

J2 GLOBAL COMMUNICATIONS INC  
Form DEF 14A  
April 09, 2003  
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INFORMATION REQUIRED IN PROXY STATEMENT

**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:

- |                                     |   |                          |   |
|-------------------------------------|---|--------------------------|---|
| <input type="checkbox"/>            | Preliminary Proxy Statement                                   | <input type="checkbox"/> | <b>Confidential, for Use of the Commission Only</b> |
| <input checked="" type="checkbox"/> | Definitive Proxy Statement                                    | <input type="checkbox"/> | <b>(as permitted by Rule 14a-6(e)(2))</b>           |
| <input type="checkbox"/>            | Definitive Additional Materials                               |                          |   |
| <input type="checkbox"/>            | Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12 |                          |   |

**j2 Global Communications, 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.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set for the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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j2 Global Communications, Inc.  
6922 Hollywood Boulevard, Suite 800  
Los Angeles, California 90028

April 9, 2003

Dear Stockholder:

We cordially invite you to attend the j2 Global Communications, Inc. 2003 Annual Meeting of Stockholders. The meeting will be held on Wednesday, May 7, 2003, at 10:00 a.m. local time at the Hollywood Roosevelt Hotel, 7000 Hollywood Boulevard, Los Angeles, California 90028.

At the meeting, stockholders will vote on important matters. Please take the time to carefully read the proposals described in the attached proxy statement.

Thank you for your support of j2 Global Communications.

Sincerely,

Richard S. Ressler

*Chairman of the Board*

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This proxy statement and the accompanying proxy card are being mailed to j2 Global  
stockholders beginning about April 9, 2003.

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**j2 GLOBAL COMMUNICATIONS, INC.**

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**Notice of Annual Meeting of Stockholders**

**to Be Held on May 7, 2003**

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We will hold the 2003 Annual Meeting of Stockholders of j2 Global Communications, Inc., a Delaware corporation, at the Hollywood Roosevelt Hotel, located at 7000 Hollywood Boulevard, Los Angeles, California 90028, on Wednesday, May 7, 2003, at 10:00 a.m. local time, for the following purposes:

1. To elect five directors to serve for the ensuing year and until their successors are elected;
2. To ratify the selection of Deloitte & Touche LLP as independent auditors for j2 Global Communications, Inc.; and
3. To transact such other business as may properly come before the meeting and any adjournment(s) and postponement(s) thereof.

The foregoing items of business are more fully described in the Proxy Statement which is attached to and made a part of this Notice.

The Board of Directors has fixed the close of business on March 27, 2003 as the record date for determining the stockholders entitled to receive notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

All stockholders are cordially invited to attend the Annual Meeting in person. However, whether or not you plan to attend the Annual Meeting in person, you are urged to mark, date, sign and return the enclosed proxy card as promptly as possible to ensure your representation and the presence of a quorum at the Annual Meeting. If you submit your proxy and then decide to attend the Annual Meeting to vote your shares in person, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the Proxy Statement.

By Order of the Board of Directors,

Jeffrey D. Adelman

*Vice President, General Counsel and Secretary*

April 9, 2003

Los Angeles, California

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**j2 Global Communications, Inc.**

6922 Hollywood Boulevard, Suite 800, Los Angeles, California 90028

April 9, 2003

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**PROXY STATEMENT**

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**ABOUT THE ANNUAL MEETING**

**Who Is Soliciting My Vote?**

The Board of Directors of j2 Global Communications, Inc. ( j2 Global ) is soliciting your vote at the 2003 Annual Meeting of j2 Global s stockholders.

**What Will I Be Voting On?**

A proposal to elect five members to the j2 Global Board of Directors (see page 4).

A proposal to ratify the appointment of Deloitte & Touche LLP as j2 Global s auditors for 2003 (see page 23).

**How Many Votes Do I Have?**

You will have one vote for every share of j2 Global common stock you owned on March 27, 2003 (the record date).

**How Many Votes Can Be Cast By All Stockholders?**

11,243,113, which represents the total number of shares of j2 Global common stock that were outstanding on the record date.

**How Many Votes Must Be Present to Hold the Meeting?**

A majority of the votes that can be cast, or 5,621,557 votes. We urge you to vote by proxy even if you plan to attend the Annual Meeting, so that we will know as soon as possible that enough votes will be present for us to hold the Meeting.

**What is the Required Vote to Approve Each Proposal?**

In the election of directors, the five nominees receiving the highest number of votes will be elected to the j2 Global Board of Directors, whether or not such number of votes for any individual represents a majority of the votes cast. For the ratification of Deloitte & Touche LLP as our independent auditors, the vote of the holders of a majority of shares of j2 Global common stock present or represented and entitled to vote at the Annual Meeting is required.



**Table of Contents****Does Any Single Stockholder Control As Much As 5% of Any Class of j2 Global Stock?**

Yes. We were aware of the following beneficial owners of more than 5% of j2 Global common stock as of the record date:

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percentage of Class</u>
Richard S. Ressler	2,708,643 <sup>(1)</sup>	23.7%
c/o Orchard Capital Corporation		
6922 Hollywood Boulevard, 9th Floor		
Los Angeles, CA 90028		
FMR Corp.	1,332,740 <sup>(2)</sup>	11.9%
82 Devonshire Street		
Boston, Massachusetts 02109		

- (1) Consists of 2,200,878 shares of stock owned by Orchard/JFAX Investors, LLC, 250,000 shares of stock owned by Richard S. Ressler, 77,561 shares of stock owned by The Ressler Family Foundation, 77,079 shares of stock which Orchard/JFAX Investors may purchase pursuant to warrants which are exercisable in full at this time and options owned by Mr. Ressler to acquire 103,125 shares of stock that are exercisable within 60 days of the record date for this meeting. Mr. Ressler is the manager of Orchard/JFAX Investors and a trustee of The Ressler Family Foundation, but has disclaimed beneficial ownership of any shares of stock in which he has no pecuniary interest.
- (2) Consists of the following: Fidelity Management & Research Company, a wholly-owned subsidiary of FMR Corp. and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 875,510 shares as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940; and Fidelity Management Trust Company, 82 Devonshire Street, Boston, Massachusetts 02109, a wholly-owned subsidiary of FMR Corp. and a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, is the beneficial owner of 457,230 shares as a result of its serving as investment manager of the institutional account(s). This information is based solely on the information set forth in the Schedule 13G/A filed by FMR Corp. with the SEC on February 13, 2003.

**How Do I Vote?**

You can vote either in person at the Annual Meeting or by proxy without attending the Annual Meeting.

To vote by proxy, you must fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope.

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If you want to vote in person at the Annual Meeting, and you hold your j2 Global stock through a securities broker (that is, in street name), you must obtain a proxy from your broker and bring that proxy to the meeting.

### **Can I Change My Vote?**

Yes. Just send in a new proxy card with a later date or send a written notice of revocation to j2 Global's Secretary at 6922 Hollywood Boulevard, Suite 800, Los Angeles, California 90028. If you attend the Annual Meeting and want to vote in person, you can request that your previously submitted proxy not be used.

### **Can I Revoke My Proxy?**

You may revoke a proxy at any time before it has been exercised by giving written notice of such revocation to j2 Global's Secretary at 6922 Hollywood Boulevard, Suite 800, Los Angeles, California 90028, by signing and duly delivering a proxy bearing a later date or by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not by itself revoke a proxy.

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**What If I Don't Vote For a Matter Listed On My Proxy Card?**

If you return a proxy card without indicating your vote, your shares will be voted for the nominees listed on the card and for the ratification of Deloitte & Touche LLP as auditors for 2003.

**What If I Vote Abstain ?**

For the purpose of determining whether the stockholders have approved the ratification of Deloitte & Touche LLP, abstentions are treated as shares present or represented and entitled to vote, so abstaining has the same effect as a negative vote. An abstention has no effect on the outcome of the election of directors.

**Can My Shares Be Voted If I Don't Return My Proxy Card and Don't Attend the Annual Meeting?**

If you don't vote your shares held in street name, your broker can vote your shares on any matter scheduled to come before the meeting.

If your broker does not have discretion to vote your shares held in street name on a particular proposal and you don't give your broker instructions on how to vote your shares, or your broker has such discretion but does not exercise it, the votes will be broker non-votes, which will have no effect on the vote for any matter scheduled to be considered at the Annual Meeting but which will be counted for purposes of determining whether a quorum is present for transaction of business at the Annual Meeting.

If you don't vote your shares held in your name, your shares will not be voted and will not be counted for purposes of determining whether a quorum is present for transaction of business at the Annual Meeting.

**What Happens if the Meeting is Postponed or Adjourned?**

Your proxy will still be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

**Table of Contents****PROPOSAL 1 ELECTION OF DIRECTORS****General**

A board of five directors is to be elected at the j2 Global Annual Meeting. Unless otherwise instructed, the proxy holders will vote the proxies received by them for j2 Global's five nominees named below, each of whom is currently a director of j2 Global. In the event that any nominee of j2 Global is unable or declines to serve as a director at the time of the Annual Meeting, neither of which events is expected, the proxies will be voted for such nominee as shall be designated by the current j2 Global Board of Directors to fill the vacancy.

**Vote Required**

Each share of j2 Global common stock may vote for up to five director-nominees. Votes may not be cumulated. If a quorum is present, the five nominees receiving the highest number of votes will be elected to the j2 Global Board of Directors, whether or not such number of votes for any individual represents a majority of the votes cast.

The term of office of each person elected as a director will continue until the next j2 Global Annual Meeting or until his successor has been elected and qualified.

**THE j2 GLOBAL BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES LISTED BELOW.**

**Nominees**

The names of the nominees, their ages at the record date and certain other information about them are set forth below:

<u>Name</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Richard S. Ressler <sup>(1)</sup>	44	President, Orchard Capital Corporation	1997
John F. Rieley	60	Entrepreneur	1995
Michael P. Schulhof <sup>(1)(2)</sup>	60	Private Investor	1997
Robert J. Cresci <sup>(1)(2)</sup>	59	Managing Director of Pecks Management Partners Ltd.	1998
Douglas Y. Bech <sup>(2)</sup>	57	Chairman and CEO of Raintree Resorts International, Inc.	2000

(1) Member of the Compensation Committee

(2) Member of the Audit Committee

There are no family relationships among any of the directors or executive officers of j2 Global.

*Richard S. Ressler* has been Chairman of the Board and a director since 1997. He is the Managing Member of Orchard/JFAX Investors, LLC, one of j2 Global's principal stockholders. He was the Chief Executive Officer of j2 Global from March 1997 until January 2000, serving in this capacity (and in his current capacity as Chairman of the Board and director) pursuant to a consulting agreement between the Company and Orchard Capital Corporation. Mr. Ressler is the founder and President of Orchard Capital, a firm that provides investment capital and advice to companies (including j2 Global) in which Orchard Capital or its affiliates invest. He has been a principal of Orchard Capital since 1994. Mr. Ressler is Chairman of CIM Group, Inc., which acts as an integrated real estate investment and management services firm for institutional investors. He has been a principal of CIM Group and its predecessor since 1994. Mr. Ressler also has been the Chairman of the Board of MAI Systems Corporation, a provider of hospitality software, since 1995 and served as MAI's Chief Executive Officer from 1995 to 1997, serving in each of these capacities pursuant to a consulting agreement between MAI and Orchard Capital.

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*John F. Rieley* is a co-founder and has been a director of j2 Global since 1995. From December 1995 when j2 Global was founded until March 1997, he held various offices with j2 Global. Since March 1997, he has provided consulting services to j2 Global under an agreement between j2 Global and Boardrush Media LLC of which he is the President. He has managed, marketed and consulted on other projects in the media field, the airline industry and in public affairs including his position as President of Flasher Factory, Inc.

*Michael P. Schulhof* has been a director of j2 Global since 1997. Mr. Schulhof is a private investor in the media, communications and entertainment industry and the Chief Executive Officer of Global Technology Investments, LLC. From 1993 to 1996, he was President and Chief Executive Officer of Sony Corporation of America. Mr. Schulhof is a trustee of Brandeis University, the Lincoln Center for the Performing Arts, New York University Medical Center and the Brookings Institution. He is a member of the Council on Foreign Relations and the Investment and Services Policy Advisory Committee to the U.S. Trade Representative. Mr. Schulhof is a director of SportsLine, USA, Inc., an Internet-based sports media company.

*Robert J. Cresci* has been a director of j2 Global since 1998. Mr. Cresci has been a Managing Director of Pecks Management Partners Ltd., an investment management firm, since 1990. Mr. Cresci currently serves on the boards of Sepracor, Inc., Luminex Corporation, Aviva Petroleum Ltd., Film Roman, Inc., Candlewood Hotel Co., Inc., SeraCare Life Sciences, Inc., Continucare Corporation, LTWC Corporation and several private companies.

*Douglas Y. Bech* has served as a director of j2 Global since November 2000. From August 1988 through November 2000, he served as a director of eFax.com. Since August 1997, Mr. Bech has served as Chairman and Chief Executive Officer of Raintree Resorts International, Inc., a company that owns and operates luxury vacation ownership resorts. Mr. Bech was a founding partner of and, since August 1994, has served as a Managing Director of Raintree Capital, LLC, a merchant banking firm. Prior to his present position, Mr. Bech practiced law, most recently from October 1994 to October 1997 as a partner with Akin, Gump, Strauss, Hauer & Feld, L.L.P. Mr. Bech currently serves on the boards of Frontier Oil Corporation and Pride Companies, L.P. He also is a director of the American Resort Developers Association.

## **Executive Officers**

The following sets forth certain information regarding j2 Global's executive officers (ages are as of the record date):

*Scott M. Jarus*, 47, has been President of j2 Global since July 2001. Prior to joining j2 Global, Mr. Jarus was the President and Chief Operating Officer of OnSite Access, Inc., a premier building-centric integrated communications provider, from 1998 to 2001. From 1994 to 1998, Mr. Jarus held various senior management positions in the telecommunications industry, including serving as Senior Vice President of Operations at RCN Telecom, and was co-founder and Vice President of Multimedia Medical Systems, Inc. For nine years prior to 1994, Mr. Jarus served in various senior management positions, including Vice President of Operations of Metromedia Communications.

*Nehemia Zucker*, 46, has been j2 Global's Chief Financial Officer since 1996, and since December 2000 has also served as j2 Global's Chief Marketing Officer. Prior to joining j2 Global in 1996, he was Chief Operations Manager of Motorola's EMBARC division, which packages CNBC and ESPN for distribution to paging and wireless networks. From 1980 to 1996, Mr. Zucker held various positions in finance, operations and marketing at Motorola in the United States and abroad.

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*R. Scott Turicchi*, 39, has been j2 Global's Executive Vice President, Corporate Development since March 2000. He served as a director of j2 Global from 1998 through 2000. From 1990 to 2000, Mr. Turicchi was a Managing Director in Donaldson, Lufkin & Jenrette Securities Corporation's investment banking department. At DLJ, he was responsible for corporate finance activities, including public equity offerings, high grade and high yield debt offerings, private equity placements and mergers and acquisitions advisory services.

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*Greggory Kalvin*, 43, has been j2 Global's Vice President of Finance since December 2000. He served as j2 Global's Controller from May 1997 until December 2000. Prior to joining j2 Global, Mr. Kalvin served as a Senior Audit Manager at KPMG LLP and then as Managing Audit Director for Prudential Healthcare, Inc.

### **Board Meetings and Committees**

j2 Global's Board of Directors held five meetings during the year ended December 31, 2002 and conducted business by written consent. The Board of Directors has a Compensation Committee and an Audit Committee. It does not have a Nominating Committee.

j2 Global's Audit Committee currently consists of Messrs. Cresci, Schulhof and Bech. The Audit Committee provides oversight on matters relating to accounting, financial reporting, internal control, auditing and regulatory compliance activities. This Committee is responsible for selecting and evaluating j2 Global's independent auditors, and also evaluating the independence of the auditors. In addition, the Committee reviews j2 Global's audited financial statements with management and the independent auditors, recommends whether such audited financial statements should be included in j2 Global's annual report and prepares an annual report to shareholders to be included in j2 Global's proxy statement. The Committee held five meetings during 2002.

j2 Global's Compensation Committee currently consists of Messrs. Cresci, Schulhof and Ressler. The Compensation Committee reviews and approves j2 Global's executive compensation policies and is responsible for administering j2 Global's 1997 Stock Option Plan and j2 Global's 2001 Employee Stock Purchase Plan. The Compensation Committee held one meeting during 2002 and conducted business by written consent.

During 2002, each incumbent j2 Global director attended at least seventy-five percent (75%) of all of the meetings of the Board of Directors and the Committees of which he was a member.

### **Director Compensation**

j2 Global does not pay fees to its directors for the performance of their duties as directors of j2 Global. j2 Global does reimburse directors for their out-of-pocket expenses incurred in connection with attendance at board and committee meetings of j2 Global. j2 Global's directors are eligible to participate in j2 Global's 1997 Stock Option Plan. In June 2002, Messrs. Bech, Cresci, Rieley, Schulhof and Ressler were each granted options to purchase 12,500 shares of j2 Global's common stock at an exercise price of \$14.10 per share. During 2002, Mr. Schulhof exercised warrants to purchase 105,000 shares of common stock at a price of \$2.80 per share and sold those shares on the open market. No other options or warrants were exercised by any of j2 Global's directors in 2002. See "Executive Officer Compensation and Other Matters 1997 Stock Option Plan" beginning on page 12 for a description of the terms of j2 Global's 1997 Stock Option Plan.

The services of Richard S. Ressler as Chairman are provided to j2 Global pursuant to a consulting agreement. See "Executive Officer Compensation and Other Matters Report of the Compensation Committee of the Board of Directors on Executive Compensation" beginning on page 14 for a description of the terms of that agreement.





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**INFORMATION REGARDING BENEFICIAL OWNERSHIP OF  
PRINCIPAL STOCKHOLDERS AND MANAGEMENT**

The following table sets forth the beneficial ownership of j2 Global common stock as of the record date by each director, by each executive officer and by all such directors and executive officers as a group.

<u>Name<sup>(1)</sup></u>	<u>Number of Shares Beneficially Owned<sup>(2)</sup></u>	<u>Approximate Percentage</u>
Richard S. Ressler	2,708,643 <sup>(3)</sup>	23.7%
Douglas Y. Bech	26,136 <sup>(4)</sup>	*
Robert J. Cresci	14,375 <sup>(5)</sup>	*
John F. Rieley	38,125 <sup>(6)</sup>	*
Michael P. Schulhof	2,500 <sup>(7)</sup>	*
Scott M. Jarus	80,282 <sup>(8)</sup>	*
Nehemia Zucker	75,570 <sup>(9)</sup>	*
R. Scott Turicchi	122,448 <sup>(10)</sup>	1.1%
Greggory Kalvin	4,688 <sup>(11)</sup>	*
All directors and named executive officers as a group (9 persons)	3,072,767	26.4%

\* Less than 1%

- (1) The address for all executive officers, directors and director nominees is c/o j2 Global Communications, Inc., 6922 Hollywood Blvd., Suite 800, Los Angeles, CA 90028.
- (2) As of the record date for this meeting, 11,243,113 shares of j2 Global common stock were outstanding.
- (3) Consists of 2,200,878 shares of j2 Global common stock owned by Orchard/JFAX Investors, LLC, 250,000 shares of stock owned by Richard S. Ressler, 77,561 shares of stock owned by The Ressler Family Foundation, 77,079 shares of stock which Orchard/JFAX Investors may purchase pursuant to warrants which are exercisable in full at this time and options owned by Mr. Ressler to acquire 103,125 shares of j2 Global common stock that are exercisable within 60 days of the record date for this meeting. Mr. Ressler is the manager of Orchard/JFAX Investors and a trustee of The Ressler Family Foundation, but has disclaimed beneficial ownership of any shares of j2 Global common stock in which he has no pecuniary interest.
- (4) Consists of 17,851 shares of j2 Global common stock owned by Douglas Y. Bech, 2,513 shares of stock owned by the AYBech Trust of 1984, 2,513 shares of stock owned by the KEBech Trust of 1984, and options to acquire 3,259 shares of j2 Global common stock that are exercisable within 60 days of the record date for this meeting. Mr. Bech is the trustee of the AYBech Trust of 1984 and of the KEBech Trust of 1984, but has disclaimed beneficial ownership of any shares of j2 Global common stock in which he has no pecuniary interest.
- (5) Consists of options to acquire 14,375 shares of j2 Global common stock that are exercisable within 60 days of the record date for this meeting.

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- (6) Consists of 23,750 shares of j2 Global common stock and options to acquire 14,375 shares of j2 Global common stock that are exercisable within 60 days of the record date for this meeting.
- (7) Consists of options to acquire 2,500 shares of j2 Global common stock that are exercisable within 60 days of the record date for this meeting.
- (8) Consists of 17,782 shares of j2 Global common stock and options to acquire 62,500 shares of j2 Global common stock that are exercisable within 60 days of the record date for this meeting.
- (9) Consists of 64,184 shares of j2 Global common stock owned by Nehemia Zucker, 625 shares of stock owned by Mr. Zucker for the benefit of Lian Zucker, 625 shares of stock owned by Mr. Zucker for the benefit of Adam Zucker, and options to acquire 10,136 shares of j2 Global common stock that are exercisable within 60 days of the record date for this meeting.

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- (10) Consists of 3,385 shares of j2 Global common stock, vested warrants to acquire 35,938 shares of j2 Global common stock and options to acquire 83,125 shares of j2 Global common stock that are exercisable within 60 days of the record date for this meeting.
  
- (11) Consists of 782 shares of j2 Global common stock and options to acquire 3,906 shares of j2 Global common stock that are exercisable within 60 days of the record date for this meeting.

**Table of Contents****EXECUTIVE OFFICER COMPENSATION AND OTHER MATTERS****Summary Compensation Table**

The following table shows, as to j2 Global's President (principal executive officer) and other executive officers as of the end of the last fiscal year, information concerning all compensation paid for services to j2 Global in all capacities during the last three fiscal years.

Name and Principal Position	Year	Annual Compensation		Long Term Compensation	
		Salary (\$)	Bonus (\$)	Securities	
				Options (#)	All Other Compensation (\$)
Scott M. Jarus	2002	270,000		250,000	
President	2001 <sup>(1)</sup>	124,615		250,000	
	2000				
Nehemia Zucker	2002	220,000	85,000	86,521	
Chief Financial and	2001	196,634	14,438	101,042	
Marketing Officer	2000	172,019	35,000	88,542	
R. Scott Turicchi	2002	110,160	15,000	96,500	
Executive VP, Corp Dev	2001	171,997	18,563	92,500	
	2000	181,731		212,500 <sup>(2)</sup>	
Greggory Calvin	2002	119,885	25,000	19,593	
Vice President of Finance	2001	115,000	2,612	18,750	
	2000	99,519	9,050	11,250	

(1) Mr. Jarus joined j2 Global in July 2001.

(2) Pursuant to an amendment to Mr. Turicchi's employment agreement, effective July 9, 2001 all of these options were canceled with the exception of 80,000 which were fully vested as of July 9, 2001 and remain outstanding.

**Options Granted in Last Fiscal Year**

The following table provides certain information regarding stock options granted during the fiscal year ended December 31, 2002 to j2 Global's executive officers. As required by SEC rules, the table sets forth the hypothetical gains that would exist for the shares subject to such options based on assumed annual compounded rates of stock price appreciation during the option term.

**Individual Grants****Potential Realizable**

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	Number of Securities Underlying Options <u>Granted (#)<sup>(2)</sup></u>	% of Total Options Granted To Employees In Fiscal Year <sup>(3)</sup>	Exercise Price <u>(\$/SH)<sup>(4)(5)</sup></u>	Expiration Date	Value at Assumed	
					Annual Rates of Stock	
					Price Appreciation of	
					Option Term <sup>(1)</sup>	
					<u>5% (\$)</u>	<u>10% (\$)</u>
Scott M. Jarus						
Nehemia Zucker	60,000	23.8%	\$ 14.10	6/25/2012	532,045	1,348,306
R. Scott Turicchi	4,000	1.6%	\$ 14.10	6/25/2012	35,470	89,887
Greggory Kalvin	6,000	2.4%	\$ 14.10	6/25/2012	53,204	134,831

(1) The potential realizable value illustrates value that might be realized upon exercise of options immediately prior to the expiration of their terms, assuming the specified compounded rates of appreciation of the market price per share from the date of grant to the end of the option term. Actual gains, if any, on stock option exercise are dependent upon a number of factors, including the future performance of j2 Global's common stock and the timing of option exercises, as well as the optionee's continued employment through the

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vesting period. The gains shown are net of the option exercise price, but do not include deductions for taxes and other expenses payable upon the exercise of the option or for sale of underlying shares of j2 Global's common stock. There can be no assurance that the amounts reflected in this table will be achieved.

- (2) All stock options granted have 10-year terms and are exercisable with respect to twenty-five percent (25%) of the shares covered thereby on each anniversary of the date of grant, with full vesting occurring four years following the date of grant. See Employment Contracts, Termination of Employment and Change of Control Agreements and 1997 Stock Option Plan beginning on pages 11 and 12, respectively, for provisions regarding acceleration of the vesting of options.
- (3) j2 Global granted stock options to purchase 190,000 shares of j2 Global's common stock to employees in the fiscal year ended December 31, 2002.
- (4) Options were granted at an exercise price equal to the market value of j2 Global's common stock as listed on The NASDAQ National Market on the grant date.
- (5) The exercise price and tax withholding obligations may be paid in cash and, subject to certain conditions or restrictions, by delivery of already-owned shares.

**Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values**

The following table sets forth certain information with respect to stock options exercised by j2 Global's executive officers during the fiscal year ended December 31, 2002. In addition, the table sets forth the number of shares covered by unexercised stock options held by j2 Global's executive officers as of December 31, 2002, and the value of in-the-money stock options, which represents the positive spread between the exercise price of a stock option and the market price of the shares subject to such option as of December 31, 2002.

Name	Number of Shares Acquired on Exercise (#)	Value Realized (\$) <sup>(2)</sup>	Number of Securities		Value of Unexercised	
			Underlying Unexercised		In-the-Money Options at	
			Options at Fiscal Year-End (#)		Fiscal Year-End (\$) <sup>(1)</sup>	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Scott M. Jarus			62,500	187,500	939,375	2,818,125
Nehemia Zucker	74,521	1,611,252	4,407	82,114	67,383	594,491
R. Scott Turicchi			83,125	13,375	910,981	163,104
Greggory Calvin	5,157	78,828	1,875	17,718	28,669	208,808

- (1) Value is based on the \$19.04 per share closing price of j2 Global's common stock on the NASDAQ National Market on December 31, 2002, less the exercise price.
- (2) The value realized represents the difference between the per share closing price of j2 Global's common stock on the day of exercise and the exercise price of the options, and does not necessarily indicate that the optionee sold such stock.

**Table of Contents****Equity Compensation Plan Information**

The following table provides information as of December 31, 2002 regarding shares outstanding and available for issuance under j2 Global's existing stock option plans (in millions, except per share amounts):

<u>Plan Category</u>	<u>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</u>	<u>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</u>
(a)	(b)	(c)	
Equity compensation plans approved by security holders <sup>(1)</sup>	1,605,432	\$ 6.70	1,053,668
Equity compensation plans not approved by security holders	105,000	\$ 7.20	
<b>Total</b>	<b>1,710,432</b>		<b>1,053,668</b>

(1) These plans consist of the 2001 Employee Stock Purchase Plan and the Second Amended and Restated 1997 Stock Option Plan.

**Employment Contracts, Termination of Employment and Change of Control Arrangements**

j2 Global currently has employment contracts with each of Messrs. Jarus and Zucker. j2 Global also has consulting agreements with Orchard Capital Corporation, which supplies the services of Mr. Ressler, and with Boardrush Media LLC, which supplies the services of John F. Rieley, a director and co-founder, and Jens Muller, a former director and a co-founder. See Report of the Compensation Committee of the Board of Directors on Executive Compensation beginning on page 14 for a description of the terms of the Orchard Capital consulting agreement, and see Certain Transactions beginning on page 21 for a description of the terms of the Boardrush consulting agreement.

*Mr. Jarus Contract.* Mr. Jarus entered into an employment agreement with j2 Global upon joining j2 Global as President on July 8, 2001. Under this agreement, Mr. Jarus receives a base salary of \$270,000 per year and is eligible to participate in j2 Global's executive bonus program. He also is entitled to participate in all of j2 Global's benefits programs. If j2 Global terminates his employment constructively or for any reason other than cause, Mr. Jarus is entitled to severance and continued participation in j2 Global's health insurance coverage for six months following the date of termination. These severance and continued health insurance coverage obligations would cease in the event Mr. Jarus were to become



employed by another company during this period.

Also pursuant to this employment agreement, j2 Global loaned Mr. Jarus \$500,000 towards the purchase of a home in the Los Angeles area. The loan is secured by a second mortgage on Mr. Jarus' Los Angeles home. The mortgage is zero coupon, bears interest at the rate of 4.88% per annum and is payable in full on or before July 8, 2006. If Mr. Jarus voluntarily terminates his employment with j2 Global or is terminated for cause, he will be required to repay the full balance of the loan amount within 60 days of his last date of employment with j2 Global. If Mr. Jarus is terminated without cause or is constructively terminated, he will be required to pay the balance of the mortgage no later than the date that is one year following his last day of employment with j2 Global.

In accordance with this agreement, j2 Global issued Mr. Jarus options to purchase 250,000 shares of j2 Global's common stock at an exercise price of \$4.01 per share, which was the closing price of j2 Global's common stock on the NASDAQ National Market on the trading day preceding his date of employment. The agreement provides for accelerated vesting of a portion of Mr. Jarus' options if he is terminated without cause or constructively terminated within one year following a change in control of j2 Global. Mr. Jarus' options are

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governed by j2 Global's 1997 Stock Option Plan. See 1997 Stock Option Plan beginning on this page for a description of the terms of j2 Global's 1997 Stock Option Plan.

*Mr. Zucker's Contract.* This employment agreement has no specified term and is terminable at will by either party, but provides for severance payments equal to six months' salary in the event of a termination by j2 Global without cause. This agreement provides for accelerated vesting of employee stock options issued to Mr. Zucker before June of 1997 in the event of a change in control of j2 Global.

## **1997 Stock Option Plan**

j2 Global's 1997 Stock Option Plan was adopted by the Board of Directors and approved by the stockholders in November 1997. In May 2001, j2 Global amended and restated the 1997 Stock Option Plan to permit the issuance of restricted stock under the plan. A total of 2,500,000 shares of j2 Global's common stock have been reserved for issuance under the plan. As of December 31, 2002, options to purchase 1,605,432 shares of common stock were outstanding under the plan, 302,507 shares had been issued upon exercise of previously granted options and no shares of restricted stock were outstanding under the plan.

The plan provides for grants to employees, including officers and employee directors, of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, and for grants of non-statutory stock options and restricted stock awards to employees, including officers and employee directors, and consultants, who may be non-employee directors.

The plan is administered by the Compensation Committee of j2 Global's Board of Directors. The plan administrator determines the terms of the options granted and restricted stock awarded, including the exercise price of each option, the number of shares subject to each option and covered by each restricted stock award and the vesting of each option and restricted stock award. The plan administrator also has the full power to select the individuals to whom options and restricted stock will be granted and to make any combination of grants to any participants.

Options generally have a term of 10 years. For options granted in 1999 and prior years, one-third of the options vest on the one-year anniversary of the grant date and each of the remaining one-third portions of the options vest on each annual anniversary of the grant date thereafter. For options granted after 1999, one-quarter of the options vest on the one-year anniversary of the grant date and each of the remaining one-quarter portions of the options vest on each annual anniversary of the grant date thereafter.

The option exercise price may not be less than the higher of the par value or one hundred percent (100%) of the fair market value of j2 Global's common stock on the date of grant. However, non-statutory options may be granted at exercise prices of not less than the higher of the par value or eighty-five percent (85%) of the fair market value of j2 Global's common stock on the date the option is granted. In the case of an incentive option granted to a person who at the time of the grant owns stock representing more than ten percent (10%) of the total combined voting power of all classes of j2 Global's common stock, the option exercise price for each share of common stock covered by such option may not be less than one hundred ten percent (110%) of the fair market value of a share of j2 Global's common stock on the date of grant of such option.

In the event of, among other things, a sale of all or substantially all of j2 Global's assets, or j2 Global's merger with or into another corporation, each option and each share of restricted stock will become immediately exercisable in full unless the Board of Directors determines that the holder has been offered substantially identical replacement options or replacement shares of restricted stock, as the case may be, and a comparable position at the acquiring company.



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**2001 Employee Stock Purchase Plan**

j2 Global's 2001 Employee Stock Purchase Plan (the "Purchase Plan") was adopted by the Board of Directors and approved by the stockholders in May and June 2001, respectively. A total of 500,000 shares of j2 Global's common stock have been reserved for issuance under the Purchase Plan. As of December 31, 2002, 38,393 shares had been issued under the Purchase Plan and 461,607 shares were available for future issuance. The Purchase Plan is administered by the Compensation Committee of j2 Global's Board of Directors.

The Purchase Plan is implemented through sequential offerings, each of which is referred to as an "offering," the terms of which are referred to herein as "offering periods." Generally, each offering period is for three months or such other duration as the Compensation Committee shall determine, not to exceed 27 months. Offering periods commence on or about February 1, May 1, August 1 and November 1 of each year and end on or about the next April 30, July 31, October 31 and January 31, respectively. The initial offering period commenced on August 1, 2001 and ended on October 31, 2001.

The purchase price per share for an offering under the Purchase Plan is ninety percent (90%) of the lesser of (a) the fair market value of a share of common stock on the commencement of the offering or (b) the fair market value of a share of common stock on the date of purchase. However, the Compensation Committee, in its sole discretion, may change the purchase price at which each share of common stock may be acquired in an offering so long as the purchase price is not less than eighty-five percent (85%) of the lesser of (x) the fair market value of a share of common stock on the commencement of the offering or (y) the fair market value of a share of common stock on the date of purchase.

By executing an agreement to participate in the Purchase Plan, an eligible employee is entitled to purchase shares under the Purchase Plan, or a "purchase right." The purchase right consists of an option to purchase a maximum number of shares of common stock determined by either (1) dividing fifteen percent (15%) of such eligible employee's compensation during the offering period by the purchase price of a share of common stock for such offering period or (2) dividing \$12,500 by the fair market value of a share of common stock on the last date of such offering period, whichever is less. If the aggregate number of shares to be purchased upon exercise of purchase rights granted in the offering would exceed the maximum aggregate number of shares available for issuance under the Purchase Plan, the Compensation Committee would make a pro rata allocation of shares available in a uniform and equitable manner. Unless the employee's participation is discontinued, his or her right to purchase shares is exercised automatically at the end of each offering period.

Any employee of j2 Global or of any parent or subsidiary corporation of j2 Global designated by the Compensation Committee for inclusion in the Purchase Plan is eligible to participate in an offering under the Purchase Plan so long as the employee has been employed by j2 Global or any designated parent or subsidiary corporation of j2 Global for at least 30 days and is customarily employed at least 20 hours per week and five months per calendar year. However, no employee who owns or holds options to purchase, or as a result of participation in the Purchase Plan would own or hold options to purchase, five percent (5%) or more of the total combined voting power or value of all classes of stock of j2 Global or of any parent or subsidiary corporation of j2 Global is entitled to participate in the Purchase Plan. In addition, no employee is entitled to purchase more than \$25,000 worth of stock (determined based on the fair market value of the shares at the time such rights are granted) under all employee stock purchase plans of j2 Global in any calendar year.

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*Notwithstanding anything to the contrary set forth in any of j2 Global's filings under the Securities Act of 1933, as amended (the Securities Act), or the Securities Exchange Act of 1934, as amended (the Exchange Act), that might incorporate future filings, including this Proxy Statement, in whole or in part, the following Report of the Compensation Committee, the Audit Committee Report and the Stock Performance Graph shall not be deemed to be Soliciting Material, are not deemed filed with the SEC and shall not be incorporated by reference into any filings under the Securities Act or Exchange Act whether made before or after the date hereof and irrespective of any general incorporation language in such filings.*

**REPORT OF THE COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS ON EXECUTIVE COMPENSATION**

**General**

The Compensation Committee of j2 Global's Board of Directors recommends and approves changes to j2 Global's compensation policies and benefits programs, administers j2 Global's stock option and employee stock purchase plans, including approving stock option grants and restricted stock awards, and otherwise seeks to ensure that j2 Global's compensation philosophy is consistent with j2 Global's best interests and is properly implemented. The Committee currently is comprised of two independent non-employee directors and one non-employee director who also provides services to j2 Global pursuant to a consulting agreement with his employer.

**Compensation Philosophy**

The goals of j2 Global's compensation program are to align compensation with j2 Global's overall business objectives and performance, to foster teamwork and to enable j2 Global to attract, retain and reward employees who contribute to its long-term success. The Committee also seeks to establish compensation policies that allow j2 Global flexibility to respond to changes in its business environment.

**Compensation Components**

Compensation for j2 Global's executives generally consists of salary, participation in an executive bonus program, and stock option and restricted stock awards. The Committee assesses past performance and anticipated future contribution of each executive officer in establishing the total amount and mix of each element of compensation.

*Salary.* Base salaries are evaluated annually for all executive officers. In determining appropriate salary levels for such officers, the Compensation Committee considers, among other factors, the officer's scope of responsibility, prior experience, and past performance and data on prevailing compensation levels in relevant markets for executive talent.

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*Bonus Programs.* j2 Global has established two bonus programs one for executives and eligible managers, and the other for all other employees not eligible for the executive plan.

*Executive Bonus Program.* The bonus program for j2 Global's executives and eligible managers is designed to encourage and reward senior management for (a) attaining Company-wide financial goals, (b) improving the financial and operational health of j2 Global, and (c) meeting or exceeding individually defined goals and objectives for each executive and eligible manager. j2 Global's Compensation Committee administers this program. Under this program, j2 Global will establish a bonus pool in an amount that will vary based upon j2 Global achieving specific pre-defined financial criteria. If j2 Global achieves 100% of these goals, the bonus pool will equal a percentage of the total annual base salaries of all eligible participants. The bonus pool can increase or decrease based upon greater than or less than 100% of these financial criteria being satisfied. The total amount of the pool, and the amount to be

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distributed to each participant, will be determined by the Compensation Committee after public release of j2 Global's 2003 year-end audited financial statements. The Compensation Committee is not obligated to distribute the entire accrued bonus pool, although it expects to do so.

*Employee Bonus Program.* The bonus program for all of j2 Global's employees (other than those eligible for the Executive Bonus Program) is designed to encourage and reward extraordinary performance. It is referred to by j2 Global as its Reward & Recognition Program. Under this program, j2 Global will accrue throughout 2003 an amount equal to 5% of the total annual base salaries and hourly compensation for all employees (except those eligible for the Executive Bonus Program). The timing and amount of each individual reward is determined by the employee's senior manager, with the concurrence of j2 Global's President. Awards may occur at any time throughout the year, and are based on an individual's singular contribution or the contribution of a group of individuals who work as a team. As this pool is intended to reward exceptional effort or accomplishment, there is no guarantee that the entire accrued bonus pool will actually be awarded.

*Stock Options and Restricted Stock.* Stock option and restricted stock awards are designed to align the interests of executives and employees with the long-term interests of the stockholders. The Compensation Committee approves option grants and restricted stock awards subject to vesting periods to retain executives and employees and encourage sustained contributions. For options granted prior to 2000, the vesting period was usually over a three-year period or 100% of the grant on the third anniversary of the grant. Effective January 1, 2000, the typical vesting period was changed to a four-year period or 100% of the grant on the fourth anniversary of the grant. The exercise price of options is generally the market price on the date of grant. To date, there have been no grants of restricted stock.

## **Compensation of j2 Global's President and Chairman**

Mr. Jarus joined j2 Global as President in July 2001. His services are provided to j2 Global pursuant to an employment agreement. See

Employment Contracts, Termination of Employment and Change of Control Arrangements beginning on page 11 for a description of the terms of his employment agreement. Pursuant to his employment agreement, upon joining j2 Global Mr. Jarus was granted options to purchase 250,000 shares of j2 Global's common stock at an exercise price of \$4.01 per share. See 1997 Stock Option Plan beginning on page 12 for a description of the terms of j2 Global's 1997 Stock Option Plan. The terms of Mr. Jarus' employment agreement were determined by the Compensation Committee based upon various subjective factors, such as Mr. Jarus' responsibilities, qualifications and years of experience.

Mr. Ressler's services as Chairman are provided pursuant to a consulting arrangement with Orchard Capital Corporation, a company controlled by Mr. Ressler. Mr. Ressler is also the Manager of Orchard/JFAX Investors, LLC, one of j2 Global's principal stockholders. Under this consulting arrangement, j2 Global paid Orchard Capital \$200,000 per year through June 30, 1999 and \$275,000 per year from July 1, 1999 through March 31, 2000, in each case payable in equal monthly payments, for the services of Mr. Ressler. These arrangements were not pursuant to a written agreement. Effective April 1, 2000, Orchard Capital's compensation was reduced to \$144,000 per year, and Orchard Capital's revised consulting arrangement was reflected in a new written agreement. This agreement was amended effective April 1, 2001 to extend it for consecutive six-month periods, and was again amended in December 2001 to increase Orchard Capital's compensation back to the original \$275,000 per year. The agreement is terminable by either party by written notice delivered at least 30 days prior to commencement of the next six-month term.

As a director, Mr. Ressler is eligible to participate in j2 Global's 1997 Stock Option Plan. In June 2002, he was granted options to purchase 12,500 shares of j2 Global's common stock at an exercise price of \$14.10 per share. On the same day, each other Board member received an identical stock option grant. See 1997 Stock Option Plan for a description of the terms of j2 Global's 1997 Stock Option Plan.

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Other than reimbursement for reasonable expenses incurred in connection with the services Orchard Capital renders to j2 Global, neither Orchard Capital nor Mr. Ressler receives any other compensation from j2 Global.

The initial and revised compensation amounts payable to Orchard Capital pursuant to this consulting arrangement were determined by the Compensation Committee (with Mr. Ressler abstaining) based upon various subjective factors such as Mr. Ressler's responsibilities, qualifications, years of experience, individual performance and perceived contributions to j2 Global. The December 2001 compensation increase from \$144,000 to \$275,000 per year was based on a formal compensation survey and analysis conducted by a third party compensation consultant at the request of the Compensation Committee.

Submitted by the Compensation Committee of the Board of Directors,

Robert J. Cresci

Michael P. Schulhof

Richard S. Ressler



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**AUDIT COMMITTEE REPORT**

The role of the Audit Committee is to assist the Board of Directors in its oversight of j2 Global's financial reporting process. The Board of Directors, in its business judgment, has determined that all members of the Committee are independent, as required by applicable listing standards of NASDAQ. The Committee operates pursuant to a Charter that was last amended and restated by the Board on February 20, 2003, a copy of which is attached to this Proxy Statement as Appendix A. As set forth in the Charter, management of j2 Global is responsible for the preparation, presentation and integrity of j2 Global's financial statements, j2 Global's accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for auditing j2 Global's financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

In the performance of its oversight function, the Committee has considered and discussed the audited financial statements with management and the independent auditors. The Committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as currently in effect. Finally, the Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as currently in effect, has considered whether the provision of non-audit services by the independent auditors to j2 Global is compatible with maintaining the auditor's independence and has discussed with the auditors the auditors' independence.

Based upon the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Committee referred to in the Charter, the Committee recommended to the Board that the audited financial statements be included in j2 Global's Annual Report on Form 10-K for the year ended December 31, 2002 and filed with the Securities and Exchange Commission.

Submitted by the Audit Committee of j2 Global's Board of Directors,

Douglas Y. Bech

Robert J. Cresci

Michael P. Schulhof

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**FEEs BILLED FOR SERVICES RENDERED BY PRINCIPAL ACCOUNTANT**

Deloitte & Touche LLP ( Deloitte & Touche ) was appointed as the principal auditor for j2 Global in December 2002. KPMG LLP had been the principal auditor for j2 Global from 1997 until they were replaced by Deloitte & Touche. During fiscal year 2002, the principal auditors billed the approximate fees set forth below:

**Audit Fees**

Aggregate fees for services rendered in connection with the audit of j2 Global's consolidated financial statements as of and for the year ended December 31, 2002, and for limited review of j2 Global's unaudited consolidated interim financial statements, were \$180,978.

**Financial Information Systems Design and Implementation Fees**

j2 Global did not pay any fees for financial information systems design and implementation services during the year ended December 31, 2002. j2 Global makes all management decisions with respect to its financial information systems, and is responsible for evaluating the adequacy of such systems and for establishing and maintaining its system of internal accounting controls.

**All Other Fees**

Aggregate fees for (i) tax services were \$126,193; and (ii) non-financial statement audit services such as due diligence procedures associated with acquisitions and assistance with regulatory filings were \$12,000.

**Availability of Representatives of Independent Accountant at the Annual Meeting**

Representatives of Deloitte & Touche are expected to be present at the Annual Meeting, will have the opportunity to make a statement at the Meeting if they desire to do so, and are expected to be available at the Meeting to respond to appropriate questions.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The j2 Global Compensation Committee currently consists of Messrs. Cresci, Schulhof and Ressler. j2 Global has no interlocking relationships or other transactions involving any of its Compensation Committee members that are required to be reported pursuant to applicable SEC rules.

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One of j2 Global's former officers, Richard S. Ressler, but no current officer, serves on the Compensation Committee.

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**PERFORMANCE GRAPH**

The following graph compares, for the period that j2 Global's common stock has been registered under Section 12 of the Exchange Act, the cumulative total stockholder return for j2 Global, the NASDAQ Telecommunications Index and an index of companies that j2 Global has selected and justified as its peer group. Measurement points are July 23, 1999 (the first trading day) and the last trading day in each of j2 Global's fiscal quarters through the end of fiscal 2002. The graph assumes that \$100 was invested on July 23, 1999 in j2 Global's common stock at the initial public offering price of \$38 per share and in each of the indexes, and assumes reinvestment of any dividends. No dividends have been declared or paid on j2 Global's common stock. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

j2 Global has made a change to the membership of its peer group index this year because TeraGlobal Communications Corp., one of the seven companies included in the peer group when it was first used in j2 Global's May 2001 proxy statement, is no longer publicly traded. The peer group index now consists of the six surviving members of the peer group: Deltathree Inc., Easylink Services Corporation (formerly Mail.com, Inc.), I-Link Corporation, iBasis Inc., PTEK Holdings, Inc. and Tumbleweed Communications Corp. We believe that the peer group index provides a representative group of companies in the outsourced messaging and communications industry.

**[THE PERFORMANCE GRAPH IS SET FORTH ON THE FOLLOWING PAGE.]**

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	j2 GLOBAL		
<u>Measurement Date</u>	<u>COMMUNICATIONS, INC.</u>	<u>PEER GROUP COMPOSITE INDEX</u>	<u>NASDAQ TELECOM INDEX</u>
7/23/99	\$100.00	\$100.00	\$100.00
9/99	\$ 52.30	\$ 76.36	\$ 93.86
12/99	\$ 70.73	\$129.21	\$152.54
3/00	\$ 52.63	\$172.64	\$165.55
6/00	\$ 16.78	\$ 99.82	\$139.60
9/00	\$ 13.82	\$ 68.60	\$109.66
12/00	\$ 2.96	\$ 20.74	\$ 69.62
3/01	\$ 6.09	\$ 9.40	\$ 49.29
6/01	\$ 10.92	\$ 12.21	\$ 46.81
9/01	\$ 8.92	\$ 6.63	\$ 30.51
12/01	\$ 13.03	\$ 9.82	\$ 34.80
3/02	\$ 23.68	\$ 8.85	\$ 26.10
6/02	\$ 43.24	\$ 7.55	\$ 15.56
9/02	\$ 52.34	\$ 5.94	\$ 13.28
12/02	\$ 50.11	\$ 5.85	\$ 16.34

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**CERTAIN TRANSACTIONS**

**Indebtedness of Officers and Directors**

The following directors, officers and beneficial owners of more than five percent (5%) of j2 Global's common stock are indebted to j2 Global:

As of December 31, 2002, Scott M. Jarus was indebted to j2 Global in the amount of \$536,099. This debt represents the \$500,000 principal amount plus accrued interest of a loan made by j2 Global to Mr. Jarus on July 9, 2001 in connection with his engagement of employment. In accordance with his employment agreement, Mr. Jarus used the proceeds of this loan towards the purchase of a home in the Los Angeles area. The loan is secured by a second mortgage on that home. See Executive Officer Compensation and Other Matters Employment Contracts, Termination of Employment and Change of Control Arrangements beginning on page 11 for a description of the terms of this loan.

As of December 31, 2002, Boardrush Media LLC ( Boardrush ) was indebted to j2 Global in the amount of \$346,154. j2 Global advanced this loan to Boardrush on March 17, 1997 and the principal amount of the loan was originally \$2,250,000. This loan matures on January 1, 2005 and bears interest at the rate of 6.32% per annum, with interest payments offset against amounts owed by j2 Global to Boardrush under the consulting agreement described below.

**Consulting Agreements**

j2 Global has entered into the following consulting agreements with directors, officers and beneficial owners of more than five percent (5%) of j2 Global's common stock:

j2 Global is a party to a consulting agreement with Boardrush dated March 17, 1999, as amended in January 2000 and again in October 2001 (the Boardrush Agreement ). Jens Muller, a co-founder and former director of j2 Global, is the Manager and therefore the controlling person of Boardrush. Pursuant to the Boardrush Agreement, Boardrush provides the services of Mr. Muller and John F. Rieley, a current director of j2 Global and also a co-founder, to j2 Global for a maximum of two days each per month. The Boardrush Agreement runs for a term ending on the earlier of the date the Boardrush loan described above is repaid in full, and January 1, 2005. Until March 17, 1999, j2 Global paid Boardrush \$400,000 per year, payable in equal monthly payments, pursuant to the Boardrush Agreement. From and after March 17, 1999, Boardrush's compensation under the Boardrush Agreement consists of forgiveness of interest and principal under the loan described above, with principal reductions being made pro rata over the period from March 17, 1999 through January 1, 2005.

Boardrush has the right to repay the loan at any time either in cash or in j2 Global's common stock valued at the then current market price. On July 27, 2000, Boardrush prepaid \$760,000 of the loan by delivering to j2 Global approximately 62,500 shares of j2 Global's common stock, valued at \$12.125 per share. As a result of this prepayment, and in accordance with the Boardrush Agreement, the following occurred: (a) the requirement in the Boardrush Agreement that Boardrush repay the loan with the proceeds of any sale of j2 Global's common stock after it has received in excess of \$6 million was terminated, and (b) Boardrush's pledge of 731,250 shares of j2 Global's common stock was extinguished.

Richard S. Ressler's services as Chairman are provided pursuant to a consulting arrangement with Orchard Capital Corporation, a company controlled by Mr. Ressler. Mr. Ressler is also a member and the manager of Orchard/JFAX Investors, LLC, one of j2 Global's principal stockholders. See Executive Officer Compensation and Other Matters Report of the Compensation Committee of the Board of Directors on Executive Compensation beginning on page 14 for a description of the terms of this consulting arrangement.

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**Shared Space and Services**

j2 Global currently leases approximately 28,000 square feet of office space for its headquarters in Los Angeles, California under a lease that expires in January 2010. j2 Global leases the space from CIM/Hollywood, LLC, a limited liability company indirectly controlled by j2 Global's Chairman, Richard S. Ressler. j2 Global subleases approximately one-half of this space to CIM Group, LLC, an entity indirectly controlled by Mr. Ressler. Net of the subleased space, j2 Global's share of the monthly rent is approximately \$24,000. The sublease expires in mid-2003, at which time j2 Global will occupy and pay for the entire leased space.

j2 Global also shares and prorates certain administrative costs with these and other entities controlled by Mr. Ressler. These costs include amounts for shared personnel and routine office and telephone expenses, and are paid based on actual amounts paid to third parties without markup or markdown.

**Investments in j2 Global by Officers, Directors and Principal Stockholders**

Between December 1995 and March 1997, j2 Global issued a total of 1,727,500 shares of common stock to j2 Global's founders, Messrs. Muller and Rieley, 1,343,750 of which were canceled in March 1997 and reissued to Boardrush. Also in March 1997, j2 Global issued 2,515,000 shares of common stock to Orchard/JFAX Investors, LLC, and 55,000 shares of common stock to Nehemia Zucker. In connection with these issuances, j2 Global entered into a registration rights agreement with those investors. Under this agreement, the investors have the right to participate in registrations initiated by j2 Global, but do not have the right to demand that j2 Global effect a registration. These registration rights will expire on March 17, 2007.

In June 2001, j2 Global repurchased 251,922 shares of common stock and a warrant to acquire 117,188 shares of common stock for \$911,000 in cash from an investor group advised by Pecks Management Partners Ltd. ( Pecks ) consisting of Declaration of Trust for Defined Benefit Plans of Zeneca Holdings, Inc., Declaration of Trust for Defined Benefit Plans of ICI American Holdings, Inc., Delaware State Employees Retirement Fund and the J.W. McConnell Family Foundation. Robert J. Cresci, one of j2 Global's directors, is a Managing Director of Pecks. At the same time, Pecks sold 300,003 shares of j2 Global's common stock to a third party unaffiliated with j2 Global. Prior to disposing of these shares and warrants, Pecks had a right to cause j2 Global to repurchase these shares for \$12.80 per share and to purchase these warrants for \$6.40 per underlying share upon a change of control of j2 Global. In connection with Pecks' June 2001 sale of these shares and warrants, these repurchase rights were canceled.

In July 1998, in connection with a preferred stock issuance (which preferred stock was repurchased in 1999), j2 Global issued warrants to acquire a total of 781,250 shares of j2 Global's common stock to the following entities: (a) Donaldson, Lufkin & Jenrette Securities Corporation ( DLJ ), which acted as placement agent for the offering; (b) affiliates of DLJ; (c) R. Scott Turicchi, j2 Global's Executive Vice President of Corporate Development; (d) Orchard/JFAX Investors, LLC; and (e) Pecks. As stated above, j2 Global repurchased the warrants issued to Pecks in June 2001. The remaining warrants, which have an exercise price of \$9.60 per share, expire July 1, 2005. Each of the warrant holders has a right to cause j2 Global to repurchase these warrants for \$6.40 per underlying share upon a change of control of j2 Global.

We believe that the transactions described above were made on terms no less favorable than could have been obtained from third parties. All transactions were negotiated at arms' length. j2 Global intends to have all future transactions between j2 Global and its officers, directors and affiliates be approved by a majority of disinterested members of j2 Global's Board of Directors or one of its committees, as appropriate, in a



manner consistent with Delaware law and the fiduciary duties of j2 Global's directors.

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**PROPOSAL 2 RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS**

On December 11, 2002, j2 Global appointed Deloitte & Touche LLP as its independent auditors for the fiscal years ending December 31, 2002 and 2003, and dismissed KPMG LLP. The decision to change independent accountants was approved by the Audit Committee of the Board of Directors and ratified by the Board of Directors.

During the two most recent fiscal years, none of the reports on j2 Global's financial statements contained an adverse opinion or a disclaimer of opinion or was qualified or modified as to uncertainty, audit scope or accounting principles. In connection with its audits for the two most recent fiscal years and any subsequent interim period, there have been no disagreements with j2 Global's independent accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Notwithstanding the selection of Deloitte & Touche, the Audit Committee, in its discretion, may direct appointment of new independent auditors at any time during the year, if the Committee feels that such a change would be in the best interests of j2 Global and its stockholders.

Representatives of Deloitte & Touche are expected to be present at the Annual Meeting and are expected to be available to respond to appropriate questions.

Ratification of Deloitte & Touche as j2 Global's auditors for the fiscal year ending December 31, 2003 requires the affirmative vote of the holders of a majority of shares of j2 Global common stock present or represented and entitled to vote at the Annual Meeting.

**THE j2 GLOBAL BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL 2, RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS.**

**STOCKHOLDER PROPOSALS FOR 2004 ANNUAL STOCKHOLDERS MEETING**

Under SEC rules, a stockholder who intends to present a proposal at the next annual meeting of stockholders and who wishes the proposal to be included in the proxy statement for that meeting must submit the proposal in writing to the Secretary of j2 Global Communications, Inc. at 6922 Hollywood Boulevard, Suite 800, Los Angeles, California 90028. The proposal must be received no later than December 11, 2003. Proposals of stockholders intended to be considered at the next annual meeting of stockholders but not included in the proxy statement for that meeting must be received at the above address in compliance with j2 Global's By-laws and in any event no later than February 24, 2004.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

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Section 16(a) of the Securities Exchange Act of 1934 requires j2 Global's officers (as defined in Rule 16a-1(f)), directors and persons who own more than ten percent (10%) of a registered class of j2 Global's equity securities to file reports of ownership and changes in ownership with the SEC. Such persons are required by SEC regulations to furnish j2 Global with copies of all Section 16(a) forms they file. Based solely on j2 Global's review of the copies of such forms received by j2 Global and written representations from certain reporting persons that they have complied with the relevant filing requirements, we believe that all filing requirements applicable to its officers, directors and ten percent (10%) stockholders were complied with during the fiscal year ended December 31, 2002.

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**COST OF ANNUAL MEETING AND PROXY SOLICITATION**

j2 Global is paying the expenses of this solicitation. We also will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in sending proxy material to principals and obtaining their instructions. In addition to solicitation by mail, our directors, officers and employees may solicit proxies in person or by telephone, fax, e-mail or similar means.

**HOUSEHOLDING**

As permitted by the Securities Exchange Act of 1934, only one copy of this Proxy Statement is being delivered to stockholders residing at the same address, unless such stockholders have notified j2 Global of their desire to receive multiple copies of the Proxy Statement.

j2 Global will promptly deliver, upon oral or written request, a separate copy of the Proxy Statement to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to j2 Global's Secretary, 6922 Hollywood Boulevard, Suite 800, Los Angeles, California 90028, (323) 860-9200.

**OTHER MATTERS**

The Board of Directors knows of no other business that will be presented at the Annual Meeting. If any other business is properly brought before the Annual Meeting, proxies in the enclosed form will be voted in respect thereof as the proxy holders deem advisable.

It is important that the proxies be returned promptly and that your shares be represented. Stockholders are urged to mark, date, sign and promptly return the accompanying proxy card in the enclosed envelope.

The form of proxy and this Proxy Statement have been approved by the Board of Directors and are being mailed and delivered to stockholders by its authority.

By Order of the Board of Directors,

Richard S. Ressler

*Chairman of the Board*

Los Angeles, California

Dated: April 9, 2003

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Appendix A

**j2 GLOBAL COMMUNICATIONS, INC.**

**AMENDED AND RESTATED**

**AUDIT COMMITTEE CHARTER**

- I. **Composition of the Audit Committee:** The Audit Committee shall be comprised of at least three directors, each of whom shall not be an officer or employee of the Company or its subsidiaries, shall not have any relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and shall otherwise satisfy the applicable membership requirements under the rules of the National Association of Securities Dealers, Inc., as such requirements are interpreted by the Board of Directors in its business judgment.
- II. **Purposes of the Audit Committee:** The purposes of the Audit Committee are to assist the Board of Directors:
1. in its oversight of the Company's accounting and financial reporting principles and policies and internal audit controls and procedures;
  2. in its oversight of the Company's financial statements and the independent audit thereof;
  3. in selecting, evaluating and, where deemed appropriate, replacing the outside auditors (or nominating the outside auditors to be proposed for shareholder approval in any proxy statement); and
  4. in evaluating the independence of the outside auditors.

The function of the Audit Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements. Management and the internal auditing department are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The outside auditors are responsible for planning and carrying out a proper audit of the Company's annual financial statements, reviews of the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures. In fulfilling their responsibilities hereunder, it is recognized that members of the Audit Committee are not full-time employees of the Company and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing, including in respect of auditor independence standards. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct field work or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information; (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors); and (iii) representations made by management as to any information technology, internal audit and other non-audit services provided by the auditors to the Company.

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The outside auditors for the Company are ultimately accountable to the Board of Directors (as assisted by the Audit Committee). The Board of Directors, with the assistance of the Audit Committee, has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the outside auditors (or to nominate the outside auditors to be proposed for shareholder approval in the proxy statement).

The outside auditors shall submit to the Company annually a formal written statement delineating all relationships between the outside auditors and the Company ( Statement as to Independence ), addressing each non-audit service provided to the Company and the matters set forth in Independence Standards Board No. 1.

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The outside auditors shall submit to the Company annually a formal written statement of the fees billed for each of the following categories of services rendered by the outside auditors: (i) the audit of the Company's annual financial statements for the most recent fiscal year and the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for that fiscal year; (ii) information technology consulting services for the most recent fiscal year, in the aggregate and by each service (and separately identifying fees for such services relating to financial information systems design and implementation); and (iii) all other services rendered by the outside auditors for the most recent fiscal year, in the aggregate and by each service.

III. Meetings of the Audit Committee: The Audit Committee shall meet four times annually, or more frequently if circumstances dictate, to discuss with management the annual audited financial statements and quarterly financial results. In addition to such meetings of the Audit Committee as may be required to discuss the matters set forth in Article IV, the Audit Committee should meet separately at least annually with management, the director of the internal auditing department and the outside auditors to discuss any matters that the Audit Committee or any of these persons or firms believe should be discussed privately. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or outside auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.

IV. Duties and Powers of the Audit Committee: To carry out its purposes, the Audit Committee shall have the following duties and powers:

1. With respect to the outside auditors,
  - (i) to provide advice to the Board of Directors in selecting, evaluating or replacing outside auditors;
  - (ii) to review the fees charged by the outside auditors for audit and non-audit services;
  - (iii) to ensure that the outside auditors prepare and deliver annually a Statement as to Independence (it being understood that the outside auditors are responsible for the accuracy and completeness of this Statement), to discuss with the outside auditors any relationships or services disclosed in this Statement that may impact the objectivity and independence of the Company's outside auditors and to recommend that the Board of Directors take appropriate action in response to this Statement to satisfy itself of the outside auditors' independence;
  - (iv) to consider the effect of the outside auditors' provision of (a) information technology consulting services relating to financial information systems design and implementation and (b) other non-audit services to the Company on the independence of the outside auditors (it being understood that the Audit Committee will rely on the accuracy of the information provided by the outside auditors as to the services provided and the fees paid and will rely on the representations of management in connection with such consideration); and
  - (v) to instruct the outside auditors that the outside auditors are ultimately accountable to the Board of Directors and Audit Committee;
2. With respect to the internal auditing department,
  - (i) to review the appointment and replacement of the director of the internal auditing department; and





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- (ii) to advise the director of the internal auditing department that he or she is expected to provide to the Audit Committee summaries of and, as appropriate, the significant reports to management prepared by the internal auditing department and management's responses thereto;

3. With respect to financial reporting principles and policies and internal audit controls and procedures,

- (i) to advise management, the internal auditing department and the outside auditors that they are expected to provide to the Audit Committee a timely analysis of significant financial reporting issues and practices;
- (ii) to consider any reports or communications (and management's and/or the internal audit department's responses thereto) submitted to the Audit Committee by the outside auditors required by or referred to in SAS 61 (as codified by AU Section 380), as may be modified or supplemented, including reports and communications related to:

deficiencies noted in the audit in the design or operation of internal controls;

consideration of fraud in a financial statement audit;

detection of illegal acts;

the outside auditors' responsibility under generally accepted auditing standards;

significant accounting policies;

management judgments and accounting estimates;

adjustments arising from the audit;

the responsibility of the outside auditors for other information in documents containing audited financial statements;

disagreements with management;

consultation by management with other accountants;

major issues discussed with management prior to retention of the outside auditor;

difficulties encountered with management in performing the audit;

the outside auditor's judgments about the quality of the entity's accounting principles; and

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reviews of interim financial information conducted by the outside auditor;

(iii) to meet with management, the director of the internal auditing department and/or the outside auditors:

to discuss the scope of the annual audit;

to discuss the audited financial statements;

to discuss any significant matters arising from any audit or report or communication referred to in items 2(ii) or 3(ii) above, whether raised by management, the internal auditing department or the outside auditors, relating to the Company's financial statements;

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to review the form of opinion the outside auditors propose to render to the Board of Directors and shareholders;

to discuss significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the outside auditors, the internal auditing department or management; and to inquire about significant risks and exposures, if any, and the steps taken to monitor and minimize such risks;

- (iv) to obtain from the outside auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended, which sets forth certain procedures to be followed in any audit of financial statements required under the Securities Exchange Act of 1934; and
- (v) to discuss with the Company's General Counsel any significant legal matters that may have a material effect on the financial statements, the Company's compliance policies, including material notices to or inquiries received from governmental agencies; and

4. With respect to reporting and recommendations,

- (i) to prepare any report or other disclosures, including any recommendation of the Audit Committee, required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement;
- (ii) to review this Charter at least annually and recommend any changes to the full Board of Directors; and
- (iii) to report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate.

V. Resources and Authority of the Audit Committee: The Audit Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage outside auditors for special audits, reviews and other procedures and to retain special counsel and other experts or consultants.

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**PROXY**

**j2 GLOBAL COMMUNICATIONS, INC.**

**ANNUAL MEETING OF STOCKHOLDERS May 7, 2003**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned stockholder(s) of j2 Global Communications Inc., a Delaware corporation, hereby acknowledge(s) receipt of the Proxy Statement dated April 9, 2003, and hereby appoint(s) R. Scott Turicchi, Nehemia Zucker, and Jeffrey D. Adelman, and each of them, proxies and attorneys-in-fact, with full power to each of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the Annual Meeting of Stockholders of j2 Global Communications, Inc., to be held May 7, 2003 at 10:00 a.m., local time, at the Hollywood Roosevelt Hotel, 7000 Hollywood Boulevard, Los Angeles, California 90028, and at any continuation or adjournment thereof, and to vote all shares of Common Stock which the undersigned would be entitled to vote if then and there personally present, on all matters set forth below.

THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO CONTRARY DIRECTION IS INDICATED, WILL BE VOTED FOR THE APPROVAL OF ALL PROPOSALS SET OUT BELOW, INCLUDING THE ELECTION OF THE NOMINEES TO BE DIRECTORS OF j2 GLOBAL, AND AS SAID PROXIES DEEM ADVISABLE ON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL PROPOSALS BELOW

**(CONTINUED AND TO BE SIGNED ON THE REVERSE SIDE)**

x PLEASE MARK YOUR VOTES AS IN THIS EXAMPLE.

1. **To elect five directors to serve the ensuing year and until their successors are elected.**

FOR  WITHHELD  ABSTAIN

For all Nominees listed below, except as specified Withhold authority to vote for all Nominees listed to the contrary below. below.

**Nominees:** Douglas Y. Bech, Robert J. Cresci, John F. Rieley, Richard S. Ressler, Michael P. Schulhof.

(INSTRUCTION: To withhold authority to vote for any individual nominee write that nominee's name on the lines provided below.)

2. **To ratify the selection of Deloitte & Touche LLP as independent auditors for j2 Global Communications, Inc.**

FOR  AGAINST  ABSTAIN

3. **To transact such other business as may properly come before the meeting or any postponements or adjournments thereof.**

FOR  WITHHELD  ABSTAIN

Mark here for address change and note in the space provided.

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Signature(s): \_\_\_\_\_

Date: \_\_\_\_\_

Note: This proxy should be marked, dated and signed by the stockholder(s) exactly as his or her name appears hereon and returned promptly in the enclosed envelope. Persons in a fiduciary capacity should so indicate. If shares are held by joint tenants or as community property, each person should sign.

**PLEASE DATE, SIGN AND MAIL YOUR  
PROXY CARD BACK AS SOON AS POSSIBLE.**