

TAL International Group, Inc.
Form DEF 14A
April 03, 2007

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:
Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by
Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to Rule 240.14a-12

TAL International Group, Inc.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- (1) Amount Previously Paid:
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- (3) Filing Party:

(4) Date Filed:

TAL INTERNATIONAL GROUP, INC.
100 MANHATTANVILLE ROAD
PURCHASE, NEW YORK 10577

April 6, 2007

Dear Stockholders,

You are cordially invited to join us for our Annual Meeting of Stockholders to be held this year on May 1, 2007, at 10:00 a.m., Eastern Daylight Time, at the Hilton Rye Town, 699 Westchester Avenue, Rye Brook, New York.

The Notice of Annual Meeting of Stockholders and the Proxy Statement that follow describe the business to be conducted at the meeting. You will be asked to elect nine directors to the Board of Directors and to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007. We will also report on matters of current interest to our stockholders.

Whether you own a few or many shares of stock, it is important that your shares be represented. If you cannot personally attend the meeting, we encourage you to make certain that you are represented by signing the accompanying proxy card and promptly returning it in the enclosed, prepaid envelope.

Sincerely,
Brian M. Sondey
President and Chief Executive Officer

TAL INTERNATIONAL GROUP, INC.
100 Manhattanville Road
Purchase, New York 10577

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held on May 1, 2007

To the Stockholders:

The Board of Directors of TAL International Group, Inc. hereby gives notice that the Annual Meeting of Stockholders of TAL International Group, Inc. will be held on May 1, 2007, at 10:00 a.m., Eastern Daylight Time, at the Hilton Rye Town, 699 Westchester Avenue, Rye Brook, New York (the "Annual Meeting"). The purpose of the Annual Meeting is to:

1. Elect nine directors to the Board of Directors to serve until the 2008 annual meeting of stockholders or until their respective successors are elected and qualified.

2. Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007.
3. Act on any other matters as may properly come before the stockholders at the Annual Meeting, including any motion to adjourn to a later date to permit further solicitation of proxies, if necessary.

The Board of Directors has fixed the close of business March 16, 2007 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting or any adjournment.

You are cordially invited to attend the Annual Meeting in person. If you attend the meeting, you may vote in person if you wish, even though you have previously returned your proxy. A copy of TAL International Group, Inc.'s Proxy Statement is enclosed.

By Order of the Board of Directors,
Marc Pearlin
Secretary

April 6, 2007

YOUR PROXY VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, IT IS IMPORTANT THAT THE ENCLOSED PROXY CARD BE RETURNED PROMPTLY. THEREFORE, PLEASE COMPLETE, DATE, AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. THIS WILL ENSURE REPRESENTATION OF YOUR SHARES AT THE MEETING.

TAL INTERNATIONAL GROUP, INC.
100 Manhattanville Road
Purchase, New York 10577

PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
to be held on May 1, 2007

INFORMATION ABOUT VOTING

General

This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders are being furnished in connection with the solicitation by the Board of Directors of TAL International Group, Inc. ("TAL International Group" or "us" or "we") of proxies for use at the Annual Meeting of Stockholders to be held at the Hilton Rye Town, 699 Westchester Avenue, Rye Brook, New York, at 10:00 a.m., Eastern Daylight Time, on May 1, 2007, and at any adjournments thereof (the "Annual Meeting"), for the purposes set forth in the preceding Notice of Annual Meeting of Stockholders. This Proxy Statement and accompanying proxy card are first being distributed to all stockholders entitled to vote on or about April 6, 2007.

The cost of soliciting proxies will be borne by TAL International Group, and will consist primarily of preparing and mailing the proxies and this Proxy Statement. Copies of the proxy materials may be furnished to brokers, custodians,

nominees and other fiduciaries for forwarding to beneficial owners of shares of TAL International Group Common Stock, and normal handling charges may be paid for such forwarding service.

Who can vote?

Only holders of record as of the close of business March 16, 2007 (the "Record Date") of TAL International Group's Common Stock, par value \$0.001 per share (the "Common Stock"), are entitled to vote at the Annual Meeting. On the Record Date, there were 33,257,723 shares of Common Stock outstanding.

How proposals will be voted on at the Annual Meeting?

Stockholders will vote on two proposals at the Annual Meeting:

- the election of nine directors to serve on our Board of Directors (Proposal No. 1); and
- the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007 (Proposal No. 2).

We will also consider other business that properly comes before the annual meeting.

How many votes can I cast?

You will be entitled to one vote per share of Common Stock owned by you on the Record Date.

How do I vote by proxy?

Follow the instructions on the enclosed proxy card to vote on the proposals to be considered at the Annual Meeting. Sign and date the proxy card and mail it back to us in the enclosed prepaid envelope. The proxyholders named on the proxy card will vote your shares as you instruct. If you sign and return the proxy card but do not vote on the proposals, the proxyholders will vote for you on the proposals. Unless you instruct otherwise, the proxyholders will vote "FOR" the nominees proposed by our Board of Directors and "FOR" the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007.

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What if other matters come up at the Annual Meeting?

The matters described in this proxy statement are the only matters we know will be voted on at the Annual Meeting. If other matters are properly presented at the Annual Meeting, the proxyholders will vote your shares as they see fit.

What can I do if I change my mind after I vote my shares?

At any time before the vote at the meeting, you can revoke your proxy either by (i) giving our Secretary a written notice revoking your proxy card, (ii) signing, dating and returning to our Secretary a new proxy card bearing a later date, or (iii) attending the Annual Meeting and voting in person. Your presence at the Annual Meeting will not revoke your proxy unless you vote in person. All written notices or new proxies should be sent to our Secretary at our principal executive offices.

Can I vote in person at the Annual Meeting rather than by completing the proxy card?

Although we encourage you to complete and return the proxy card to ensure that your vote is counted, you can attend the Annual Meeting and vote your shares in person.

What do I do if my shares are held in “street name”?

If your shares are held in the name of your broker, a bank, or other nominee, that party should give you instructions for voting your shares.

What are broker non-votes?

Broker non-votes are shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote those shares as to a particular matter. Broker non-votes are not counted for purposes of determining whether a proposal has been approved.

What is a quorum?

We will hold the Annual Meeting if a quorum is present. A quorum will be present if the holders of a majority of the shares of Common Stock entitled to vote on the Record Date either sign and return their proxy cards or attend the Annual Meeting. Without a quorum, we cannot hold the meeting or transact business. If you sign and return your proxy card, your shares will be counted to determine whether we have a quorum even if you abstain or fail to vote on the proposals listed on the proxy card. Abstentions and broker non-votes will also be counted as present for purposes of determining if a quorum exists.

What vote is necessary for action?

Passage of Proposal 1 (election of directors) requires, for each director, the affirmative vote of a plurality of the votes cast by the holders of the shares of our Common Stock voting in person or by proxy at the Annual Meeting. You will not be able to cumulate your votes in the election of directors. Approval of Proposal 2 (ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007) will require the affirmative vote of the holders of a majority of the shares of our Common Stock present in person or by proxy of the Annual Meeting and entitled to vote. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present, but will not be counted as votes cast in the tabulation of any voting results and will not affect the outcome of the vote.

Who pays for the proxy solicitation?

We do. In addition to sending you these materials, some of our employees may contact you by telephone, by mail, or in person. None of these employees will receive any extra compensation for doing this.

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At the Annual Meeting, the stockholders will elect nine directors to serve until the 2008 annual meeting of stockholders or until their respective successors are elected and qualified. The authorized number of directors is currently ten. TAL International Group believes leaving a vacancy on the board will provide the directors with flexibility during the year to appoint an additional member to the board when and if an individual whose services would be beneficial to TAL International Group and its stockholders is identified. In the absence of instructions to the contrary, a properly signed and dated proxy will vote the shares represented by that proxy, "FOR" the election of the nine nominees named below.

Assuming a quorum is present, the nine nominees receiving the highest number of affirmative votes of shares entitled to be voted for them will be elected as directors of TAL International Group. Stockholders are not entitled to cumulate votes in the election of directors. All nominees have consented to serve as directors, if elected. If any nominee is unable or unwilling to serve as a director at the time of the Annual Meeting, the persons who are designated as proxies intend to vote, in their discretion, for such other persons, if any, as may be designated by our Board of Directors. As of the date of this proxy statement, our Board of Directors has no reason to believe that any of the persons named below will be unable or unwilling to serve as a nominee or as a director if elected.

The names of the nominees, their ages as of December 31, 2006, and certain other information about them are set forth below:

Name	Age	Position	Director Since
Brian M. Sondey	39	Chief Executive Officer, President, Director	November 2004
Malcolm P. Baker (1)	37	Director	September 2006
Bruce R. Berkowitz (1)(3)	48	Director	November 2004
A. Richard Caputo, Jr. (2)(3)	41	Director	November 2004
Brian J. Higgins	31	Director	November 2004
John W. Jordan II (3)	59	Director	November 2004
Frederic H. Lindeberg (1)(2)	66	Director	October 2005
David W. Zalaznick (2)	52	Director	November 2004
Douglas J. Zych	34	Director	November 2004

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Nominating and Corporate Governance Committee

Brian M. Sondey is our Chief Executive Officer and President and has served as a director of our company since November 2004. Mr. Sondey joined our former parent, Transamerica Corporation, in April 1996 as Director of Corporate Development. He then joined TAL International Container Corporation ("TAL International Corporation") in November 1998 as Senior Vice President of Business Development. In September 1999, Mr. Sondey became President of TAL International Corporation. Prior to his work with Transamerica Corporation and TAL International Corporation, Mr. Sondey worked as a Management Consultant at the Boston Consulting Group and as a Mergers & Acquisitions Associate at J.P. Morgan. Mr. Sondey holds an MBA from The Stanford Graduate School of Business and a BA degree in Economics from Amherst College.

Malcolm P. Baker has served as a director of our company since September 2006. Dr. Baker is a professor in the finance unit of the Harvard University Graduate School of Business and a faculty research fellow in the corporate finance program at the National Bureau of Economic Research. Dr. Baker has authored numerous articles and case studies on corporate finance, capital markets, and behavioral finance. He has been a frequent presenter at academic and practitioner conferences, a consultant to corporations and investment management firms, and a winner of the

Brattle Prize, which

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is given annually by the American Finance Association. Dr. Baker holds a BA in applied mathematics and economics from Brown University, an M.Phil. in finance from Cambridge University, and a Ph.D. in business economics from Harvard University.

Bruce R. Berkowitz has served as a director of our company since November 2004. Mr. Berkowitz is the Founder and Managing Member of Fairholme Capital Management, L.L.C., a registered investment adviser, and the President and a Director of Fairholme Funds, Inc., a registered investment company that is parent to The Fairholme Fund, a public mutual fund. Mr. Berkowitz is a member of the Board of Trustees of Winthrop Realty Trust, a NYSE-listed REIT, and a Director of White Mountains Insurance Group, Ltd, a NYSE-listed insurance company. Mr. Berkowitz received a BA in Economics from the University of Massachusetts.

A. Richard Caputo, Jr. has served as a director of our company since November 2004. Mr. Caputo is a Partner and Managing Principal of The Jordan Company, L.P., and has been an employee of The Jordan Company, L.P. and its predecessors and affiliated entities since 1990. The Jordan Company, L.P. manages, and is an affiliate of, The Resolute Fund, L.P. Since 2002, Mr. Caputo has been a member of Resolute Fund Partners, LLC, the general partner of The Resolute Fund, L.P. Mr. Caputo is also a director of Universal Technical Institute, Inc. and Safety Insurance Group, Inc., as well as a number of privately held companies. Mr. Caputo received a BA in Mathematical and Business Economics from Brown University.

Brian J. Higgins has served as a director of our company since November 2004. Mr. Higgins is a Vice President of The Jordan Company, L.P. and has been an employee of The Jordan Company, L.P. and its predecessor and affiliated entities since 1999. The Jordan Company, L.P. manages, and is an affiliate of, The Resolute Fund, L.P. Mr. Higgins received a BA in Economics from Williams College.

John W. Jordan II has served as a director of our company since November 2004. Mr. Jordan has been a Partner and Managing Principal of The Jordan Company, L.P., and its predecessors and affiliated entities since 1982. The Jordan Company, L.P. manages, and is an affiliate of, The Resolute Fund, L.P. Since 2002, Mr. Jordan has been a Managing Member of Resolute Fund Partners, LLC, the general partner of The Resolute Fund, L.P. Mr. Jordan is also a director of Jordan Industries, Inc. and Sensus Metering Systems, Inc., as well as a number of privately held companies. Mr. Jordan received a BA in Business Administration from the University of Notre Dame.

Frederic H. Lindeberg has served as a director of our company since October 2005. Mr. Lindeberg has had a consulting practice providing taxation, management and investment counsel since 1991, focusing on finance, real estate, manufacturing and retail industries. Mr. Lindeberg retired in 1991 as Partner-In-Charge of various KPMG tax offices, after 24 years of service where he provided both accounting and tax counsel to various clients. Mr. Lindeberg was formerly an adjunct professor at Penn State Graduate School of Business. Mr. Lindeberg is currently a director of Safety Insurance Group, Inc. and formerly a trustee of Provident Senior Living Trust. Mr. Lindeberg received a BS in Business Administration from Drexel University and a JD from Temple University School of Law.

David W. Zalaznick has served as a director of our company since November 2004. Mr. Zalaznick has been a Partner and Managing Principal of the Jordan Company, L.P., and its predecessors since 1982. The Jordan Company, L.P. manages, and is an affiliate of, The Resolute Fund, L.P. Since 2002, Mr. Zalaznick has been a Managing Member of

Resolute Fund Partners, LLC, the general partner of The Resolute Fund, L.P. Mr. Zalaznick is also a director of Jordan Industries, Inc., Cequel Communications Holdings, LLC, Sensus Metering Systems, Inc., as well as a number of privately held companies. Mr. Zalaznick received a BA in Economics from Cornell University and a MBA from Columbia University.

Douglas J. Zych has served as a director of our company since November 2004. Mr. Zych is a Principal of The Jordan Company, L.P. and has been an employee of The Jordan Company, L.P. and its predecessors and affiliated entities since 1995. The Jordan Company, L.P. manages, and is an affiliate of, The Resolute Fund, L.P. Mr. Zych received a BA in Business Administration from the University of Notre Dame.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE ELECTION OF THE NOMINEES LISTED ABOVE TO THE BOARD OF DIRECTORS.

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Corporate Governance and Related Matters

We currently avail ourselves of the “controlled company” exception under the New York Stock Exchange corporate governance standards, pursuant to which a company of which more than 50% of the voting power is held by a group may elect not to comply with certain New York Stock Exchange corporate governance requirements, including: (i) the requirement that a majority of our Board of Directors consist of independent directors; (ii) the requirement that the Nominating and Corporate Governance Committee be composed entirely of independent directors; and (iii) the requirement that the Compensation Committee be composed entirely of independent directors. Certain of our stockholders, which collectively beneficially own approximately 58.99% of our Common Stock, have entered into a shareholders agreement setting forth certain rights and restrictions relating to ownership of our securities. As a result of the provisions of this shareholders agreement, our stockholders party thereto, as a group, control a majority of our outstanding Common Stock. Accordingly, we have elected not to comply with the requirements that we have a majority of independent directors on our Board of Directors and that our Compensation Committee and our Nominating and Corporate Governance Committee be composed entirely of independent directors. We believe, however, that the current composition of our Board of Directors and the committees of our Board of Directors ensures a significant role for our independent directors. In the event that we are no longer a “controlled company,” we will be required to have a majority of independent directors on our Board of Directors and to have our Compensation Committee and our Nominating and Corporate Governance Committee be composed entirely of independent directors within one year of the date that we lose our “controlled company” status.

The Board of Directors has adopted a formal policy to assist it in determining whether a director is independent in accordance with the applicable rules of the New York Stock Exchange. The Director Independence Standards are available on our corporate website at www.talinternational.com. The Directors Independence Standards may be found on our website as follows: From our main web page, first click on “Investors” at the top of the page. Next, click on “Corporate Governance” on the left side of the page, then on “Directors Independence Standards” on the right side of the page. Applying these standards, our Board of Directors has determined that Messrs. Baker, Berkowitz and Lindeberg qualify as independent. The Board of Directors has adopted formal Corporate Governance Principles and Guidelines which are available on our website at www.talinternational.com. From our main web page, first click on “Investors” at the top of the page. Next click on “Corporate Governance” on the left side of the page, then on “Corporate Governance Principles and Guidelines” on the right side of the page.

Compensation of Directors

Each of our non-executive directors receives a \$35,000 annual cash retainer. In addition, the Chairman of the Audit Committee, currently Mr. Lindeberg, receives an additional \$10,000 annual cash retainer. Additionally, in consideration for serving as a director, Mr. Baker received a grant of options in September 2006 to purchase 10,000 shares of Common Stock which are fully described in note (A) below. All directors are reimbursed for reasonable out-of-pocket expenses incurred in connection with their attendance at Board of Directors and committee meetings.

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 DIRECTOR COMPENSATION TABLE

The following table sets forth information regarding the compensation earned by our directors in 2006:

Name	Fees Earned or		Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value & Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
	Paid in Cash (\$)	Stock Awards (\$)					
Malcolm P. Baker	17,500	—	4,720(A)	—	—	—	22,220
Bruce R. Berkowitz	35,000	—	—	—	—	—	35,000
A. Richard Caputo, Jr.	35,000	—	—	—	—	—	35,000
Brian J. Higgins	35,000	—	—	—	—	—	35,000