AND ANY WRITE-IN ADJUSTMENTS YOU ENTERED ON THE DOTTED LINE NEXT TO LINE 36.	19,605.
7.	SUBTRACT LINE 6 FROM LINE 5	331,073.
8.	ENTER: $25,000 IF YOU CHECKED BOX A OR D, OR $32,000 IF YOU CHECKED BOX B, OR $-0- IF YOU CHECKED BOX C.	0.
9.	IS THE AMOUNT ON LINE 8 LESS THAN THE AMOUNT ON LINE 7? [ ] NO. STOP. NONE OF YOUR SOCIAL SECURITY BENEFITS ARE TAXABLE. ENTER -0- ON FORM 1040, LINE 20B. IF YOU ARE MARRIED FILING SEPARATELY AND YOU LIVED APART FROM YOUR SPOUSE FOR ALL OF 2006, BE SURE YOU ENTERED 'D' TO THE RIGHT OF THE WORD "BENEFITS" ON LINE 20A. [X] YES. SUBTRACT LINE 8 FROM LINE 7	331,073.
10.	ENTER $9,000 IF YOU CHECKED BOX A OR D, $12,000 IF YOU CHECKED BOX B $-0- IF YOU CHECKED BOX C	0.
11.	SUBTRACT LINE 10 FROM LINE 9. IF ZERO OR LESS, ENTER -0-.	331,073.
12.	ENTER THE SMALLER OF LINE 9 OR LINE 10	
13.	ENTER ONE HALF OF LINE 12.	
14.	ENTER THE SMALLER OF LINE 2 OR LINE 13	
15.	MULTIPLY LINE 11 BY 85% (.85). IF LINE 11 IS ZERO, ENTER -0-	281,412.
16.	ADD LINES 14 AND 15.	281,412.
17.	MULTIPLY LINE 1 BY 85% (.85)	18,788.
18.	TAXABLE BENEFITS. ENTER THE SMALLER OF LINE 16 OR LINE 17 * ALSO ENTER THIS AMOUNT ON FORM 1040, LINE 20B	18,788.

FORM 1040 STATE AND LOCAL INCOME TAX REFUNDS STATEMENT 2

	2005	2004	2003
	ARIZONA		
GROSS STATE/LOCAL INC TAX REFUNDS	3,963.		
LESS: TAX PAID IN FOLLOWING YEAR			
NET TAX REFUNDS ARIZONA	3,963.		
TOTAL NET TAX REFUNDS	3,963.		

FORM 1040 PERSONAL EXEMPTION WORKSHEET STATEMENT 3

1. IS THE AMOUNT ON FORM 1040, LINE 38, MORE THAN THE AMOUNT SHOWN ON LINE 4 BELOW FOR YOUR FILING STATUS?
   NO. STOP. MULTIPLY $3,300 BY THE TOTAL NUMBER OF EXEMPTIONS CLAIMED ON FORM 1040, LINE 6D, AND ENTER THE RESULT ON LINE 42.
   YES. CONTINUE
2. MULTIPLY $3,300 BY THE TOTAL NUMBER OF EXEMPTIONS CLAIMED ON FORM 1040, LINE 6D . . . . . 9,900.
3. ENTER THE AMOUNT FROM FORM 1040, LINE 38 . . 338,809.
4. ENTER THE AMOUNT FOR YOUR FILING STATUS . . 112,875.

SINGLE	$150,500
MARRIED FILING JOINTLY OR WIDOW(ER)	$225,750
MARRIED FILING SEPARATELY	$112,875
HEAD OF HOUSEHOLD	$188,150

5. SUBTRACT LINE 4 FROM LINE 3 . . . . . 225,934.
6. IS LINE 5 MORE THAN $122,500 ($61,250 IF MARRIED FILING SEPARATELY)?
   [X] YES. MULTIPLY $1,100 BY THE TOTAL NUMBER OF EXEMPTIONS CLAIMED ON FORM 1040, LINE 6D. ENTER THE RESULT HERE AND ON FORM 1040, LINE 42. DO NOT COMPLETE THE REST OF THIS WORKSHEET.
   [ ] NO. DIVIDE LINE 5 BY $2,500 ($1,250 IF MARRIED FILING SEPARATELY). IF THE RESULT IS NOT A WHOLE NUMBER, INCREASE IT TO THE NEXT WHOLE NUMBER (FOR EXAMPLE, INCREASE 0.0004 TO 1) . . . . . 3,300.
7. MULTIPLY LINE 6 BY 2% (.02) AND ENTER THE RESULT AS A DECIMAL . . . . . .
8. MULTIPLY LINE 2 BY LINE 7 . . . . . .
9. DIVIDE LINE 8 BY 1.5 . . . . . .

10. SUBTRACT LINE 9 FROM LINE 2. TOTAL TO FORM 1040, LINE 42.

FORM 1040 TAXABLE STATE AND LOCAL INCOME TAX REFUNDS STATEMENT 4

	2005	2004	2003
NET TAX REFUNDS FROM STATE AND LOCAL INCOME TAX REFUNDS STMT.	3,963.		
LESS:REFUNDS-NO BENEFIT DUE TO AMT -SALES TAX BENEFIT REDUCTION	3,963.		
1 NET REFUNDS FOR RECALCULATION			
2 TOTAL ITEMIZED DEDUCTIONS BEFORE PHASEOUT	160,933.		
3 DEDUCTION NOT SUBJ TO PHASEOUT			
4 NET REFUNDS FROM LINE 1			
5 LINE 2 MINUS LINES 3 AND 4	160,933.		
6 MULTIPLY LINE 5 BY 80% (.80)	128,746.		
7 PRIOR YEAR AGI	404,878.		
8 ITEM. DED. PHASEOUT THRESHOLD	72,975.		
9 SUBTRACT LINE 8 FROM LINE 7 (IF ZERO OR LESS, SKIP LINES 10 THROUGH 15, AND ENTER AMOUNT FROM LINE 1 ON LINE 16)	331,903.		
10 MULTIPLY LINE 9 BY 3% (.03)	9,957.		
11 ALLOWABLE ITEMIZED DEDUCTIONS (LINE 5 LESS THE LESSER OF LINE 6 OR LINE 10)	150,976.		
12 ITEM DED. NOT SUBJ TO PHASEOUT			
13A TOTAL ADJ. ITEMIZED DEDUCTIONS	150,976.		
13B PRIOR YR. STD. DED. AVAILABLE			
14 PRIOR YR. ALLOWABLE ITEM. DED.	150,976.		
15 SUBTRACT THE GREATER OF LINE 13A OR LINE 13B FROM LINE 14			
16 TAXABLE REFUNDS (LESSER OF LINE 15 OR LINE 1)			
17 ALLOWABLE PRIOR YR. ITEM. DED.	150,976.		
18 PRIOR YEAR STD. DED. AVAILABLE			
19 SUBTRACT LINE 18 FROM LINE 17	150,976.		
20 LESSER OF LINE 16 OR LINE 19			
21 PRIOR YEAR TAXABLE INCOME	253,902.		
22 AMOUNT TO INCLUDE ON FORM 1040, LINE 10 * IF LINE 21 IS -0- OR MORE, USE AMOUNT FROM LINE 20 * IF LINE 21 IS A NEGATIVE AMOUNT, NET LINES 20 AND 21			0.
STATE AND LOCAL INCOME TAX REFUNDS PRIOR TO 2003			
TOTAL TO FORM 1040, LINE 10			0.

FORM 1040 WAGES RECEIVED AND TAXES WITHHELD STATEMENT 5

T S -	EMPLOYER'S NAME	AMOUNT PAID	FEDERAL TAX WITHHELD	STATE TAX WITHHELD	CITY SDI TAX W/H	FICA TAX	MEDICARE TAX
T	U.S. SENATOR	80,837.	15,895.	1,590.		5,012.	1,172.
S	HENSLEY & COMPANY	218,581.	42,920.	9,871.			
	TOTALS	299,418.	58,815.	11,461.		5,012.	1,172.

FORM 1040 FEDERAL INCOME TAX WITHHELD STATEMENT 6

T S -	DESCRIPTION	AMOUNT
T	U.S. SENATOR	* 15,895.
S	HENSLEY & COMPANY	* 42,920.
T	WITHHOLDING FROM FORM 1099-MISC	6,852.
	TOTAL TO FORM 1040, LINE 64	65,667.

SCHEDULE A STATE AND LOCAL INCOME TAXES STATEMENT 7

DESCRIPTION	AMOUNT
U.S. SENATOR	1,590.
HENSLEY & COMPANY	9,871.
ARIZONA PRIOR YEAR OVERPAYMENT APPLIED	3,963.
TOTAL TO SCHEDULE A, LINE 5	15,424.

SCHEDULE A CASH CONTRIBUTIONS STATEMENT 8

DESCRIPTION	AMOUNT 50% LIMIT	AMOUNT 30% LIMIT
MISCELLANEOUS	24,500.	
MISCELLANEOUS		40,195.
SUBTOTALS	24,500.	40,195.
TOTAL TO SCHEDULE A, LINE 15		64,695.

SCHEDULE A — ITEMIZED DEDUCTIONS WORKSHEET — STATEMENT 9

1.	ENTER THE TOTAL OF THE AMOUNTS FROM SCHEDULE A, LINES 4, 9, 14, 18, 19, 26, AND 27		125,476.
2.	ENTER THE TOTAL OF THE AMOUNTS FROM SCHEDULE A, LINES 4, 13, AND 19, PLUS ANY GAMBLING AND CASUALTY OR THEFT LOSSES INCLUDED ON LINE 27		0.
3.	IS THE AMOUNT ON LINE 2 LESS THAN THE AMOUNT ON LINE 1? IF NO, YOUR DEDUCTION IS NOT LIMITED. ENTER THE AMOUNT FROM LINE 1 ABOVE ON SCHEDULE A, LINE 28. IF YES, SUBTRACT LINE 2 FROM LINE 1		125,476.
4.	MULTIPLY LINE 3 BY 80% (.80)	100,381.	
5.	ENTER THE AMOUNT FROM FORM 1040, LINE 38	338,809.	
6.	ENTER: $150,500 ($75,250 IF MARRIED FILING SEPARATELY)	75,250.	
7.	IS THE AMOUNT ON LINE 6 LESS THAN THE AMOUNT ON LINE 5? IF NO, YOUR DEDUCTION IS NOT LIMITED. ENTER THE AMOUNT FROM LINE 1 ABOVE ON SCHEDULE A, LINE 28. IF YES, SUBTRACT LINE 6 FROM LINE 5	263,559.	
8.	MULTIPLY LINE 7 BY 3% (.03)	7,907.	
9.	ENTER THE SMALLER OF LINE 4 OR LINE 8		7,907.
10.	DIVIDE LINE 9 BY 3		2,636.
11.	SUBTRACT LINE 10 FROM LINE 9		5,271.
12.	TOTAL ITEMIZED DEDUCTIONS. SUBTRACT LINE 11 FROM LINE 1. ENTER THE RESULT HERE AND ON SCHEDULE A, LINE 28		120,205.

SCHEDULE SE — NON-FARM INCOME — STATEMENT 10

DESCRIPTION	AMOUNT
AUTHOR	40,194.
TOTAL TO SCHEDULE SE, LINE 2	40,194.

FORM 2106/SBE OTHER BUSINESS EXPENSES STATEMENT 11

U.S. SENATOR

DESCRIPTION	AMOUNT
ACCOUNTING FEES FOR DISCLOSURE STATEMENT	11,000.
TOTAL TO FORM 2106/SBE, PART I, LINE 4	11,000.

JOHN S. MCCAIN, III
SSN: [redacted]
STATEMENT A

A STATEMENT ATTACHED TO AND MADE PART OF
THE FEDERAL AND ARIZONA INCOME TAX RETURNS
FOR THE YEAR ENDED DECEMBER 31, 2006

ALLOCATION OF COMMUNITY PROPERTY INCOME AND EXPENSES

Description	Total	John S. McCain SSN: [redacted] Allocated Amount	Cindy H. McCain SSN: [redacted] Allocated Amount
Income			
Wages and Salaries			
United States Senate - John S. McCain	161,675	80,838	80,838
Hensley & Company - Cindy H. McCain	437,161	218,581	218,581
Social Security Income	22,104	22,104	
Interest			
JPMorgan Chase Bank	29	14	14
Schedule C			
Random House	80,390	40,195	40,195
Deductions			
Taxes			
Personal Property Taxes	1,020	510	510
Real Estate Taxes	7,220	3,610	3,610
Contributions			
Cash	129,390	64,695	64,695
Miscellaneous Deductions			
Congressional Expenses	3,000	1,500	1,500
Accounting Fees for preparation of disclosure	22,000	11,000	11,000
Tax Preparation	6,900	3,450	3,450
Exemptions			
Dependent Exemptions (4)	12,800	6,400	6,400
Personal Exemptions (2)	6,400	3,200	3,200
Less Phase-Out		(9,600)	(9,600)
Household Employment Taxes			
Schedule H	48,323	24,162	24,162
Tax Withheld			
Federal - W-2 Wages			
United States Senate - John S. McCain	31,790	15,895	15,895
Hensley & Company - Cindy H. McCain	85,840	42,920	42,920
Federal - Social Security	6,852	6,852	
Arizona State Witholding	22,920	11,549	11,549