

CHINA TELECOM CORP LTD
Form SC 13G/A
February 06, 2018

CUSIP NO. 169426103
Page 1 of 15

13G

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 11) *

China Telecom Corporation Limited
(Name of Issuer)

American depositary shares
H shares, par value RMB1.00 per share
(Title of Class of Securities)

169426103 [1]
(CUSIP Number)

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December 31, 2017

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d 1(b)

Rule 13d 1(c)

Rule 13d 1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial

filing on this form with respect to the subject class of securities, and for any

subsequent amendment containing information which would alter the disclosures provided in

a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be

"filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or

otherwise subject to the liabilities of that section of the Act but shall be subject to

all other provisions of the Act (however, see the Notes).

[1] The title of the securities underlying the American Depository Shares is H Shares, par

value RMB 1.00 per share. The securities covered by this Schedule 13G may include H

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Shares and American Depository Shares. The CUSIP reported is the CUSIP for the American

Depository Shares.

CUSIP NO. 169426103

13G

Page 2 of 15

1. NAMES OF REPORTING PERSONS.

Franklin Resources, Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

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(See Item 4)

6. SHARED VOTING POWER

(See Item 4)

7. SOLE DISPOSITIVE POWER

(See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,819,412,052

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES []

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

13.1%

12. TYPE OF REPORTING PERSON

HC, CO (See Item 4)

CUSIP NO. 169426103

13G

Page 3 of 15

1. NAMES OF REPORTING PERSONS.

Charles B. Johnson

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

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(See Item 4)

6. SHARED VOTING POWER

(See Item 4)

7. SOLE DISPOSITIVE POWER

(See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,819,412,052

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES []

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

13.1%

12. TYPE OF REPORTING PERSON

HC, IN (See Item 4)

CUSIP NO. 169426103

13G

Page 4 of 15

1. NAMES OF REPORTING PERSONS.

Rupert H. Johnson, Jr.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

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(See Item 4)

6. SHARED VOTING POWER

(See Item 4)

7. SOLE DISPOSITIVE POWER

(See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,819,412,052

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES []

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

13.1%

12. TYPE OF REPORTING PERSON

HC, IN (See Item 4)

CUSIP NO. 169426103

13G

Page 5 of 15

1. NAMES OF REPORTING PERSONS.

Templeton Global Advisors Limited

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Bahamas

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

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803,919,449

6. SHARED VOTING POWER

4,310,890

7. SOLE DISPOSITIVE POWER

813,432,739

8. SHARED DISPOSITIVE POWER

25,815,823

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

839,248,562

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES []

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.0%

12. TYPE OF REPORTING PERSON

IA, CO (See Item 4)

CUSIP NO. 169426103
Page 6 of 15

13G

Item 1.

(a) Name of Issuer

China Telecom Corporation Limited

(b) Address of Issuer's Principal Executive Offices

31 Jinrong Street, Xicheng District

Beijing, People's Republic of China 100033

Item 2.

(a) Name of Person Filing

(i): Franklin Resources, Inc.

(ii): Charles B. Johnson

(iii): Rupert H. Johnson, Jr.

(iv): Templeton Global Advisors Limited

(b) Address of Principal Business Office or, if none, Residence

(i), (ii), and (iii):

One Franklin Parkway

San Mateo, CA 94403 1906

(iv): Templeton Building, Lyford Cay

Nassau, Bahamas

(c) Citizenship

(i): Delaware

(ii) and (iii): USA

(iv): Bahamas

(d) Title of Class of Securities

American depositary shares H shares, par value RMB1.00 per share

(e) CUSIP Number

169426103

CUSIP NO. 169426103

13G

Page 7 of 15

Item 3. If this statement is filed pursuant to §§240.13d 1(b) or 240.13d 2(b) or (c),

check whether the person filing is a:

(a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).

(b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).

(c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).

(d) Investment company registered under section 8 of the Investment Company

Act of 1940 (15 U.S.C. 80a-8).

(e) An investment adviser in accordance with §240.13d 1(b)(1)(ii)(E);

(f) An employee benefit plan or endowment fund in accordance with §240.13d 1(b)(1)(ii)(F);

(g) A parent holding company or control person in accordance with

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§240.13d 1(b) (1) (ii) (G);

(h) [] A savings associations as defined in Section 3(b) of the Federal Deposit

Insurance Act (12 U.S.C. 1813);

(i) [] A church plan that is excluded from the definition of an investment

company under section 3(c) (14) of the Investment Company Act of 1940 (15

U.S.C. 80a 3);

(j) [] A non U.S. institution in accordance with §240.13d 1(b) (ii) (J);

(k) [] Group, in accordance with §240.13d 1(b) (1) (ii) (K).

If filing as a non U.S. institution in accordance with §240.13d 1(b) (1) (ii) (J).

please specify the type of institution:

Item 4. Ownership

The securities reported herein are beneficially owned by one or more open or

closed end investment companies or other managed accounts that are investment

management clients of investment managers that are direct and indirect subsidiaries

(each, an "Investment Management Subsidiary" and, collectively, the "Investment

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Management Subsidiaries") of Franklin Resources Inc. ("FRI"), including the Investment

Management Subsidiaries listed in this Item 4. When an investment management contract

(including a sub advisory agreement) delegates to an Investment Management Subsidiary

investment discretion or voting power over the securities held in the investment

advisory accounts that are subject to that agreement, FRI treats the Investment

Management Subsidiary as having sole investment discretion or voting authority, as the

case may be, unless the agreement specifies otherwise. Accordingly, each Investment

Management Subsidiary reports on Schedule 13G that it has sole investment discretion

and voting authority over the securities covered by any such investment management

agreement, unless otherwise noted in this Item 4. As a result, for purposes of Rule

13d 3 under the Act, the Investment Management Subsidiaries listed in this Item 4 may

be deemed to be the beneficial owners of the securities reported in this Schedule 13G.

Beneficial ownership by Investment Management Subsidiaries and other FRI affiliates is

being reported in conformity with the guidelines articulated by the SEC staff in

Release No. 34 39538 (January 12, 1998) relating to organizations, such as FRI, where

related entities exercise voting and investment powers over the securities being

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reported independently from each other. The voting and investment powers held by

Franklin Mutual Advisers, LLC ("FMA") and Franklin Advisory Services, LLC ("FAS"), each an

indirect wholly owned Investment Management Subsidiary, are exercised independently from

FRI and from all other Investment Management Subsidiaries (FRI, its affiliates and the

Investment Management Subsidiaries other than FMA and FAS are collectively, "FRI

affiliates"). Furthermore, internal policies and procedures of FMA, FAS and FRI establish

informational barriers that prevent the flow between FMA and FAS, on the one hand, and the

FRI affiliates, on the other hand, of information that relates to the voting and investment

powers over the securities owned by their respective management clients. Consequently, FMA

and FAS report the securities over which they hold investment and voting power separately

from the FRI affiliates for purposes of Section 13 of the Act.

CUSIP NO. 169426103

13G

Page 8 of 15

Charles B. Johnson and Rupert H. Johnson, Jr. (the "Principal Shareholders") each own

in excess of 10% of the outstanding common stock of FRI and are the principal

stockholders of FRI. FRI and the Principal Shareholders may be deemed to be, for

purposes of Rule 13d 3 under the Act, the beneficial owners of securities held by

persons and entities for whom or for which FRI subsidiaries provide investment

management services. The number of shares that may be deemed to be beneficially owned

and the percentage of the class of which such shares are a part are reported in Items

9 and 11 of the cover pages for FRI and each of the Principal Shareholders. FRI, the

Principal Shareholders and each of the Investment Management Subsidiaries disclaim any

pecuniary interest in any of the such securities. In addition, the filing of this

Schedule 13G on behalf of the Principal Shareholders, FRI and the FRI affiliates, as

applicable, should not be construed as an admission that any of them is, and each of

them disclaims that it is, the beneficial owner, as defined in Rule 13d 3, of any of

the securities reported in this Schedule 13G.

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FRI, the Principal Shareholders, and each of the Investment Management Subsidiaries

believe that they are not a "group" within the meaning of Rule 13d 5 under the Act and

that they are not otherwise required to attribute to each other the beneficial

ownership of the securities held by any of them or by any persons or entities for whom

or for which the Investment Management Subsidiaries provide investment management

services.

(a) Amount beneficially owned:

1,819,412,052

(b) Percent of class:

13.1%

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote

Inc.: Franklin Resources,

0

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Johnson: Charles B. 0

Jr.: Rupert H. Johnson, 0

Canada: Fiduciary Trust Company of
14,027

Inc.: Franklin Advisers, 88,000

100,968,330 Franklin Templeton Investments Corp.:

28,442,000 Franklin Templeton Investments (Asia) Ltd.:

803,919,449 Templeton Global Advisors Limited:

508,927,660 Templeton Investment Counsel, LLC:

Limited: Franklin Templeton Investment Management
69,830,955

5,592,000 Templeton Asset Management Ltd.:

Franklin Templeton Investments Australia Limited:

27,963,800

CUSIP NO. 169426103
Page 9 of 15

13G

(ii) Shared power to vote or to direct the vote

4,310,890 Templeton Global Advisors Limited:

(iii) Sole power to dispose or to direct the disposition of

Inc.: Franklin Resources, 0

Johnson: Charles B. 0

Jr.: Rupert H. Johnson, 0

813,432,739 Templeton Global Advisors Limited:

Provide competitive compensation packages that enable CAI to attract and retain talented executives;

Motivate named executive officers to achieve our short- and long-term business strategies; and

Align named executive officer compensation with stockholder value.

How We Set Compensation

CAI has compensation programs for its named executive officers that are designed to offer compensation that is competitive with compensation offered by competitors and companies of similar size and complexity within the intermodal container and similar industries. Prior to our initial public offering, we were a closely held corporation with a small number of stockholders. Our Executive Chairman and Chief Executive Officer comprised our entire Board of Directors. Prior to our initial public offering, we did not have a compensation committee.

We have not retained compensation consultants to review our compensation policies or procedures. Historically, our Chief Executive Officer, in consultation with our Board of Directors, has set the compensation of our executive officers. As a result of our corporate structure and the informal nature of our compensation process, compensation for our executive officers has not always been determined with a view to achieving specific goals or as a result of a detailed, objectives-based process. Generally, we have sought to provide compensation packages to our executive officers that are fair and competitive. The compensation for our Executive Chairman, Chief Executive Officer and Chief Financial Officer for 2007 was set pursuant to individual employment agreements entered into with each of them prior to the formation of our Compensation Committee.

For all of the other named executive officers, Compensation Committee reviewed and approved their compensation packages, including the specific compensation of our Senior Vice President, Marketing and Vice President, Operations. While the Compensation Committee determines CAI's overall compensation philosophy and sets the compensation, it looks to our Executive Chairman and CEO to make recommendations with respect to specific compensation decisions, as described further on page 11 above.

The Compensation Committee awarded compensation to the other named executive officers for 2007 based on its review and analysis of their positions, responsibilities and performance, as well as their anticipated responsibilities and potential contributions to growth in stockholder value. The Compensation Committee analyzed CAI's performance relative to peer companies and the compensation comparables of peer companies in validating its conclusions. The Compensation Committee looked at data from publicly available compensation data from a selected group of peer organizations with comparable revenue. For fiscal year 2007, the selected peer organizations consisted of: TAL International Group, Inc., Cronos Group and Interpool, Inc.

In establishing the compensation of our named executive officers, we based the amounts primarily on the market data and advice provided by the Compensation Committee members, the individual performance of each named executive officer in recent periods, the employment agreement of each named executive officer, if any, and each named executive officer's level of responsibility for CAI's key objectives and potential for future responsibility and promotion.

The following table sets forth the percentage of each named executive officer's total compensation that was paid in the form of base salary and cash incentive awards for fiscal 2007 based on the amount reported as Total Compensation in the Summary Compensation Table:

Name	Cash Compensation as a Percentage of Total Compensation
Hiromitsu Ogawa	92.3%
Masaaki (John) Nishibori	71.8%
Victor M. Garcia	77.1%
Frederic M. Bauthier	71.1%
Camille G. Cutino	95.1%

Elements of Compensation

CAI's compensation program for its named executive officers consists of:

base salary and benefits,

cash bonuses, and

long-term, equity-based compensation.

Base Salaries

We generally set the base salary of each of our named executive officers at a level we believe compensates these individuals adequately for the work they are expected to perform in their respective positions, and we consider the base salaries paid to similarly-positioned executives by our selected peer organizations. Pursuant to the terms of each of Mr. Ogawa's, Mr. Nishibori's and Mr. Garcia's employment agreements, their base salaries will increase at least 4.0% annually. The Board of Directors may, in its discretion, approve a larger increase. The increase in base salary is intended to compensate for increases in the cost of living. We do not have employment agreements with Frederic Bauthier or Camille Cutino, who have worked for us since 1992 and 1991, respectively.

Cash Bonuses

We provide cash bonuses for each of our named executive officers. The cash bonuses to executive officers other than Mr. Ogawa and Mr. Nishibori are paid at the discretion of the Compensation Committee. Our Board of Directors allocates a general pool for all cash bonuses, except for the bonuses to Messrs. Ogawa and Nishibori. From this bonus pool, our Compensation Committee then determines the cash bonuses to be paid to each other named executive officer. When setting the discretionary cash bonuses for our other executive officers, the Compensation Committee considers several factors, including the overall performance of our company, the individual executive's role in our performance and the individual executive's job performance. The amount of cash bonus for Mr. Bauthier, our Senior Vice President of Marketing, is also determined based on our container leasing activities, sales of containers, total revenue and the performance of the marketing group; and the amount of cash bonus for Ms. Cutino, our Vice President of Operations, is also determined by certain qualitative factors. Pursuant to his employment agreement, Mr. Garcia's discretionary cash bonus may not exceed 40% of his base salary.

Pursuant to Mr. Ogawa's employment arrangement, in 2007 Mr. Ogawa was entitled to receive a cash bonus if we achieved 70.0% or more of our budgeted pretax profit for 2007. However, Mr. Ogawa waived his cash bonus in 2007. Following the effectiveness of our initial public offering, Mr. Ogawa is no longer entitled to receive this bonus. The Compensation Committee will recommend to the Board of Directors any cash bonuses to be paid to Mr. Ogawa, and the Board of Directors, in its discretion, determines any such bonus to be paid to Mr. Ogawa.

Under Mr. Nishibori's employment agreement, he is entitled to receive a bonus of between 10.0% and 100.0% of his base salary, depending on our pretax profit for the year. We have chosen pretax profit as our measure of performance because we believe it is a meaningful indicator of our company's overall performance. Our budgeted pretax profit is determined each year by our Board of Directors and the pretax profits achieved are as reflected in our audited financial statements. Our budgeted pretax profit was \$30,336,000 for 2007. The amount of Mr. Nishibori's bonus actually paid for 2007 was based upon the formula set forth in his employment agreement.

In addition to being eligible for discretionary cash bonuses, Mr. Garcia's employment agreement provides that upon completion of our initial public offering, Mr. Garcia will receive a cash bonus of up to \$100,000 on November 1, 2007 and on each of the following three anniversaries of that date, so long as he remains employed by us on such dates.

Long-Term, Equity-Based Compensation

Prior to our initial public offering, we granted Ms. Cutino 1,320 shares of restricted stock in 2007 subject to vesting over three years. Concurrent with our initial public offering, we granted stock options with an exercise price equal to the initial public offering price to Mr. Nishibori, Mr. Garcia and Mr. Bauthier. We determined the amounts of these awards based on typical size of awards for executives in similar positions at other pre-public companies.

Change-in-Control Severance Payments

CAI has entered into written agreements Hiromitsu Ogawa, Masaaki (John) Nishibori and Victor Garcia pursuant to which they will receive severance benefits in the event their employment terminates other than for cause or as a result of death or disability and additional severance benefits in the event their employment terminates within 12 months following a change in control of CAI. We provided these benefits to attract and retain qualified executive officers who could obtain similar positions at other companies. These potential payments are discussed further on page 21 below.

Other Benefits

Our named executive officers are eligible to participate in all our employee benefit plans, such as medical, dental, vision, group life, disability and our 401(k) plan, in each case on the same basis as other employees. In addition, we pay for additional life insurance policies for certain of our named executive officers. We also pay golf club monthly dues for certain of our executive officers. All of these other benefits are included as part of the benefits package to retain highly qualified executives. We also provide vacation and other paid holidays to all employees, including our executive officers.

2007 Summary Compensation Table

The following table provides information concerning compensation for services rendered to us in all capacities for the year ended December 31, 2007 by our Chief Executive Officer, our Chief Financial Officer and three other highly compensated executive officers whose total compensation exceeded \$100,000 in 2007.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽⁶⁾	Option Awards (\$) ⁽⁶⁾	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Hiromitsu Ogawa <i>Executive Chairman</i>	2007	\$ 525,874	\$	\$	\$	\$ (1)	\$ 43,583 ⁽¹⁾	\$ 569,457
	2006	\$ 515,761	\$	\$	\$	\$ 251,000	\$ 53,910 ⁽¹⁾	\$ 820,671
Masaaki (John) Nishibori <i>President and Chief Executive Officer</i>	2007	\$ 477,944	\$	\$	\$ 251,721	\$ 231,500	\$ 27,588 ⁽²⁾	\$ 988,753
	2006	\$ 432,701	\$	\$	\$	\$ 176,474	\$ 29,069 ⁽²⁾	\$ 638,244
				\$				
Victor M. Garcia ⁽⁵⁾ <i>Senior Vice President and Chief Financial Officer</i>	2007	\$ 303,333	\$ 228,000	\$	\$ 126,064	\$	\$ 31,707 ⁽³⁾	\$ 689,104
	2006	\$ 50,000	\$ 120,000	\$	\$	\$	\$ 3,930 ⁽³⁾	\$ 173,930
Frederic M. Bauthier <i>Senior Vice President,</i>	2007	\$ 280,235	\$ 100,000	\$	\$ 144,677	\$	\$ 10,110 ⁽⁴⁾	\$ 535,022
	2006	\$ 255,501	\$ 73,060	\$	\$	\$	\$ 11,031 ⁽⁴⁾	\$ 339,592
<i>Marketing</i>								
Camille Cutino <i>Vice President,</i>	2007	\$ 144,968	\$ 32,000	\$ 4,125	\$	\$	\$ 4,984 ⁽⁵⁾	\$ 186,077
	2006	\$ 124,847	\$ 13,535	\$	\$	\$	\$ 6,719 ⁽⁵⁾	\$ 145,101
<i>Operations</i>								

- (1) Mr. Ogawa waived his Non-Equity Incentive Plan Compensation for 2007. Other compensation for 2007 includes \$29,000 in life insurance premiums, \$7,290 in golf club dues, \$4,800 in office parking fees and \$2,493 in car expenses. Other compensation for 2006 includes \$28,970 in life insurance premiums, as well as car and gasoline expenses, monthly golf club dues, parking expenses and 401(k) matching.
- (2) Other compensation for 2007 includes \$14,013 in life insurance premium, \$8,775 in golf club dues and \$4,800 in office parking fees. Other compensation for 2006 includes \$12,505 in life insurance premiums, as well as monthly golf club dues, parking expenses and 401(k) matching.
- (3) For 2007, other compensation includes \$28,127 in relocation expense reimbursement, \$3,200 in office parking fees and \$380 in life insurance premiums. Other compensation for 2006 includes housing reimbursements.
- (4) For 2007, other compensation includes \$4,800 in office parking fees, \$4,560 in golf club membership fees and \$750 in life insurance premiums. Other compensation for 2006 includes life insurance premiums, parking expenses and 401(k) matching.
- (5) For 2007, other compensation includes \$4,800 in parking fees and \$184 in life insurance premiums. Other compensation for 2006 includes life insurance premiums, parking expenses and 401(k) matching.

⁽⁶⁾ These amounts reflect the aggregate compensation costs for financial statement reporting purposes for 2007 under Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment*, for stock options granted to each named executive officer, excluding the effect of estimated forfeitures. These amounts do not reflect amounts paid to or realized by the named executive officer for 2007. The full grant date fair value of the stock option and stock awards granted in 2007 to each of the above executive officers is shown on the table on page 19. For information on the method and assumptions used to calculate the compensation costs, see Note 11 to our audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2007.

2007 Grants of Plan-Based Awards Table

The following table provides information regarding grants of plan based awards for each of our Named Executive Officers for 2007.

Name	Type of Award	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Closing Price on Grant Date (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
				Threshold (\$)	Target (\$)	Maximum (\$)					
Hiromitsu Ogawa	Bonus		5/14/07	\$ 52,587	\$ 210,350	\$ 525,874					
Masaaki (John) Nishibori	NQO Bonus	5/15/07	5/14/07	\$ 50,000	\$ 200,000	\$ 500,000	259,980	\$ 15	\$ 15	\$ 1,611,015	
Victor M. Garcia	NQO	5/15/07					130,200	\$ 15	\$ 15	\$ 806,809	
Frederic M. Bauthier	NQO	5/15/07					118,440	\$ 15	\$ 15	\$ 733,936	
Camille Cutino	Restricted Stock	5/15/07					1,320	\$ 15	\$ 15	\$ 19,800	

Payouts under the Non-Equity Incentive Plan are paid in March of each year based on performance from the previous fiscal year. Mr. Ogawa waived his right to receive his 2007 bonus under the Non-Equity Incentive Plan. Mr. Nishibori received \$231,500 in cash bonuses under the plan based on CAI's 2007 financial performance. Discretionary cash bonuses were awarded to other officers. Stock options vest and become exercisable at the rate of 25% on the one-year anniversary of the vesting commencement date and an additional 1/48th each month thereafter and have an exercise price equal to the initial public offering price. If, in anticipation of or within 12 months of a change in control, Mr. Nishibori or Mr. Garcia is terminated without cause or terminates his employment for good reason, as described further on page 21, his stock option will become fully vested and exercisable.

Hiromitsu Ogawa. Mr. Ogawa served as Chief Executive Officer until November 1, 2006 when he became our Executive Chairman. We entered into an employment agreement with Mr. Ogawa effective November 1, 2006 in connection with his position as our Executive Chairman. The employment agreement is for a term of two years from the effective date of our initial public offering, unless the agreement is terminated earlier for death, disability, company insolvency, cause or by Mr. Ogawa for good reason, as described further on page 21. In addition, Mr. Ogawa may terminate the agreement with 30 days notice anytime after the one-year anniversary of the effective date of our initial public offering. Mr. Ogawa's annual base salary rate will be increased by 4.0% on July 1 of each subsequent year that his employment agreement is in effect, beginning on July 1, 2007.

Masaaki (John) Nishibori. Mr. Nishibori served as Senior Vice President and Chief Financial Officer until November 1, 2006 when he became President and Chief Executive Officer. We entered into an employment agreement with Mr. Nishibori effective November 1, 2006 in connection with his position as our President and Chief Executive Officer. The employment agreement is effective until October 31, 2008 and automatically renews for an additional two-year period, unless the agreement is terminated earlier by us for death, disability, company insolvency or cause, by Mr. Nishibori for good reason, as described further on page 21 of his employment agreement, or by either party with at least 90 days written notice prior to the end of the term. Mr. Nishibori's annual base salary will be increased by at least 4.0% on January 1 of each subsequent year that his employment agreement is in effect, beginning on January 1, 2008.

Mr. Nishibori is entitled to receive a cash bonus if we achieve certain percentages of our budgeted pretax profit in a specific fiscal year as set forth in the following table.

Percent of Budgeted Pretax Profit Achieved	Bonus (as a Percentage of Base Salary)
less than 70%	0%
70	10
80	20
90	30
100	40
110	50
120	60
130	70
140	80
150	90
160% and above	100%

Victor M. Garcia. Mr. Garcia became Senior Vice President and Chief Financial Officer on November 1, 2006. We entered into an employment agreement with Mr. Garcia effective November 1, 2006 in connection with his position as our Senior Vice President and Chief Financial Officer. The employment agreement is effective until October 31, 2009 and automatically renews for an additional two-year period, unless the agreement is terminated earlier by us for death, disability, company insolvency or cause, by Mr. Garcia for good reason, as described further on page 21, or by either party with at least 90 days written notice prior to the end of the term. Mr. Garcia's annual base salary will be increased by at least 4.0% on November 1 of each subsequent year that his employment agreement is in effect, beginning on November 1, 2007.

In addition to being eligible for discretionary cash bonuses, Mr. Garcia's employment agreement provides that upon completion of our initial public offering, Mr. Garcia will receive a cash bonus of up to \$100,000 on November 1, 2007 and on each of the following three anniversaries of that date, so long as he remains employed by us on such dates.

Pursuant to the employment agreement, Mr. Garcia may earn an annual cash bonus of up to 40.0% of his base salary.

2007 Outstanding Equity Awards at Fiscal Year-End Table

The following table provides information regarding the number and estimated value of outstanding stock options and unvested stock awards held by each of CAI's named executive officers as of December 31, 2007.

Name	Grant Date	Option Awards Number of Securities Underlying Unexercised Options (#)				Stock Awards Service-Based Equity Awards	
		Exercisable	Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have	
						Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Hiromitsu Ogawa							
Masaaki (John) Nishibori	5/15/07		259,980 ₍₁₎	\$ 15	5/14/17		
Victor Garcia	5/15/07		130,200 ₍₁₎	\$ 15	5/14/17		
Frederic Bauthier	5/15/07		118,440 ₍₁₎	\$ 15	5/14/17		
Camille Cutino	5/15/07					1,320 ₍₂₎	\$ 13,886

- (1) Twenty-five percent (25%) of the total number of shares subject to the option shall vest and become exercisable on May 15, 2008, if the option holder is providing services to CAI, and 1/48th of the total number of shares subject to listed option shall vest monthly thereafter.
- (2) 1/3 of the total shares of restricted stock shall vest on May 15, 2008; 1/3 of the total shares of restricted stock shall vest on May 15, 2009; and 1/3 of the total shares of restricted stock shall vest on May 15, 2010, if the holder of such restricted stock is still providing services to CAI as of such dates.

2007 Potential Post-Employment Payments

Employment Agreements

In the event of termination of the executive's employment without cause or as a result of the executive's death or disability or in the event of termination of employment by the executive for good reason, each of Mr. Ogawa, Mr. Nishibori and Mr. Garcia is entitled to receive the following severance payments pursuant to employment agreements we have entered into with each of them:

an amount equal to the greater of: (1) one year of base salary; or (2) base salary for the remainder of the term of the executive's employment agreement as of the date of termination;

except in the case of death, continued health, dental, life and disability insurance for a period of one year after termination (including dependents if dependents were covered prior to termination); and

if termination occurs more than one month after the end of the prior fiscal year, a pro-rated cash bonus based on the number of days of employment during the fiscal year in which termination occurs.

These arrangements are intended to attract and retain qualified executive officers who could obtain similar positions at other companies.

Cause is generally defined as (a) the willful and continued failure to perform substantially the executive's reasonable assigned duties (except a failure resulting from incapacity due to physical or mental illness) after a demand for performance has been delivered to the executive that specifies the manner of nonperformance, or (b) the willful engagement in illegal conduct materially injurious to CAI. Termination of employment does not include assignment of the executive to different responsibilities consistent with the executive's area of professional expertise.

Change of Control is generally defined as (i) a stockholder-approved merger or share exchange, in which CAI is either not the surviving corporation or the shares of CAI common stock are converted into cash, securities or other property (other than a merger or share exchange in which the holders of CAI's common stock maintain their proportionate ownership following the transaction), or a stockholder-approved sale of all or substantially all of the assets of CAI, (ii) a tender or exchange offer (other than one made by CAI) for shares of our common stock resulting in the offeror owning 20% or more of the voting power of the outstanding securities of CAI, (iii) a stockholder (other than the executive) reporting beneficial ownership of 20% or more of the voting power of the outstanding securities of CAI, or (iv) during any 12 month period, individuals constituting a majority of the Board of Directors at the beginning of such period no longer represent a majority of the Board at the end of such period, unless the nomination or election of the new directors was approved by at least two-thirds of the directors still in office who were directors at the beginning of the period.

Good Reason is generally defined as (i) the assignment to the executive of a different title, job or responsibilities that results in a decrease in the level of responsibility following the change of control transaction, (ii) a reduction in the executive's annual base pay following the change of control transaction, (iii) a significant reduction in the executive's total benefits package following the change of control transaction, (iv) a requirement that the executive relocate more than 50 miles from his business office prior to the change of control transaction, or (v) the failure of a successor to CAI to agree to be bound by the Executive Severance and Noncompetition Agreement.

In addition to the severance payments listed above, Mr. Garcia's and Mr. Nishibori's employment agreements each provide that if he is terminated without cause or terminates his employment for good reason in connection with a change in control, his stock options will become fully vested and exercisable.

Each of Mr. Nishibori's and Mr. Garcia's employment agreements provides that if he becomes entitled to receive or if he receives any payments that would be characterized as excess parachute payments within the meaning of Section 280G of the Internal Revenue Code, the payments will be reduced to the highest amount that may be paid to these executive officers without having any portion of any payment treated as an excess parachute payment, but only if the effect of the reduction is that the executive officer would receive a greater amount of payments, as determined on an after-tax basis. If, on an after-tax basis, the payments Mr. Nishibori or Mr. Garcia would receive would be greater without any reduction, then these payments will not be reduced.

Equity Compensation Plan

Under the 2007 Equity Incentive Plan, all awards under the plan, including shares subject to stock options and restricted stock, that have not vested will become fully vested and exercisable in the event of a change of control or other company transaction, each as defined below, unless, in the event of a company transaction, the option or stock award is assumed by the successor company. A change of control is generally defined as an acquisition of 50% or more of CAI's voting power, or a change in the composition of our Board of Directors in a two-year period, without the approval of the Incumbent Board (as defined in the plan), that results in fewer than a majority of the Incumbent Board remaining in office. A company transaction is generally defined as the completion of a merger or consolidation with or into another company or entity, a sale in one or more transactions with the common purpose of all of our outstanding voting securities, or a sale in one or more transactions with the common purpose of all or substantially all of our assets. The Compensation Committee may also, in the event of a change of control, allow the holder of an award to surrender the award in exchange for a cash payment, or, in the event of a company transaction, terminate awards under the plan in exchange for a cash payment, each calculated by a formula set forth in the plan.

The following table describes the potential payments upon a termination or change of control for Mr. Ogawa, Mr. Nishibori, Mr. Garcia, Mr. Bauthier and Ms. Cutino assuming that the triggering event occurred on December 31, 2007. In the case of stock options, the value of the acceleration was determined based on the difference between (i) the exercise price of the shares for which vesting was accelerated and (ii) the \$10.52 closing price on December 31, 2007. In the case of restricted stock, the value of the acceleration was determined by multiplying (i) the number of shares for which vesting was accelerated by (ii) the \$10.52 per share closing price on December 31, 2007.

Benefit	Before Change of Control: Termination	After Change of Control: Termination
	Without Cause, For Good Reason or due to Death or Disability	Without Cause, For Good Reason or due to Death or Disability
Hiromitsu Ogawa		
Base salary	\$ 525,874 ⁽¹⁾	\$ 525,874 ⁽¹⁾
Non-equity incentive plan compensation	243,000 ⁽²⁾	243,000 ⁽²⁾
COBRA premiums	20,872 ⁽³⁾	20,872 ⁽³⁾
Life and disability insurance	30,411 ⁽⁴⁾	30,411 ⁽⁴⁾
Accrued vacation pay	15,169	15,169
Total⁽⁵⁾	\$ 835,326	\$ 835,326

Benefit	Before Change of Control: Termination	After Change of Control: Termination
	Without Cause, For Good Reason or due to Death or Disability	Without Cause, For Good Reason or due to Death or Disability
Masaaki (John) Nishibori		
Base salary	\$ 500,000 ⁽¹⁾	\$ 500,000 ⁽¹⁾
Non-equity incentive plan compensation	231,500 ⁽²⁾	231,500 ⁽²⁾
Stock options (unvested and accelerated)		⁽⁶⁾
COBRA premiums	16,504 ⁽³⁾	16,504 ⁽³⁾
Life and disability insurance	15,499 ⁽⁴⁾	15,499 ⁽⁴⁾
Accrued vacation pay	27,043	27,043
Total ⁽⁵⁾	\$ 790,546	\$ 790,546
Victor Garcia		
Base salary	\$ 586,674 ⁽¹⁾	\$ 586,674 ⁽¹⁾
Cash bonus	128,000 ⁽²⁾	128,000 ⁽²⁾
Stock options (unvested and accelerated)		⁽⁶⁾
COBRA premiums	14,187 ⁽³⁾	14,187 ⁽³⁾
Life and disability insurance	1,866 ⁽⁴⁾	1,866 ⁽⁴⁾
Accrued vacation pay	23,077	23,077
Total ⁽⁵⁾	\$ 753,804	\$ 753,804
Frederic Bauthier		
Stock options (unvested and accelerated)	\$	\$ ⁽⁶⁾
Total	\$	\$
Camille Cutino		
Restricted stock (unvested and accelerated)	\$	\$ ⁽⁶⁾
Total	\$	\$

⁽¹⁾ Lump-sum payment made within 30 days of termination equal to the greater of one year of base salary or the base salary for the remaining term of the employment agreement which took effect on November 1, 2006. The term of employment for Messrs. Ogawa and Nishibori is two years, and the term of employment for Mr. Garcia is three years. As of December 31, 2007, the remaining employment term for Messrs. Ogawa and Nishibori is 10 months and for Mr. Garcia 22 months.

⁽²⁾ Messrs. Ogawa and Nishibori are entitled to receive cash bonuses under the company's Non-Equity Incentive Plan based on the achievement of certain percentages of our budgeted pretax profit for 2007 pursuant to their respective employment agreement. Mr. Garcia is eligible to receive a discretionary cash bonus of up to 40% of his base salary. Mr. Garcia's bonus is tied in part to the achievement of our earnings goals pursuant to his employment agreement.

⁽³⁾ Represents estimated COBRA and dental premiums to be paid by us for a period of 12 months after termination. Not payable in the event of death.

⁽⁴⁾ Represents estimated life and disability insurance premiums to be paid by us for a period of 12 months after termination. Not payable in the event of death.

- (5) If the executive becomes entitled to receive or receives any payments that would be characterized as "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code, the payments will be reduced to the highest amount that may be paid to the executive without having any portion of any payment treated as an "excess parachute payment," but only if the effect of the reduction is that the executive would receive a greater amount of payments, as determined on an after-tax basis. If, on an after-tax basis, the payments the executive would receive would be greater without any reduction, then no reduction will apply.
- (6) Under the terms of the 2007 Equity Incentive Plan, the vesting schedule of the following unvested stock options would accelerate and the options would be fully vested: Mr. Nishibori: 259,980 shares; Mr. Garcia: 130,200 shares; and Mr. Bauthier: 118,440 shares. In addition, under the terms of the 2007 Equity Incentive Plan, the vesting schedule of 1,320 unvested shares of restricted stock held by Camille Cutino would accelerate and the shares would be fully vested. However, because the closing price of CAI's common stock on December 31, 2007 (\$10.82) was lower than the exercise price and purchase price (\$15) of the options and restricted shares, respectively, no benefit would be realized under the scenario outlined in this table.

SECURITIES AUTHORIZED UNDER EQUITY COMPENSATION PLANS

The following table summarizes information about our 2007 Equity Incentive Plan as of December 31, 2007.

Plan Category	Number of Shares of Common Stock to Be Issued Upon Exercise of Outstanding Options (a)	Weighted Average Exercise Price of Outstanding Options	Number of Shares of Common Stock Available for Future Issuance (excluding shares reflected in (a))
Equity compensation plan approved by security holders	546,120	\$ 15.00	139,803 ⁽¹⁾
Equity compensation plan not approved by security holders			
	546,120	\$ 15.00	139,803

- (1) Our nonemployee directors each receive an option to purchase 12,500 shares of our common stock at the time first elected to the Board and an additional option to purchase 7,500 shares on each anniversary of that date. The options granted under this program vest and become exercisable with respect to 100% of the shares on the first anniversary of the grant date (assuming continued Board service). Shares available for issuance under the 2007 Equity Incentive Plan can be granted pursuant to stock options, stock appreciation rights, restricted stock or units, performance units, performance shares and any other stock based award selected by the committee.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of Mr. Dennis, Mr. Liebeck or Mr. Sawka, as the three members of the Compensation Committee, was at any time during the fiscal year ended December 31, 2007 or at any other time (i) an officer or employee of CAI or (ii) had any relationship requiring disclosure under Item 404 of Regulation S-K. No executive officer of CAI served as a member of the Compensation Committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) of another entity, or as a director of another entity, where one of the other entity's executive officers served on the Compensation Committee of CAI or as a director of CAI.

COMPENSATION COMMITTEE REPORT

The Compensation Committee consists of three independent directors. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based on that review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in CAI's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and CAI's proxy statement relating to its 2008 Annual Meeting of Stockholders.

Compensation Committee Report Submitted By:

William Liebeck, Chair

Marvin Dennis

Gary Sawka

AUDIT COMMITTEE REPORT

The Audit Committee appoints, determines funding for, oversees and evaluates the independent registered public accounting firm with respect to accounting, internal controls over financial reporting and other matters, and makes other decisions with respect to audit and finance matters. The Audit Committee also pre-approves the retention of the independent registered public accounting firm and fees for all audit and permitted non-audit services provided by the independent registered public accounting firm, and determines whether the provision of non-audit services is compatible with maintaining the independence of the independent registered public accounting firm. All members of the Audit Committee are able to read and understand financial statements and have experience in finance and accounting that provides them with financial sophistication.

Duties and Responsibilities

The Audit Committee operates under a written charter approved by the Board of Directors. Pursuant to authority delegated by the Board of Directors and the Audit Committee's written charter, the Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to:

the integrity of CAI's financial statements;

CAI's compliance with legal and regulatory requirements;

CAI's systems of internal control over financial reporting as established by management;

the independent registered public accounting firm's qualifications and independence;

the performance by CAI's independent registered public accounting firm;

CAI's internal audit activities and processes;

CAI's auditing, accounting and financial reporting processes generally; and

compliance with CAI's ethical standards for senior financial officers and all personnel.

In fulfilling its duties, the Audit Committee maintains free and open communication with the Board, the independent registered public accounting firm, financial management and all employees.

In connection with these responsibilities, the Audit Committee met with management to review and discuss CAI's audited financial statements. The Audit Committee also discussed with the independent registered public accounting firm the matters required by the Statement on Auditing Standards No. 61, Communications with Audit Committee. The Audit Committee also received from the independent registered public accounting firm the written disclosures and the letter required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and has discussed with its independent registered public accounting firm that firm's independence.

Fiscal 2007 Audit

Based on the reviews and discussions described above, the Audit Committee recommended that the Board of Directors include the audited financial statements in CAI's Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2007.

Audit Committee Report Submitted By:

Marvin Dennis, Chair

William Liebeck

Gary Sawka

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee appointed KPMG LLP to audit our financial statements for the year ending December 31, 2008. KPMG LLP audited our financial statements for the years ended December 31, 2006 and 2007. Representatives of KPMG LLP are expected to attend the annual meeting, where they are expected to be available to respond to appropriate questions and, if they desire, to make a statement.

AUDIT FEES

Fees billed to CAI by KPMG LLP for 2006 and 2007 were approximately as follows:

Services Rendered	2006	2007
Audit Fees ⁽¹⁾	\$ 662,700	\$ 643,154
Audit-Related Fees ⁽²⁾	140,411	735,190
Tax Fees ⁽³⁾		15,697
Other Fees ⁽⁴⁾	13,320	
Total Fees	\$ 816,431	\$ 1,394,041

- (1) Audit Fees consist of fees for professional services rendered for the audit of our 2006 and 2007 consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by KPMG LLP in connection with regulatory filings.
- (2) Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements primarily in connection with the S-1 filing with the SEC, and are not reported under Audit Fees.
- (3) Tax Fees consist of fees billed for professional services rendered for tax compliance relating to our foreign subsidiaries.
- (4) All Other Fees consist of fees for products and services other than the services reported above.
- Pre-Approval Policy.** The Audit Committee pre-approves all audit and permissible audit-related and non-audit services provided to the Company by our independent registered public accounting firm and the associated fees for these services. All services and fees for 2007 were approved by the Audit Committee. Engagements must be separately pre-approved by the Audit Committee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows common stock ownership on April 21, 2008, except as otherwise noted, by:

each person who beneficially owned more than 5% of CAI common stock on that date,

each of the executive officers named in the Summary Compensation Table on page 18 and each of the current CAI directors, and

all current CAI executive officers and CAI directors as a group.

The number of shares beneficially owned by each entity or person is determined under the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has the sole or shared voting power or investment power and also any shares that the individual has the right to acquire as of June 20, 2008 through the exercise of any stock option or other right.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Class Beneficially Owned
Hiromitsu Ogawa ⁽¹⁾ c/o CAI International, Inc. One Embarcadero Center, Suite 2101 San Francisco, CA 94111	8,892,240	51.86%
Wells Fargo & Company ⁽²⁾ 420 Montgomery Street San Francisco, CA 94163	2,389,684	13.94%
Development Bank of Japan ⁽³⁾ DBJ Value Up Fund 1-9-1 Otemachi, Chiyoda-ku, Tokyo 100-0004 Japan	1,691,760	9.87%
Columbia Wanger Asset Management, L.P. ⁽⁴⁾ 227 West Monroe Street, Suite 3000 Chicago, IL 60606	1,500,000	8.75%
Wasatch Advisors, Inc. ⁽⁵⁾ 150 Social Hall Avenue Salt Lake City, UT 84111	848,956	4.95%

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Masaaki (John) Nishibori ⁽⁶⁾	627,331	3.64%
c/o CAI International, Inc.		
One Embarcadero Center, Suite 2101		
San Francisco, CA 94111		
Frederic M. Bauthier ⁽⁷⁾	199,778	1.16%
c/o CAI International, Inc.		
One Embarcadero Center, Suite 2101		
San Francisco, CA 94111		
Victor M. Garcia ⁽⁸⁾	35,263	*
c/o CAI International, Inc.		
One Embarcadero Center, Suite 2101		
San Francisco, CA 94111		

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Class Beneficially Owned
Gary M. Sawka ⁽⁹⁾ c/o CAI International, Inc. One Embarcadero Center, Suite 2101 San Francisco, CA 94111	15,500	*
Marvin Dennis ⁽⁹⁾ c/o CAI International, Inc. One Embarcadero Center, Suite 2101 San Francisco, CA 94111	12,500	*
William W. Liebeck ⁽⁹⁾ c/o CAI International, Inc. One Embarcadero Center, Suite 2101 San Francisco, CA 94111	12,500	*
Camille G. Cutino ⁽¹⁰⁾ c/o CAI International, Inc. One Embarcadero Center, Suite 2101 San Francisco, CA 94111	1,520	*
All directors and executive officers as a group (8 persons)	9,796,632	57.12%

* Less than 1%.

(1) Mr. Ogawa beneficially owns 4,776,240 shares of our common stock in his own name. An additional 2,859,108 shares are held by the Ogawa Family Trust dated 7/06/98, of which Mr. Ogawa and his wife are co-trustees. An additional 1,256,892 shares are held by the Ogawa Family Limited Partnership. Mr. Ogawa is the co-trustee of the Ogawa Family Trust, which is the general partner of the Ogawa Family Limited Partnership.

(2) Based on a Schedule 13G filed with the SEC on February 2, 2008. Includes 1,192,192 shares for which Wells Fargo & Company maintains sole voting power and 1,194,842 shares for which Wells Fargo maintains sole dispositive power. Also includes 1,122,192 shares for which Wells Capital Management Incorporated maintains sole voting power and 1,194,842 shares for which Wells Capital maintains sole dispositive power.

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- (3) Based on a Schedule 13G filed with the SEC on February 14, 2008. DBJ Value Up Fund is an affiliate of the Development Bank of Japan. Includes 1,691,760 shares for which the Development Bank of Japan and DBJ Value Up Fund have shared voting power and shared dispositive power. No other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the shares of common stock held by the Development Bank and DBJ Value Up Fund.
- (4) Based on a Schedule 13G filed with the SEC on January 22, 2008.
- (5) Based on a Schedule 13G filed with the SEC on February 14, 2008.
- (6) Includes options to purchase 70,411 shares that are exercisable within 60 days of April 21, 2008.
- (7) Includes options to purchase 32,078 shares that are exercisable within 60 days of April 21, 2008.
- (8) Includes options to purchase 35,263 shares that are exercisable within 60 days of April 21, 2008.
- (9) Includes options to purchase 12,500 shares that are exercisable within 60 days of April 21, 2008.
- (10) Includes 880 shares of restricted stock that will not be vested within 60 days of April 21, 2008.

RELATED PERSON TRANSACTIONS

Transactions with Directors and Executive Officers

Sale of Common Stock to DBJ Value Up Fund

On February 16, 2007, Hiromitsu Ogawa sold 4,028 shares (equivalent to 1,691,760 shares after a 420:1 stock split) of his CAI common stock to DBJ Value Up Fund, a Japanese partnership. DBJ Value Up Fund paid Mr. Ogawa \$22,913,232 for the shares. In connection with this sale, we entered into a Stock Purchase Agreement and an Amended and Restated Registration Rights Agreement with Mr. Ogawa and DBJ Value Up Fund.

Under the Registration Rights Agreement, Mr. Ogawa and DBJ have certain piggyback registration rights with respect to shares of our common stock. Accordingly, if we propose to register any of our common stock under the Securities Act or under the comparable Japanese securities laws, we are required to notify Mr. Ogawa and DBJ Value Up Fund and to include in such registration all the shares of common stock requested to be included by them, subject to certain limitations. Under the terms of the Registration Rights Agreement, we are generally obligated to pay all the expenses associated with any demand or piggyback registrations.

Policies and Procedures for Approving Transactions with Related Persons

Our Audit Committee, in executing the responsibilities delegated to it, reviews a summary of CAI's transactions with its directors and officers and with firms that employ directors, as well as any other material related party transactions, periodically, but no less frequently than annually. The Audit Committee consists of disinterested, nonemployee directors.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires CAI's executive officers, directors and holders of more than 10% of CAI common stock to file reports of ownership and changes in ownership with the SEC. CAI believes that during its fiscal year ended December 31, 2007, all reports required under Section 16(a) were timely filed, except for one form for Gary Sawka with respect to one transaction and one form for Camille Cutino with respect to one transaction.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Victor Garcia
Victor Garcia
Senior Vice President and Chief Financial Officer

San Francisco, California

April 30, 2008

q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

Proxy CAI INTERNATIONAL, INC.

Proxy Solicited on Behalf of the Board of Directors of

the Company for the Annual Meeting on June 19, 2008

The undersigned hereby appoints Masaaki Nishibori and Victor Garcia, and each of them, proxies with full power of substitution, to vote on behalf of the undersigned at the Annual Meeting of Shareholders of CAI International, Inc. on June 19, 2008 at 10:00 a.m. local time at the offices of Perkins Coie LLP, located at 101 Jefferson Drive, Menlo Park, California 94025, and at any adjournment thereof, all shares of the undersigned in CAI International, Inc. The proxies are instructed to vote as stated on the reverse side.

The shares represented by this proxy will be voted in accordance with instructions, if given. If no instructions are given, this proxy will be voted for the Board of Directors nominee for election as director. The proxies may vote in their discretion as to other matters that may come before the meeting.

(The Board of Directors recommends a vote **FOR** the nominee listed on the reverse side.)

PLEASE SIGN ON OTHER SIDE AND RETURN PROMPTLY

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

X

Annual Meeting Proxy Card

q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

A Election of Director The Board of Directors recommends a vote FOR the nominee listed.

1. Nominee:	For	Withhold
01 - Marvin Dennis

+

B Non-Voting Items

Change of Address Please print your new address below.

Comments Please print your comments below.

Meeting Attendance
Mark the box to the right if you plan to attend the Annual Meeting.

..

C Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below

NOTE: Please sign exactly as name(s) appears hereon. Joint owners should each sign. Please mark, date, sign and return proxy card promptly. Receipt is acknowledged of the notice and proxy statement relating to this meeting.

Date (mm/dd/yyyy) Please print date below.

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

/ /