

J2 GLOBAL COMMUNICATIONS INC  
Form PRE 14A  
March 29, 2006

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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  x  
Filed by a Party other than the Registrant  o

Check the appropriate box:

- x Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- o Definitive Proxy Statement
- o Definitive Additional Materials
- o 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):

- x No fee required.
- o 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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(2) Aggregate number of securities to which transaction applies:

\_\_\_\_\_

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

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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o Fee paid previously with preliminary materials:

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(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 500  
Los Angeles, California 90028

Dear Stockholder:

We cordially invite you to attend the j2 Global Communications, Inc. 2006 Annual Meeting of Stockholders. The meeting will be held on Wednesday, May 3, 2006, at 9:00 a.m. local time at the Renaissance Hollywood Hotel, 1755 N. Highland Avenue, 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,

/s/ Richard S. Ressler

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 10, 2006.

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**j2 Global Communications, Inc.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on May 3, 2006**

We will hold the 2006 Annual Meeting of Stockholders of j2 Global Communications, Inc., a Delaware corporation, at the Renaissance Hollywood Hotel, 1755 N. Highland Avenue, Los Angeles, California 90028, on Wednesday, May 3, 2006, at 9:00 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 and qualified;
2. To adopt an amendment to Article FOURTH of j2 Global's amended and restated certificate of incorporation that would increase the number of authorized shares of j2 Global's common stock from 50 million to 95 million;
3. To adopt an amendment to j2 Global's Second Amended and Restated 1997 Stock Option Plan that would increase from five million to six million the number of shares of j2 Global's common stock permitted for plan uses; and
4. 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 7, 2005 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,

/s/ Jeffrey D. Adelman

Jeffrey D. Adelman  
*Vice President, General Counsel and Secretary*

April 10, 2006  
Los Angeles, California

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**j2 Global Communications, Inc.**  
6922 Hollywood Boulevard, Suite 500, Los Angeles, California 90028

April 10, 2006

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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” or the “Company”) is soliciting your vote at the 2006 Annual Meeting of j2 Global’s stockholders.

**What Will I Be Voting On?**

1. A proposal to elect five members to the j2 Global Board of Directors (see page 4).
2. A proposal to adopt an amendment to Article FOURTH of j2 Global’s certificate of incorporation that would increase the number of authorized shares of our common stock from 50 million to 95 million (see page 6).
3. A proposal to adopt an amendment to j2 Global’s Second Amended and Restated 1997 Stock Option Plan to increase from five million to six million the total number of shares of common stock permitted for plan uses (see page 7).

**How Many Votes Do I Have?**

You will have one vote for every share of j2 Global common stock you owned on March 7, 2006 (the record date).

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

24,812,426, 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 12,406,214 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?**

1. For Proposal 1 - 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.





2. For Proposal 2 - Amendment to our Certificate of Incorporation - approval requires the affirmative vote of the holders of a majority of the issued and outstanding shares of j2 Global common stock.

3. For Proposal 3 - Amendment to Second Amended and Restated 1997 Stock Option Plan - approval requires the affirmative vote of holders of a majority of the shares of common stock present or represented and entitled to vote at the Annual Meeting.

### **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.

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 Annual Meeting.

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

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 500, Los Angeles, California 90028. In addition, if you attend the Annual Meeting and want to vote in person, you can request that your previously submitted proxy not be used. Attendance at the Annual Meeting will not by itself revoke a proxy.

### **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, FOR approval of Proposals 2 and 3, and otherwise in accordance with the judgment of the person or persons voting the proxy on any other matter properly brought before the Annual Meeting.

### **What If I Vote "Abstain"?**

Abstentions are counted for purposes of determining whether a quorum is present for transaction of business at the Annual Meeting. An abstention has no effect on the outcome of Proposal 1 - the Election of Directors. An abstention has the same effect as a vote against Proposal 2 - Amendment to our Certificate of Incorporation and a vote against Proposal 3 - Amendment to Second Amended and Restated 1997 Stock Option Plan.

### **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 may be able to vote your shares on the matters scheduled to come before the Annual 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 be counted for purposes of determining whether a quorum is present for transaction of business at the Annual Meeting. Broker

non-votes will have no effect on the vote for Proposal 1 - the Election of Directors or Proposal 3 - Amendment to Second Amended and Restated 1997 Stock Option Plan, but will have the same effect as a vote against Proposal 2 - Amendment to our Certificate of Incorporation.

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.

**Who Can I Contact if I Have Questions Concerning the Annual Meeting?**

If you have any further questions about voting your shares or attending the Annual Meeting please call or email our Investor Relations Department at 323-657-5371 or [investor@j2global.com](mailto:investor@j2global.com).

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**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 is unable or declines to serve as a director at the time of the Annual Meeting, neither of which is expected to occur, 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:

<b>Name</b>	<b>Age</b>	<b>Principal Occupation</b>	<b>Director Since</b>
Richard S. Ressler <sup>(3)</sup>	47	President, Orchard Capital Corporation	1997
John F. Rieley <sup>(4)</sup>	62	Entrepreneur	1995
Michael P. Schulhof <sup>(1)(2)(3)</sup>	63	Private Investor	1997
Robert J. Cresci <sup>(1)(2)(3)</sup>	62	Managing Director of Pecks Management Partners Ltd.	1998
Douglas Y. Bech <sup>(1)(2)</sup>	60	Chairman and CEO of Raintree Resorts International, Inc.	2000

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Executive Committee

(4) Member of the Investor Relations 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 and served as the Company's Chief Executive Officer from 1997 to 2000, serving in each of these capacities pursuant to a consulting agreement between the Company and Orchard Capital Corporation ("Orchard Capital"). 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 President of Orchard Capital since 1994. Mr. Ressler is a Co-Founder and Principal of CIM Group, Inc. (a real estate investor and manager). Mr. Ressler is a Co-Founder and Chairman of Orchard First Source Asset Management, LLC (a debt investor and manager). Mr. Ressler also serves as a board member for

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various private companies, including MAI Systems Corporation (a previously publicly-traded hospitality software provider that went private in November 2005).

*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. Between March 1997 and December 2004, Mr. Rieley provided consulting services to j2 Global under an agreement between j2 Global and Boardrush Media LLC, of which he is the President, and in January 2006, Mr. Rieley individually entered into a consultancy agreement with j2 Global. Mr. Rieley has managed, marketed and consulted on other projects in the media field, the airline industry and in public affairs including 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 the New York University Medical Center and the Brookings Institution.

*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, SeraCare Life Sciences, Inc., Continucare 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 board of Frontier Oil Corporation.

## **PROPOSAL 2 - AMENDMENT TO CERTIFICATE OF INCORPORATION**

The Amended and Restated Certificate of Incorporation, as amended, of j2 Global (the “Certificate”) presently authorizes the issuance of 50 million shares of common stock, par value \$0.01 per share and one million shares of preferred stock, par value \$0.01 per share. As of March 7, 2006, 24,812,426 shares of common stock were issued and outstanding and no shares of preferred stock were issued and outstanding. Also as of that date, 950,112 shares of common stock were reserved for issuance pursuant to j2 Global’s Second Amended and Restated 1997 Stock Option Plan and 2001 Employee Stock Purchase Plan (collectively, the “Stock Plans”). Accordingly, of the 50 million shares of common stock currently authorized, j2 Global has approximately 25,762,538 shares of common stock issued and outstanding or reserved for issuance pursuant to the Stock Plans. The proposed amendment to the Certificate would increase the number of authorized shares of common stock from 50 million to 95 million.

The proposed amendment would change the first sentence of Article FOURTH of the Certificate to read, in its entirety, as follows:

“The total number of shares of all classes of stock which the Corporation shall have the authority to issue is 96,000,000, of which 95,000,000 shares of the par value of \$0.01 shall be designated as Common Stock and 1,000,000 shares of the par value of \$0.01 shall be designated as Preferred Stock.”

The purpose of the proposed amendment to the Certificate is to ensure that j2 Global has adequate authorized shares of Common Stock available from time to time if needed for such corporate purposes as may be deemed appropriate by the Board of Directors. These corporate purposes might include stock splits, stock dividends, public or private stock offerings, acquisitions, the continued provision of equity incentives to our employees, officers and directors and other corporate purposes.

If the proposed amendment to the Certificate is adopted, the additional authorized shares of Common Stock could be issued at the discretion of the Board of Directors for any corporate purpose without further action by j2 Global’s stockholders, except as required by applicable laws or regulations, or the rules of the NASDAQ National Market. The additional shares of common stock to be authorized by the Certificate would have rights identical to j2 Global’s currently outstanding common stock. Our stockholders do not currently have any preemptive or similar rights to subscribe for or purchase any additional shares of common stock that may be issued in the future, and therefore, future issuances of common stock may, depending on the circumstances, have a dilutive effect on the earnings per share, voting power and other interests of existing stockholders. These dilutive effects could, in some instances, have the effect of rendering a hostile attempt to acquire j2 Global more difficult.

With these matters in mind, our Board of Directors has determined that it is in the best interests of j2 Global and its stockholders to increase the number of shares of j2 Global’s authorized shares of common stock from 50 million to 95 million. Approval of the proposed amendment to the Certificate requires the affirmative vote of the holders of a majority of the issued and outstanding shares of j2 Global common stock. The amendment to the Certificate will become effective on the date the amendment is filed with the Secretary of State of the State of Delaware. It is anticipated that the appropriate filing to effect the share increase will be made as soon as practicable following approval of this proposal.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” APPROVAL OF THE AMENDMENT OF THE j2 GLOBAL CERTIFICATE TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK FROM 50 MILLION TO 95 MILLION.**

### **PROPOSAL 3 - AMENDMENT TO SECOND AMENDED AND RESTATED 1997 STOCK OPTION PLAN**

j2 Global's Second Amended and Restated 1997 Stock Option Plan (the "Plan") gives the Compensation Committee of our Board of Directors discretionary authority from time to time to grant employees of j2 Global or a subsidiary selected by the Committee "incentive stock options" on our common stock (options entitled to special tax treatment under Section 422 of the Internal Revenue Code) and to grant "nonstatutory stock options" on our common stock (options that are not incentive stock options) to consultants to j2 Global or a subsidiary and members of our Board of Directors selected by the Committee, as well as to selected employees. The Plan also gives the Committee discretionary authority to make grants of "restricted shares" (shares of common stock subject to transfer restrictions and risk of forfeiture for specified time periods) to the same kinds of persons that may be granted nonstatutory stock options under the Plan. In addition, the Plan permits grants of options under it in substitution for options held by employees of other companies who become eligible to receive options under the Plan as a result of a merger, consolidation, reorganization or similar event. The terms and conditions of those sorts of Plan options may vary from the terms and conditions otherwise contemplated by the Plan, to the extent deemed appropriate by the Committee in order to conform the terms and conditions of the new options with those of the options they replace.

Subject to adjustment for recapitalization events, Section 3.2 of the Plan currently sets the maximum number of shares of common stock that may be used for purposes of the Plan at five million. Available shares can be used for any of the purposes authorized by the Plan.

As of the record date, 99,827 shares remain available for future option grants or restricted share awards under the Plan. The Plan provides that any shares subject to Plan options that expire or are cancelled unexercised, and any restricted shares that are forfeited on which no dividends have been paid (or on which dividends have been paid if the dividends also are forfeited) again would become available for Plan purposes. We cannot predict in advance how many additional shares may become available due to expirations, cancellations, or forfeitures.

We believe that operation of the Plan is important in attracting and retaining employees in a competitive labor market, which is essential to our long-term growth and success. We believe that the number of shares currently available under the Plan does not give us sufficient authority and flexibility to adequately provide for future incentives. Also, in the event j2 Global were to engage in an acquisition, the maximum number of shares currently specified in our Plan may prove insufficient to enable us to use the Plan to replace outstanding options held by employees of an acquired company.

With these matters in mind, our Board of Directors has determined that it is in the best interests of j2 Global and its stockholders to extend continued availability of the Plan by further amending it to increase the number of shares available for plan use from five million to six million. The Plan provides that an amendment shall be subject to stockholder approval if required by applicable laws, regulations, or rules. In this case, the Board has been advised that stockholder approval is required by federal tax provisions relating to incentive stock options and by NASD rules that apply to us.

Accordingly, subject to stockholder approval at the meeting, the Board of Directors has amended the first sentence of Section 3.2 of the plan to read, in its entirety, as follows:

"The aggregate number of shares of Common Stock which may be issued upon the exercise of Options granted under the Plan and which may be issued in the form of Restricted Stock shall not exceed six million of the authorized shares of Common Stock,

all or any part of which may be issued pursuant to Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock grants, or any combination thereof.”

This amendment makes no other change to the Plan, and the only change in the sentence above from the same sentence in the existing Plan is to increase the aggregate number of shares permitted for plan use from five million to six million.

Although our Board adopted the amendment primarily for the reasons discussed above, you should keep in mind that any or all of the additional shares that the amendment would authorize also could be used for grants to any of our current executive officers, other officers or directors, as well as to other employees or consultants. Due to the discretionary nature of the Plan, we cannot predict the extent of additional benefits that any individual or category of eligible individual ultimately will receive under it, whether or not the amendment is approved, but, if it is approved, it may be that some or all of them may receive some additional benefits.

If the amendment is not approved by the stockholders at the meeting, it will not become effective, and the maximum shares available for Plan use will remain at five million.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" APPROVAL OF THE AMENDMENT OF THE SECOND AMENDED AND RESTATED 1997 STOCK OPTION PLAN.**