



Edward Ching
 212.356.0547
 eching@rodmanandrenshaw.com

Ranjit Unnithan
 212.356.0531
 runnithan@rodmanandrenshaw.com

J2 Global Communications (JCOM)

INFORMATION TECHNOLOGY

MARKET OUTPERFORM/ SPECULATIVE RISK

COMPANY UPDATE

JANUARY 31, 2004

JCOM: 4Q04 EARNINGS PREVIEW

MARKET DATA

JCOM	\$31.38	1/28/2005
Target Price	\$50	
Market	NASDAQ	
52 Wk Hi - Low	\$36.35 - \$18.82	
Market Cap. (MM)	\$802.4	
Shares Out (MM)	25.57	
Public Mkt Float (MM)	19.9	
Avg. Daily Vol (000)	533	

BALANCE SHEET METRICS (9/30/04)

Cash (MM)	\$55.1
LTD (MM)	\$1.0
Debt/Capital	0.7%
Book Value/Share	\$5.0

EARNINGS DATA

FY - 12/31	2003 A	2004 E	2005 E
1Q - 03/31	\$0.20	\$0.25 A	NE
2Q - 06/30	\$0.24	\$0.29 A	NE
3Q - 09/30	\$0.28	\$0.32 A	NE
4Q - 12/31	\$0.32	\$0.34	NE
Full Year EPS	\$1.04	\$1.20	\$1.50
Revenue (MM)	\$71.6	\$106.1	\$149.0
EBITDA (MM)	31.9	51.2	68.5

VALUATION METRICS

Price/Earnings	30.1x	26.0x	21.0x
Price/Revenue	11.2x	7.6x	5.4x
Price/EBITDA	25.2x	15.7x	11.7x



Source:Bigcharts.com

JCOM TO REPORT EARNINGS ON 02/03

- J2 Global (JCOM) will report earnings on 02/03 after markets close. An earnings conference call will follow the release at 5 PM (EDT). The dial in numbers are 877-407-8289 (U.S.) and 201-689-8341 (Intl).
- We are forecasting total revenues of \$29.5 MM (6% sequential growth) and EPS of \$0.34, in line with company guidance. Consensus is at \$29.7 MM and \$0.34 respectively.

INVESTMENT SUMMARY

- We believe JCOM is likely to enjoy its 31st consecutive quarter of revenue growth and meet its guidance for 4Q04.
- In our view, JCOM is likely increase to headcount during 2005 as the company introduces new products and invests in expanding their international operations. In our view, JCOM has historically controlled its operating expenses well, and we believe there could still be margin improvement as the year progresses.
- With consistent, and strong growth, we believe JCOM represents an attractive investment opportunity

VALUATION

- JCOM currently trades at a 2005E Sales multiple of 5.4.
- JCOM trades at a Price to 2005E Earnings multiple of 21.

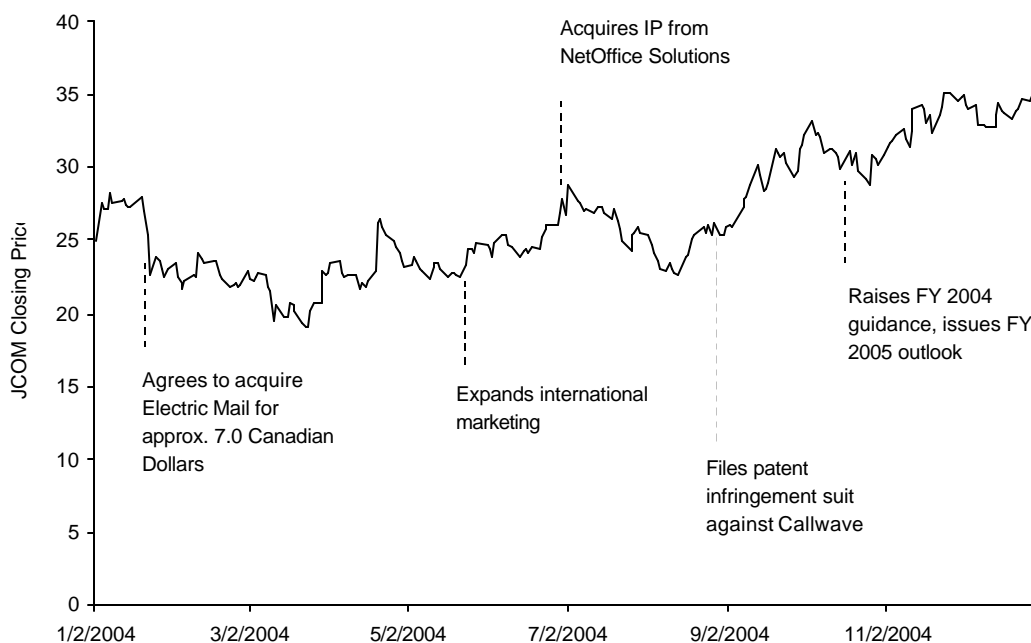
UPSIDE

- New revenue opportunities such as unified email, fax and voicemail.

DOWNSIDE

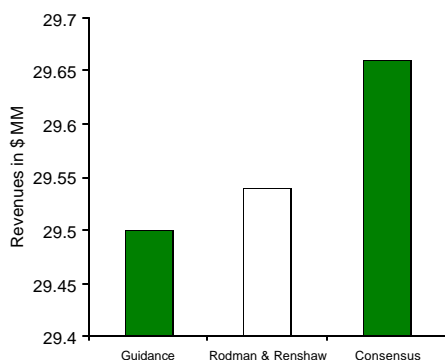
- Uneven growth at recently acquired non-DID groups.

JCOM HISTORICAL CHART



Source: Yahoo Finance, Rodman & Renshaw

JCOM 4Q04 Revenue Estimates



Source: Rodman & Renshaw, Thomson Financial, Company Reports

JCOM Estimate Summary

	Revenue Estimate (\$/MM)		EPS Estimate	
	R&R	Consensus	R&R	Consensus
4Q04	\$29.54	\$29.66	\$0.34	\$0.34
2004	\$106.08	\$106.21	\$1.20	\$1.21
2005	\$149.00	\$146.49	\$1.50	\$1.60

Source: Rodman & Renshaw, Thomson Financial

Noteworthy News Events During 4Q04

- Expanded its network of local telephone numbers to Singapore and the Philippines, increasing the Company's presence in the Asian and Pacific Rim markets
- Launches new products – eFaxSecure, eFax Pro and PaperMaster Pro 7.0
- Provides Online Message Access and Storage for Paid eFax and jConnect Subscribers

RISKS Tight information technology budgets represent the greatest risk for J2 in our view.

J2Global Communications

FY End Dec 31

Income Statement (\$ MM) (except per share data)

	1Q03A	2Q03A	3Q03A	4Q03	2003	1Q04A	2Q04	3Q04	4Q04E	2004E	2005E
Revenues											
Subscriber	14.5	16.3	17.8	19.5	68.1	22.1	25.1	27.0	28.8	102.9	145.0
Advertising	0.6	0.6	0.7	0.8	2.7	0.8	0.6	0.7	0.6	2.7	3.0
Licensing & Other	0.1	0.1	0.4	0.2	0.8	0.1	0.1	0.1	0.1	0.5	1.0
Total Revenue	\$15.2	\$17.0	\$18.9	\$20.5	\$71.6	\$22.9	\$25.8	\$27.8	\$29.5	106.1	\$149.0
<i>Total Revenue YoY Change</i>	47%	51%	51%	46%	49%	51%	52%	47%	44%	48%	40%
<i>Total Revenue QoQ Change</i>	8%	12%	11%	8%		12%	13%	8%	6%		
COGS	3.0	3.2	3.5	3.6	13.3	3.6	4.1	4.4	4.7	16.8	24.0
Gross Profit	12.2	13.8	15.4	16.9	58.3	19.3	21.8	23.4	24.8	89.3	125.0
<i>Gross Margin</i>	80%	81%	82%	83%	81%	84%	84%	84%	84%	84%	84%
Operating Expenses											
R&D	1.0	1.0	1.0	1.1	4.2	1.1	1.3	1.4	1.5	5.2	10.0
SG&A	6.0	6.6	7.0	7.3	26.9	8.3	9.5	10.1	9.8	37.6	53.0
<i>% of Sales Research and Developi</i>	7%	6%	5%	6%	6% #	5%	5%	5%	5%	5% #	7%
<i>% of Sales Selling, General and Ad</i>	39%	39%	37%	36%	37% #	36%	37%	36%	33%	35% #	36%
Total Operating Expense	7.0	7.6	8.0	8.4	31.0	9.3	10.8	11.5	11.3	42.8	63.0
Operating Income	5.2	6.2	7.4	8.5	27.3	10.0	11.0	11.9	13.5	46.4	62.0
<i>Operating Margin</i>	34%	36%	39%	41%	38% #	44%	43%	43%	46%	44% #	42%
Net Interest Income (expense)	0.1	0.1	0.1	0.2	0.4	0.2	0.4	0.5	0.2	1.2	2.0
Earnings Before Taxes	5.3	6.2	7.5	8.6	27.7	10.2	11.4	12.4	13.7	47.7	64.0
Taxes	0.2	0.3	0.3	0.5	1.4	3.8	3.9	4.3	4.8	16.8	22.4
<i>Tax Rate</i>	4%	5%	5%	6%	5%	37%	34%	35%	35%	35%	35%
Net Income	5.0	5.9	7.2	8.1	26.3	6.4	7.5	8.1	8.9	30.9	41.6
<i>Net Margin</i>	33%	35%	38%	40%	37%	28%	29%	29%	30%	29%	28%
EPS	0.20	0.24	0.28	0.32	1.04	0.25	0.29	0.32	0.34	1.20	1.50
Shares	24.70	25.20	25.49	25.67	25.27	25.56	25.58	25.57	25.97	25.67	27.78

Source: Company documents, Rodman & Renshaw Research estimates

J2 Global Balance Sheet*\$ in millions except for per share data*

ASSETS	2000	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04
Cash and equivalents	23.8	38.7	46.5	46.3	46.9	47.0	50.9	42.3
Short-term investments	2.0	-	-	8.2	8.5	6.4	5.2	12.7
Accounts Receivable	2.4	4.8	5.2	5.9	5.9	7.5	8.1	8.8
Inventories	-	-	-	-	-	-	-	-
Other Current Assets	2.0	1.2	1.2	2.3	12.6	9.3	12.3	7.8
Total Current Assets	30.3	44.7	53.0	62.7	73.9	70.2	76.5	71.7
PP&E Net	6.2	6.2	6.2	6.6	6.6	6.3	6.9	8.7
Goodwill & Other	23.7	17.4	17.4	18.0	17.9	15.6	19.1	20.0
Other Assets	5.1	1.0	1.0	0.4	14.5	27.7	26.9	41.9
Total Assets	65.3	69.3	77.5	87.6	112.9	119.9	129.5	142.3
LIABILITIES								
Accounts Payable	7.4	2.3	2.3	3.6	4.0	4.0	5.0	5.4
Current Portion of LTO	1.6	0.5	0.5	1.3	1.0	0.5	0.6	1.7
Deferred Revenues	1.5	2.9	2.9	3.7	4.7	5.1	5.3	5.6
Other Liabilities	0.1	0.3	0.3	-	-	-	-	-
Total Current Liabilities	10.6	6.1	6.1	8.5	9.7	9.6	10.9	12.7
Long Term Debt	0.4	0.1	0.1	0.3	0.2	0.3	0.3	1.0
Other L-Term Obligations	0.2	-	-	-	-	-	-	-
Total Liabilities	11.2	6.2	6.2	8.9	10.0	10.0	11.2	13.7
EQUITY								
Shareholders' Equity	46.1	63.3	64.3	78.8	102.9	109.9	118.3	128.6
Total Liabilities and Equity	57.2	69.4	70.4	87.6	112.9	119.9	129.5	142.3

Source: Company Documents, Rodman & Renshaw Estimates

RODMAN & RENSHAW RATING SYSTEM: Rodman & Renshaw employs a three tier rating system for evaluating both the potential return and risk associated with owning common equity shares of rated firms. The expected return of any given equity is measured on a RELATIVE basis of other companies in the same sector, as defined by First Call. The price objective is calculated to estimate the potential movement in price a given equity could achieve given certain targets are met over a defined time horizon. Price objectives are subject to exogenous factors including industry events and market volatility. The risk assessment evaluates the company specific risk and accounts for the following factors, maturity of market, maturity of technology, maturity of firm, cash utilization, and valuation considerations. Potential factors contributing to risk: relatively undefined market, new technologies, immature firm, high cash burn rates, intrinsic value weighted toward future earnings or events.

RETURN ASSESSMENT

- Market Outperform: The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector, as defined by First Call.
- Market Perform: The common stock of the company is expected to mimic the performance of a passive index comprised of all the common stock of companies within the same sector, as defined by First Call.
- Market Underperform: The common stock of the company is expected to underperform a passive index comprised of all the common stock of companies within the same sector, as defined by First Call.

RISK ASSESSMENT

- Speculative – The common stock risk level is significantly greater than market risk. The stock price of these equities is exceptionally volatile.
- Aggressive - The common stock risk level is materially higher than market level risk. The stock price is typically more volatile than the general market.
- Moderate – The common stock is moderately risky, or equivalent to stock market risk. The stock price volatility is typically in-line with movements in the general market.

RATING HISTORY



- Date, Rating, Price Target
1. 11/01/02, Outperform, \$19
 2. 04/22/03, Outperform, \$22.5
 3. 07/11/03, Outperform, \$36
 4. 10/21/03, Outperform, \$50

RATING SUMMARY

Rating	Research Coverage (Past 12 months)	Investment Banking Services Provided
Outperform	69%	50%
Perform	29%	44%
Underperform	0%	NA

Investment Banking Services include, but are not limited to, acting as a manager/co-manager in the underwriting or placement of securities, acting as financial advisor, and/or providing corporate finance or capital markets-related services to a company or one of its affiliates or subsidiaries within the past 12 months.

ADDITIONAL DISCLOSURES

Rodman & Renshaw, LLC. (the "Firm") is a member of NASD and SIPC and a registered U.S. Broker-Dealer.

ANALYST CERTIFICATION: I, EDWARD CHING, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company (ies) and its (their) securities. I, RANJIT UNNITHAN, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company (ies) and its (their) securities.

None of the research analysts or the research analyst's household has a financial interest in the securities of J2 GLOBAL COMMUNICATIONS (including, without limitation, any option, right, warrant, future, long or short position).

As of December 31, 2004, neither the Firm nor its affiliates beneficially own 1% or more of any class of common equity securities of J2 GLOBAL COMMUNICATIONS.

Neither the research analyst nor the Firm has any material conflict of interest with J2 GLOBAL COMMUNICATIONS, of which the research analyst knows or has reason to know at the time of publication of this research report.

The research analyst principally responsible for preparation of the report does not receive compensation that is based upon (among other factors) any specific investment banking services transaction but may receive compensation based in part upon the Firm's overall investment banking revenues.

The Firm or its affiliates did not receive compensation from J2 GLOBAL COMMUNICATIONS for any investment banking services within twelve months before, but intends to seek compensation from J2 GLOBAL COMMUNICATIONS for investment banking services within three months, following publication of the research report.

Neither the research analyst nor any member of the research analyst's household nor the Firm serves as an officer, director or advisory board member of J2 GLOBAL COMMUNICATIONS.

The Firm makes a market in the securities of J2 GLOBAL COMMUNICATIONS as of the date of this research report.

Any opinions expressed herein are statements of our judgment as of the date of publication and are subject to change without notice.

Reproduction without written permission is prohibited. The closing prices of securities mentioned in this report are as of January 28, 2005. Additional information is available to clients upon written request. For complete research report on J2 GLOBAL COMMUNICATIONS, please call (212) 356-0500.

Readers are advised that this analysis report is issued solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy. The information contained herein is based on sources, which we believe to be reliable, but is not guaranteed by us as being accurate and does not purport to be a complete statement or summary of the available data. Past performance is no guarantee of future results.

**DIRECTOR OF RESEARCH**

Navdeep Jaikaria, Ph.D. 212.356.0538

BIOTECHNOLOGY

Elemer Piros, Ph.D. 212.356.0525

Swayampakula Ramakanth, Ph.D. 212.356.0521

Reni J. Benjamin, Ph.D. 212.356.0526

Hao Zhou 212.356.0504

David E. Wood, Ph.D. 212.356.0543

Yale Jen, Ph.D. 212.356.0524

Navdeep Jaikaria, Ph.D. 212.356.0538

Sean Wu, Ph.D. 212.356.0534

TECHNOLOGY

Edward Ching 212.356.0547

Ranjit Unnithan 212.356.0531

DIRECTOR OF INSTITUTIONAL SALES

Anthony Marciano 212.356.0533

INSTITUTIONAL SALES

Arthur W. Herbert Jr. 212.356.0514

Robert Kristal, CFA 212.356.0516

Scott Van Dusen 212.356.0528

TRADING

George Kowski 212.356.0512

Jeffrey R. Kowski 212.356.0519

Cynthia Van Osch 212.356.0512

Stephen R. Newman 212.356.0518

James Park 212.356.0522

CORPORATE FINANCE

Michael Vasinkevich 212.356.0505

Edward Rubin 212.356.0511

CORPORATE

John J. Borer, III 212.356.0502

Thomas Pinou 212.356.0509

William A. Iommi 212.356.0549

ADMINISTRATION

Agnieszka Chrostowska 212.356.0539

Christine Viola 212.356.0530

Josephine Gannuscio 212.356.0500

330 Madison Avenue
New York, NY 10017
Ph: 212.356.0500
Fax: 212.356.0546
<http://www.rodmanandrenshaw.com>
