SECURITIES & EXCHANGE COMMISSION EDGAR FILING

ACACIA RESEARCH CORP

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SCHEDULE 14A
(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
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Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
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Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

ACACIA RESEARCH CORPORATION
(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

☑ No fee required.
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(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

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Sidus/BLR's Inaccurate and Misleading Claims

May 30, 2018

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the "safe" harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements address future events and conditions concerning the company's business plans and include statements that are not purely statements of historical fact. Such forward-looking statements are based on management's current expectations and are subject to a number of factors and uncertainties, such as future economic conditions, changes in consumer demand, legislative, regulatory and competitive developments, and other circumstances affecting anticipated revenues and costs, which may cause actual results to differ materially. Other risks and uncertainties are identified in the company's most recent Annual Report on Form 10K and Quarterly Report on Form 10-Q, and other documents that the company files with the Securities and Exchange Commission (the "SEC"). The company expressly disclaims any future obligation or undertaking to update or revise any forward looking statement contained herein.

Important Additional Information and Where to Find It

This presentation may be deemed to contain solicitation material in respect to the solicitation of proxies from the Company's stockholders in connection with the Company's annual meeting of stockholders. The Company has filed with the SEC and mailed to the Company's stockholders its definitive proxy statement and WHITE proxy card relating to the annual meeting, as well as the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the SEC on March 7, 2018, including all amendments thereto. The definitive proxy statement contains important information about the Company, the annual meeting and related matters. Stockholders may obtain a free copy of the definitive proxy statement and other documents that the Company files with the SEC on the SEC's website, at www.sec.gov. INVESTORS AND STOCKHOLDERS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT, THE ACCOMPANYING WHITE PROXY CARD AND ANY OTHER RELEVANT SOLICITATION MATERIALS BECAUSE THESE DOCUMENTS WILL CONTAIN IMPORTANT INFORMATION.

Acacia, its directors and certain of its executive officers may be deemed to be participants in the solicitation of proxies from the Company's stockholders in connection with the annual meeting. Information regarding the names of the Company's directors and executive officers and their respective interests in the Company are set forth in the definitive proxy statement, the accompanying WHITE proxy card and other relevant solicitation materials filed by the Company. These documents, and any and all other documents filed by the Company with the SEC, may be obtained by investors and stockholders free of charge on the SEC's website at www.sec.gov. Copies are also available at no charge on the Company's website at www.acaciaresearch.com.

Summary

DON'T BE FOOLED BY SIDUS/BLR'S INACCURATE AND MISLEADING STATEMENTS

- ✓ Sidus/BLR's recent investor presentation is full of unsubstantiated, false and misleading claims designed to confuse and mislead stockholders about Acacia's strategy, performance, independent Board members and the Company's stockholder-aligned compensation program
- ✓ Sidus/BLR's presentation demonstrates these funds fundamentally misunderstand our business and financial statements, our industry and Acacia's strategic investment initiatives
- ✓ Sidus/BLR have failed to make a case to remove two talented, independent directors with key functional roles – both of whom have invested substantial personal capital in Acacia – with nominees that have no relevant skills and no investment in our stock

PROTECT THE VALUE OF YOUR INVESTMENT
Vote "FOR" Mr. Louis Graziadio and Mr. Frank "Ted" Walsh on the WHITE Proxy Card Today

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Acacia Stockholders Should Vote FOR the Company's Nominees

- ✓ Acacia's stock performance is consistent with its peers in an industry that has been in decline since 2011
- ✓ Acacia's operating performance is better than its peers
- ✓ Acacia has a clear and successful strategy: monetizing its IP and diversifying into technology partnerships
- ✓ Acacia's compensation program is not unusual or generous and aligns the executive team with all stockholders
- ✓ The Board is independent and Acacia's four new Board members were the result of an extensive vetting process
- ✓ Acacia has authorized a $20 million buyback plan and has been in the market buying stock
- ✓ Mr. Graziadio is an unsalaried and fully dedicated Executive Chairman and has personally invested more than $5 million into Acacia's stock
- ✓ Mr. Walsh is Chairman of our Strategic Review Committee and has personally invested $1.6 million into Acacia's stock
- ✓ Acacia's nominees Louis Graziadio and Ted Walsh are vastly better qualified to lead Acacia through its next stage than Sidus/BLR's nominees

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Sidus/BLR's Activism at Acacia is Based on False and Misleading Statements and a Fundamental Misunderstanding of Our Business

Acacia's Strategy is Clear and is Delivering Value for Stockholders

Management's Ongoing Ambiguity Around Acacia's "Strategy"

Quarterly Earnings Timeline

Date	Quarter	Earnings Call References to Acacia's "Strategy"
July 23, 2015	Q2 2015	*Matthew Vella, CEO & President* "(O)ver the last several years Acacia has continued to pursue its marquee portfolio strategy, honing in on a smaller number of but ultimately more financially rewarding, set of patent portfolios. We continue to believe that these marquee portfolios, with highly defensible claims [leading] on high revenue markets, will be significantly more rewarding for our customers as well as for our shareholders."
October 22, 2015	Q3 2015	*Matthew Vella, CEO & President* "The reality is that in a marquee strategy, there is going to be a smaller number of deals, [illegible] and [illegible] a miscalculation of the timing of when the deals close. [illegible] one we just [illegible], right but at the same time I don't think we lose [illegible] I don't think the revenue is indicative of the company being weaker."
July 28, 2016	Q2 2016	*Marvin Key, Interim CEO* "Management has acknowledged previously that we are not satisfied with our current patent intake, and therefore we have altered our patent sourcing strategies. We are encouraged these changes will lead to more opportunities to increase our IP asset intake, creating better revenue predictability for our business."
March 9, 2017	Q4 2016	*Clayton Haynes, CFO* "As previously reported, in August [illegible], we formed a strategic partnership with Veritone. Please refer to [illegible] and previous filings with the SEC for additional details regarding our strategic partnership with Veritone." ***Acacia stops taking questions on earnings call***

FALSE

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Sidus/BLR's claim that Acacia has a "scattershot" strategy is false

Acacia has a well-defined two-pronged strategy led by Louis Graziadio and a recently refreshed Board:

1. Drastically cut expenses and continue to pursue our patent licensing and enforcement business
2. Use our free cash flow to invest in, and partner with, technology companies in which our Board and management can help make a difference

Acacia's Strengths:

- ✓ Understanding of complex technologies and their commercial applications
- ✓ Investing in and protecting technology IP
- ✓ Strong referral and due diligence network of technology experts, entrepreneurs and c-suite executives
- ✓ Deep investing, financial and operating experience
- ✓ Cash balance of $180 million
- ✓ Tax assets: $172 million of NOLs and $52 million of foreign tax credits

Acacia's Strategic Successes:

- ✓ 70% reduction in headcount to 13 people
- ✓ 56% cut in fixed G&A run-rate expenses
- ✓ $108 million of cash from operations since 2016
- ✓ Two successful investments in disruptive growth technologies and a strong pipeline of new attractive investment opportunities
  - Veritone: 93% unrealized return since August 2016
  - Miso Robotics: 44% unrealized return since June 2017/Feb 2018

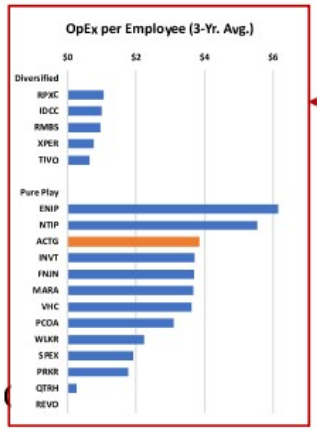
DON'T BE FOOLED BY SIDUS/BLR'S INACCURATE AND MISLEADING STATEMENTS

Sidus/BLR's Comparable Peer Group Analysis is Misleading

Sidus/BLR inappropriately compares Acacia to large-cap diversified tech and IP companies that develop technology and were not as affected by the patent-related legal framework changes.

Random dates chosen for stock value comparison (9/30/14 to 3/31/18) do not accurately represent the industry downturn and turnaround efforts led by Louis Graziadio or Ted Walsh.

SG&A cost per employee comparison against these companies does not make sense; Acacia is a pure-play patent licensing and enforcement company and has 13 employees vs. TIVO, a diversified tech and IP company with 1,700 employees (see appendix).



Acacia's operating expenses are directly in-line with other pure-play companies.

This $16.94 stock price does not relate to when Mr. Graziadio joined the Office of the Chairmen (Acacia's stock was $4.39) or when Mr. Walsh joined the Board (stock was $4.44).

Acacia Has Destroyed Value on an Unprecedented Scale

Acacia's stock performance is the worst of its RPX selected peers.

Public PAE Overview

Large Cap Companies [1]	Ticker	Stock Price (As of 9/30/14)	Market Cap (As of 9/30/14) ($ MM)	Market Cap (As of 3/31/18) ($ MM)	Percent Change	Employees (As of 9/30/14)	Employees (latest available)	S,G & A ($MM)	2016 Cost per Employee ($000)
Rovi (now TIVO)	TIVO US Equity	22.59	2,140.0	1,663.6	-22.2%	1,200	1,700	$187.8	110.5
InterDigital	IDCC US Equity	52.30	1,966.0	2,557.3	30.1%	320	350	51.0	145.7
Tessera (now XPER)	XPER US Equity	35.76	1,887.1	1,061.1	-44.8%	203	700	135.6	193.7
Rambus	RMBS US Equity	12.99	1,272.6	1,443.5	13.4%	505	767	113.0	147.3
Acacia	ACTG US Equity	16.94	849.0	177.3	-79.1%	57	13	25.7	1,658.5
Pendell	PCOA US Equity	7.38	368.2	131.4	-64.3%	57	12	7.7	641.7
WILAN (now QTRH)	QTRH CA Equity	3.01	161.2	172.0	-52.4%	62			
Aggregate Market Value of the Group, excluding ACTG			7,695.1	7,010.9	-12.3%				247.8

- The aggregate ma ... y 12.3%.
- ACTG has decline
- One of many facto ... a is uncontrolled spending on overh ... ployee, which is 784% more than the peer
- SG&A is the categ

[1] Acacia's peer group from RPX report
Source: Bloomberg and public filings

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Market cap cannot be used to compare across time periods as a measure of shareholder value as it can be impacted by M&A, equity raises, buybacks, dividends, spin-offs and other transactions; this is an utterly fallacious approach to analyzing performance.

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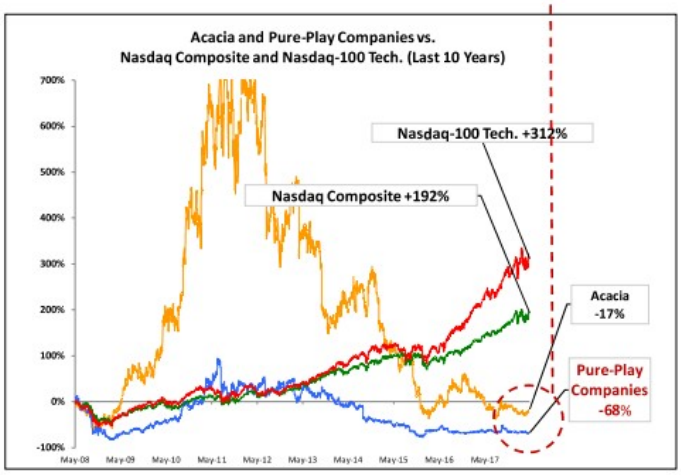
DON'T BE FOOLED BY SIDUS/BLR'S INACCURATE AND MISLEADING STATEMENTS

Sidus/BLR's Stock Value Comparison to NASDAQ is Completely Misleading

Acacia and the patent licensing industry have been harmed by legal reforms that do not impact the broader market or technology companies

Sidus/BLR's comparison of Acacia's stock performance relative to the Nasdaq Composite and the Nasdaq-100 Technology Sector Index is misleading and inappropriate

Over the last 10 years Acacia has outperformed other pure-play companies



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DON'T BE FOOLED BY SIDUS/BLR'S INACCURATE AND MISLEADING STATEMENTS

Sidus/BLR's Paid-in Capital Analysis Is Faulty and Designed to Mislead

Paid-in Capital: This account balance does not solely reflect cash invested in a business by shareholders, nor does it account for debt capital that goes into creating an enterprise or enterprise value; moreover, acquisitions or spin-offs (such as the one Acacia did in 2007) can substantially affect this balance sheet item. We are unaware of any financial analyst that uses a Paid-in Capital comparison to Enterprise Value for any purpose whatsoever. It is meaningless.

We Believe Acacia Squandered $649M of Paid in Capital

Company	Paid In Capital*	Enterprise Value (31 March 2018)	Patent Licensing Royalties (FY 2017)	R&D Spend (LTM)	S/G&A Expense per Employee ($ 000)
ACTG	649	38	68.4	1	1,938.6
IDCC	673	1,745.9	512.4	68	145.7
XPER	687	1,440	373.7	102	193.7
OLED	608	4,090	126.5	50	212.1

- All of these companies have raised similar amounts of Paid In Capital, and all pursue a PAE business model. Over a long period of time, the Board of Acacia has taken the Company down a strategic dead end.
- By Acacia's own admission, it has ended up with a non-viable strategy. And now, on this admitted record of failure, the incumbents want you to trust them to invest the remaining cash in speculative areas in which they lack demonstrated expertise

The reality is that:

- Acacia raised hundreds of millions of dollars from stockholders with the intent to build a patent business, but its scattershot "strategy" of random acquisitions and litigation has led to more passive investments and no emphasis on innovation.
- In contrast, competitors identified markets where they could drive value and build an evergreen patent business, fueled by active R&D and a focused process with active R&D that resulted in sustainable royalty streams

The incumbents have failed to execute a viable strategy – and now they want investors to trust them to invest their capital

*Data sourced from public filings from respective companies

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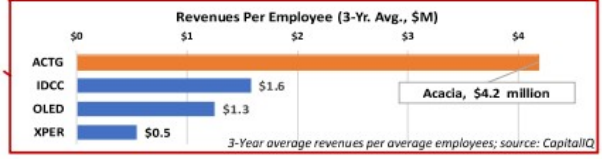
Sidus / BLR use "market capitalization" elsewhere in their analysis. Enterprise value gives no credit for the large cash balance Acacia has built, or its previous return of capital, among other things.

This is misleading because it does not include the R&D costs incurred by the so-called peers, which is a major element of their costs.

On a revenue per employee basis, Acacia dramatically outperforms these companies



Sidus/BLR use inappropriate peers for this comparison, and a different peer set than the one they use on their pages 12 and 14.

The dramatic difference in the R&D spend is an important point: the companies on this list are technology innovators with large R&D organizations. They are not even in our business.

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Acacia's Profits Interest Plan Aligns the Interests of Management and Stockholders, Designed by Pearl Meyer

Profits Interest Plan is Dangerous and Flawed

Acacia's 2018 proxy filing states:

On February 16, 2017, we granted profits interest units in our majority owned subsidiary to each of our named executive officers and Mr. Graziadio, who have been making significant contributions to the success of our investment in Veritone, as described below under the caption, "Compensation Discussion and Analysis - AIP Profits Interest Units" beginning on page 41 of this Proxy Statement. The profits interest units were granted pursuant to the recommendations by our independent compensation consultant, Pearl Meyer. The amount

- The PIP is extremely troubling and highly irregular. We have been unable to find any other examples of this practice in a U.S. public company. As stockholders, we find this dynamic to be utterly toxic
- Adverse Tax Consequences for the Company
  - Conventional equity plans that are broadly adopted (primarily Stock Options and Restricted Stock Awards) are deductible tax expenses for the Company and are taxed as income to the employee. **PIP payments are not deductible expenses for the Company and are taxed as capital gains to the employee.**
- Perverse Incentives
  - We have been advised that the primary reason why PIP plans are universally opposed in public companies is because they create perverse incentives for management.
  - By giving management direct participation in individual assets, a situation is set up where **management gets a "free ride" on a company's capital without any downside**. This encourages highly speculative "moonshots," as the employee loses nothing if the investment fails, but stands to gain some of the profits if it succeeds.
  - In our view, the Company's investment in Veritone illustrates this problem. There is massive overconcentration and no regard for loss, but insiders stand to gain considerably if there is success.

The Board of Directors is supposed to act in an independent oversight capacity on behalf of stockholders to assess the risks of management's plans. Instead, this Board is directly participating in cherry picked assets. Insiders get substantial gains on any winning investments and face no losses on failed investments

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This type of compensation program is relatively common. Several well-known companies have adopted similar incentive programs. Profits interests in an LLC are the equivalent of a bonus pool in a corporation. Importantly, the Board's compensation consultant provided precedents and structures to the Board for evaluation with a recommendation to implement the program. (See a list of companies with similar programs on the next slide)

Flextronics (October 21, 2015 Form 8-K)

"Elementum is a separate organization from Flex... We believe that our investment in Elementum represents a significant value creation opportunity for shareholders. Profits interest unit grants are intended to provide incentives for Flex recipients to drive Elementum's success… we believe that it is important to leverage the experience and expertise of our own officers to support Elementum's success."

Duff & Phelps (March 22, 2010 Proxy Statement)

"Other stock-based awards under the Plan will include awards that are valued in whole or in part by reference to … membership units in a subsidiary or D&P Acquisitions. LTIP units may be structured as "profits interests" for federal income tax purposes."

BioTime (April 4, 2012 Proxy Statement)

"… five of our subsidiaries adopted stock option plans with the approval of our Board of Directors, including the independent directors… We believe that granting stock options in a subsidiary company provides incentives for executives and other employees to work towards the long-term success of that subsidiary…"

There are no adverse tax consequences to the structure. With profits interests granted to executives, Acacia will never recognize the income for the profits the executives receive, so Acacia does not need an expense deduction for tax purposes.

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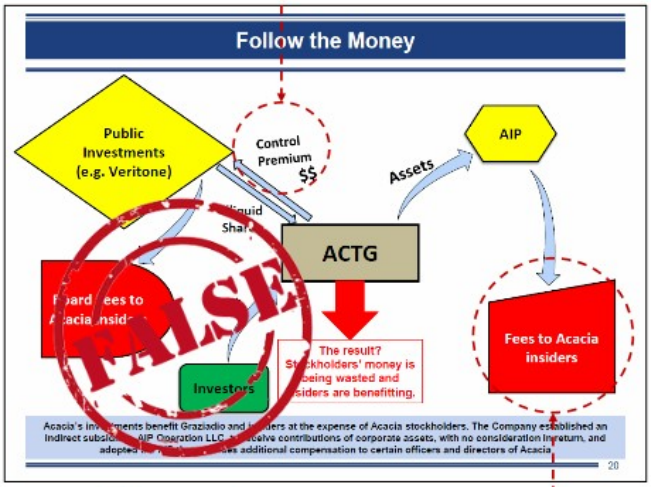
Sidus/BLR's claim that this program has perverse incentives is totally fabricated and without merit. Pearl Meyer believes this structure properly aligns the incentives with Acacia. Also, as noted by Flextronics, for example, this structure provides direct alignment between executives and the performance of a unit, asset or subsidiary.

DON'T BE FOOLED BY SIDUS/BLR'S INACCURATE AND MISLEADING STATEMENTS

The True Facts About Veritone and Management's AIP Incentive Plan

No control premiums are paid; to the contrary, large minority investors in private companies often get a discount when they invest; Sidus/BLR clearly do not understand the private market technology investing landscape.



There are no fees paid to insiders in this structure.

The structure is not uncommon.

- ✓ It is used by major companies in precisely similar circumstances to drive value creation at direct or indirect subsidiaries.
- ✓ Examples of companies with similar incentive structures include: AMG, AR, BTX, EV, EPD, EVR, FNF, FBIO, MSTR and OAK

The Veritone incentive plan provides strong incentives for recipients to support and drive success at Veritone; it is akin to a bonus pool for performance.

- ✓ Securing intellectual property rights
- ✓ Valuing intellectual property
- ✓ Structuring financing
- ✓ Cultivating a sophisticated investor base

The AIP plan allocates a modest portion of the profits Acacia may generate from Veritone to the executives working on the partnership.

- ✓ Profits interests cover just 6% of the gains on Veritone, assuming all Veritone stock and warrants are sold at the same price
- ✓ This is modest profit sharing compared with many other equity incentive programs
- ✓ If Veritone generates $83 million of profit for Acacia, four executives share in a total pool of $5 million.

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Sidus/BLR's Claim That Acacia's Directors Are Conflicted is Patently False

Graziadio Has Hand-Picked 57% of the ACTG Board

- In a little over two years, four directors have been hand-picked by the incumbent Board and never elected by Acacia stockholders.
- All four of these unelected directors – James Sanders, Frank Walsh, Joseph Davis and Paul Falzone – can be tied directly to Mr. Graziadio.
- Mr. Sanders – has served as a vice president, secretary or general counsel of various Graziadio-controlled entities since 1998; also a Trustee of the Graziadio Family Trust.
- Mr. Walsh – serves with Mr. Graziadio on board of World Point Terminals Inc.
- Mr. Davis and Mr. Falzone – introduced to the Company by Mr. Graziadio according to Acacia's own proxy statement, which also disclosed that Mr. Falzone attended several Board meetings as a guest before his appointment.
- As currently constituted, the Acacia Board includes seven members, only three of whom have ever been elected by stockholders, while four (57% of the Board) have been unilaterally appointed.

Directors should be elected by stockholders, not unilaterally appointed by the Board

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Simply FALSE. All new directors were vetted and approved by the entire Acacia Board of Directors.

Paul Falzone and Joe Davis had absolutely no prior relationship with any existing Acacia director

- ✓ Sidus/BLR attempts to claim that our vetting and diligence process created an improper relationship, which is absurd
- ✓ As previously disclosed, the Board conducted an extensive search and vetting process; these directors bring critical skills and independence.

Jim Sanders is a lawyer in private practice that Mr. Graziadio has used, and respected, for years.

- ✓ The Board and Acacia's outside counsel have determined that no "conflict" exists
- ✓ Mr. Sanders brings critical insight into a litigation-driven business
- ✓ Acacia's outside counsel determined Mr. Sanders met all independence requirements before he was offered a Board seat

Ted Walsh and Louis Graziadio served on a private company Board together, which is how they met.

- ✓ This "co-service" does not create a conflict or lack of independence

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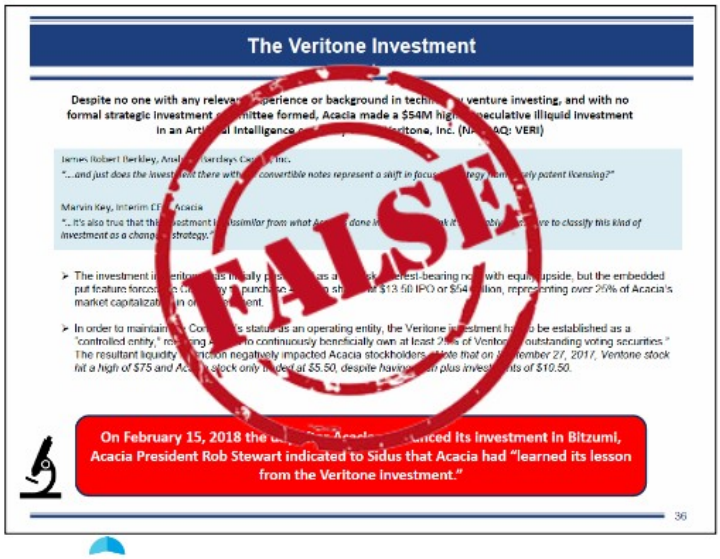
Acacia's Veritone Investment Has Been a Success, Up +93%



The Veritone Investment

Despite no one with any relevant experience or background in technology venture investing, and with no formal strategic investment committee formed, Acacia made a $54M highly speculative illiquid investment in an Artificial Intelligence company, Veritone, Inc. (NASDAQ: VERI)

James Robert Berkley, Analyst, Berkley Capital, Inc.
"...and just does the investment that there with the convertible notes represent a shift in focus or strategy from purely patent licensing?"

Marvin Key, Interim CEO, Acacia
"...It's also true that this investment is dissimilar from what Acacia has done in the past. It's probably fair to classify this kind of investment as a change in strategy."

- The investment in Veritone was initially presented as a high interest-bearing note with equity upside, but the embedded put feature forced Acacia to purchase 4.3 million shares at $13.50 IPO or $54 million, representing over 25% of Acacia's market capitalization at the time of investment.
- In order to maintain Acacia's status as an operating entity, the Veritone investment had to be established as a "controlled entity," requiring Acacia to continuously beneficially own at least 25% of Veritone's outstanding voting securities." The resultant liquidity restriction negatively impacted Acacia stockholders. Note that on November 27, 2017, Veritone stock hit a high of $75 and Acacia's stock only traded at $5.50, despite having cash plus investments of $10.50.

On February 15, 2018 the [illegible] announced its investment in Bitzumi, Acacia President Rob Stewart indicated to Sidus that Acacia had "learned its lesson from the Veritone Investment."

FALSE

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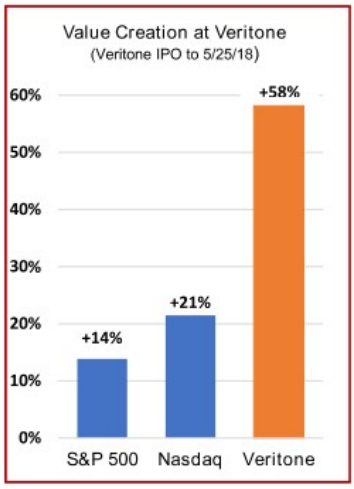
Acacia's Strategy Review Committee runs a formal investment process; the Board has extensive experience in performing diligence, valuation, negotiation, structuring, monitoring and exiting technology investments

Veritone has been a terrific investment, even though Sidus called it an "awful" company and Mr. Press referred to it as a "hopeless enterprise."

Acacia shareholders have an unrealized gain of $50 million in Veritone (+93%).

Returns for Acacia shareholders have benefitted from the pre-IPO valuation and Acacia's smart deal structuring, including warrants



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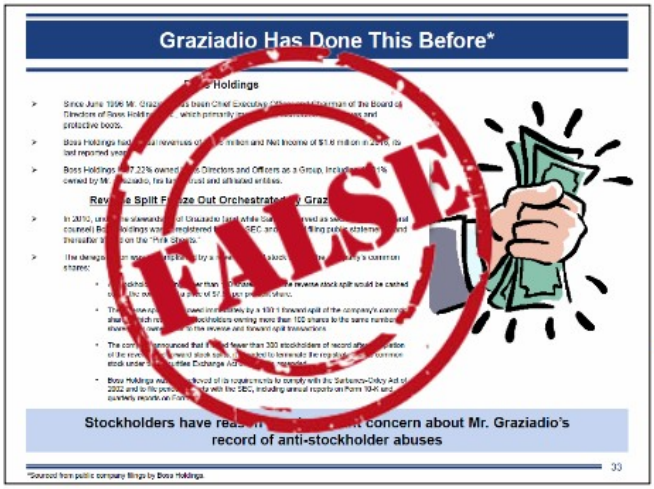
DON'T BE FOOLED BY SIDUS/BLR'S INACCURATE AND MISLEADING STATEMENTS

Sidus/BLR's Statements About BOSS Holdings Are False



THE FACTS ABOUT BOSS HOLDINGS

- ✓ Mr. Graziadio already held majority control of BOSS Holdings years before the 2010 reverse-forward split that permitted the company to terminate its SEC reporting obligations.
- ✓ Prior to the reverse-forward split, filing and complying with SEC reporting requirements cost BOSS shareholders in excess of $400,000 per year, a substantial portion of BOSS' profits.
- ✓ Prior to the reverse-forward split, BOSS Holdings had slightly over 2,000 shareholders, with approximately 1,850 owning less than 100 shares. Their cost of trading was high.
- ✓ To preserve cash and profit, it made sense for all investors to have the company "cash out" the very small investors at a premium to the stock price.
- ✓ BOSS Holdings shares have performed well and still actively trade on the pink sheets; the company continues to publicly disclose its audited financial statements.

Mr. Graziadio has a long history of engineering successful turnarounds.

Shareholders in BOSS have made great returns investing alongside Mr. Graziadio.

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DON'T BE FOOLED BY SIDUS/BLR'S INACCURATE AND MISLEADING STATEMENTS

Sidus/BLR's Claims About Louis Graziadio's Compensation Are Misleading

Louis Graziadio's Excessive Compensation

Why did Mr. Graziadio, a non-employee of the Company, receive nearly $1 million more in aggregate compensation in fiscal 2016 than the Company's CEO earned in the previous year?

- When Mr. Graziadio was appointed as Executive Chairman, the Company disclosed that he would "not receive a salary for his service as Executive Chairman" other than what he would be entitled to as a director, and that Second Southern Corp., a company wholly owned by Mr. Graziadio, would be entitled to certain payments as "reimbursement" for its incurred costs and expenses (including personnel, facilities and supplies) in connection with Mr. Graziadio's performance of his duties.
- Despite not being an employee of the Company, Acacia's 2017 proxy statement revealed that for the 5 months following his appointment as Executive Chairman, **Mr. Graziadio managed to obtain $2,417,426 in aggregate compensation for fiscal 2016**, consisting of $375,000 paid to Second Southern, an option grant valued at $1,962,422 and a director fee of $80,004.
- In comparison, the Company's previous **CEO, Matthew Vella, received $1,489,792 in aggregate compensation for fiscal 2015.**
- In 2016, as "Executive Chairman," **Mr. Graziadio's compensation exceeded that of the CEOs of 13 out of 15 companies in Acacia's self-identified peer group. Ironically, the Company chose the peer group to justify his compensation**. However, the Executive Chairmen of the Company's peers were all full-time employees, accountable to the Board with defined statutory roles and obligations.
- On January 2, 2018, Acacia directors and officers were awarded stock options of various amounts. Mr. Graziadio was awarded a whopping 250,000 options, Mr. Walsh received 100,000 options and another director and members of management received 50,000. Why was Mr. Graziadio awarded 5x the options that members of management received?

Why has he not been named CEO if Acacia claims he is effectively serving as CEO?

Sources: ACIC 2016 Proxy Statement, ACIC 2017 Proxy Statement, January

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Mr. Graziadio's grant was a one-time, on-boarding option grant with performance-based vesting that cannot fairly be compared to annual pay.

97% of Acacia shareholders ratified Mr. Graziadio's compensation program at our 2017 annual meeting.

Mr. Gaziadio was granted an option in 4 tranches that do not vest until Acacia's stock hits $7, $8, $9 and $10. He has not "obtained" any compensation yet and will not unless Acacia's stock substantially appreciates.

If Acacia stock increases 87% to $7.30, shareholders will have a $180 million gain and Mr. Graziadio's options will be worth $270,000.

This is an unfair comparison. As noted, the 2016 options were a one-time grant. Mr. Graziadio's compensation in 2017 was one-quarter of the 2016 amount and one-fourth of the median compensation paid by the peers; 14 out of 15 peer group CEOs earned more than Mr. Graziadio in 2017.

The compensation committee of the Board elected to reward Mr. Graziadio and Mr. Walsh for extraordinary involvement and performance during 2017, including with respect to the Veritone IPO and development of the investment pipeline. There is no mystery. Compensation at Acacia is tied to contribution and performance.

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DON'T BE FOOLED BY SIDUS/BLR'S INACCURATE AND MISLEADING STATEMENTS

Sidus/BLR are Wrong About Acacia's Headquarters and Lease Agreements

Acacia's Lavish Headquarters

- Acacia only has 13 employees, yet its headquarters occupies a 17,758 square foot office on the 12th floor of one of the most expensive office buildings in Orange Country, CA. That comes out to 1,366 square feet per employee.
- The Company has made occasional statements that it is considering a sublease in order to recover some excess cost, but discussions with the listing broker and others have revealed that subleasing has not been pursued aggressively.
- We have heard reports that "friends of Lou" are using excess space.
  - Toba Capital, a venture capital firm run by Vinny Smith, founder of Quest Networks, lists the Acacia suite as its office address. **Toba's business appears to be directly competitive with the declared focus of Acacia.**

??

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The lease for this office space was signed by Acacia's prior management, in 2015, before Acacia's restructuring and reorganization.

Mr. Graziadio, who does not use the nickname "Lou", has met Mr. Smith only once, well after the time Toba Capital sub-leased office space from Acacia.

As a result of Acacia's successful efforts to reduce headcount and in an effort to further reduce operating expenses, Acacia has subleased a substantial portion of this space to Toba Capital, which is why it is no longer being offered for sublet.

Acacia's lease expires in less than 15 months

Acacia has no plans to renew it

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Acacia's Corporate Defenses Are In Place to Protect Stockholders

Acacia's Organizational Documents Contain a Number of Stockholder-Unfriendly Provisions

Classified Board	• The Acacia [illegible] sified into three separate classes, meaning each dire[illegible] subject to election [illegible] ckholders only once every three years. • [illegible]ssified structure has been used [illegible] an "entrenchment shield" by appointing directors into classes not up [illegible] election Limits the [illegible]ity of stock[illegible]rs to hold dir[illegible]tors accountable
No Special Meetings	• Stockholders ma[illegible]not ca[illegible] meet[illegible] Limits the abili[illegible] stockh[illegible] effe[illegible]ange
No Written Consent	• Stockholders may not act by written [illegible]nsent Limits the ability of stockholders to effect char[illegible]
Super Majority Vote Provisions	• 66 [illegible]/3 vote of all shares o[illegible]nding is required to amend certain charter provis[illegible] [illegible]law provisions • Weakens ability of stockholders to eliminate stockholder unfriendly governance practices

FALSE

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Acacia is engaged in litigation and licensing transactions with companies much larger than Acacia and corporate defenses are an important mechanism to protect shareholder value.

We were advised that one technique counterparties could use to evade paying us was to take control of Acacia.

- ✓ Examples of this sort of activity are replete in the IP world
- ✓ Examples include: Songkick, Leap Forward Gaming, Platform Solutions, Tanox, Informix, Celeritas, Target Therapeutics

Many smaller pure-play companies like Acacia have a staggered board.

- ✓ Examples include: Finjan, Inventergy, Marathon, Neonode, Parker, Quest and VirnetX

We have pledged to eliminate the classified Board structure once our major IP litigation is resolved.

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Acacia's Board Has Appropriately Addressed Succession Planning

The Acacia Board Has No Processes in Place

Acacia has failed to complete its search for a permanent CEO for almost 2.5 years and has never provided stockholders with an update

- On August 1, 2016, upon the recommendation of the Nominating and Governance Committee (which only met once in 2016), the Board named Luke Graziadio Executive Chairman.
- On April 19, 2017, Interim CEO Marvin Key resigned as Interim CEO and Robert Stewart was promoted as the Company's principal executive officer until a CEO is identified by the Board. The Nominating and Governance Committee only met once in 201

"On April 19, 2017, the Board appointed Robert Stewart, the Company's Senior Vice President, to serve as the Company's President. In his capacity as President, Mr. Stewart will be the principal executive officer until a Chief Executive Officer is identified and appointed by the Board."

- In May 2017, Acacia filed following statements regarding Marvin Key's resignation

"First of all, I want to thank Marvin for his many valuable years at Acacia. Prior to serving as Acacia's Interim CEO, Marvin ran our Texas office. Unfortunately, it was not profitable for Marvin to relocate his family to California to remain as CEO. We all wish Marvin, the best of luck in the future."

Consistent with its poor record of stewardship, Acacia's Board has failed in its duty of both long-term and short-term CEO succession planning

FALSE

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Source: Acacia public filings and call transcripts

THE FACTS ABOUT ACACIA'S
CEO SUCCESSION PLANNING PROCESS

- ✓ The Board reacted swiftly when the two most senior executives left after a very difficult period for Acacia.
- ✓ With the company in crisis, Mr. Graziadio stepped-in on a full-time, interim basis to steady the ship and take necessary decisive action to preserve cash flow and diversify the business away from the declining patent licensing industry.
- ✓ In this very uncertain period for Acacia it proved impossible to attract the right, qualified CEO with a reasonable compensation package.
- ✓ With the company now on a firmer footing, the Board intends to hire a permanent CEO.

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Clifford Press' Poor Track Record as a "Rental Director" For Activist Investors

Our Nominees – Clifford Press

Clifford Press has extensive corporate governance experience and a demonstrated record of driving positive results at public companies where he has served on the board. In each of the cases described below, he was the single appointee of a stockholder when joining the board.

COHERENT

On January 31, 2008, Mr. Press was appointed to COHR's board. When Mr. Press left the board in November 2009, COHR's stock price was $26.06, up from $14.43 in March 2009. Only six months after Mr. Press left the board, COHR's stock traded up to $86.77 and generated a 122% return in the five year period after Mr. Press's involvement

SeaBright

On December 23, 2011, Mr. Press joined SBX's board when the stock was at $7.29 after steadily declining over the past five years. Shortly after, the company initiated a sale process which was concluded eight months later at a value of $11.11, generating a return of 53%.

DRIVE SHACK

On February 2, 2016, Mr. Press joined the Newcastle Investment Corp., now Drive Shack ("DS"), board with the stock at $3.46. On December 21, 2017, the company successfully negotiated to buy out its external management contract and internalized management. The stock now trades at $6.46, up 87% from when Mr. Press joined the board.

Quantum

Mr. Press was appointed to QTM's board on April 1, 2016. Mr. Press led a complete reconstitution of the board and replaced all 9 incumbent directors by May 4, 2017, and QTM hired a new CEO on January 16, 2018

stewart

Mr. Press joined STC's board and was appointed Chairman of the Nominating and Corporate Governance Committee in October 2016 and led the selection of two new highly qualified directors. In November 2017, STC announced that it was exploring strategic alternatives and on March 19, 2018 STC announced its sale to Fidelity National Financial for $1.2 billion

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[1] Calculated as of market close on 5/23/18.

Coherent

-3% TSR over tenure and -11% from date of initial activist filing
We still can't believe Sidus/BLR claim appreciation over a five year period after Mr. Press left the Board!

SeaBright

-23% TSR from the date before OPP and Radoff initially filed to the date Press joined the Board

Quantum

-19% TSR since Mr. Press joined the Board

Stewart Information Services

-7% TSR since Mr. Press joined the Board

Not Mentioned
High Voltage Engineering Corp. Bankruptcy

Mr. Press was an officer and director of High Voltage Engineering Corp. for 15 years; the company went bankrupt shortly before the end of Mr. Press' tenure

Not Mentioned
93% TSR Loss at the Phoenix Companies

Mr. Press's partner, Gus Oliver, joined the Board and Phoenix lost 93% of stockholder value over a four year Board tenure; the company also had to restate financial documents for three years

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** Current performance measured through April 30, 2018.*

DON'T BE FOOLED BY SIDUS/BLR'S INACCURATE AND MISLEADING STATEMENTS

Don't Take Their Word For It!!

Don't Take Our Word For It

Those who have worked alongside both Mr. Tobia and Mr. Press can attest to the value they add to the boards they serve on

Alfred V. Tobia Jr.

"We were very impressed with Al Tobia's ability to bridge the gap between a dissident shareholder group and the legacy board. We worked collegiately to vet and seat well-qualified new directors to move the company forward. After witnessing Al's ability to build a consensus, we felt it was in shareholders' best interest to insist that Al serve as Chairman of the company's Nominating and Corporate Governance Committee."
- Sarah E. Harte, a member of the Harte Hanks, Inc. founding family and one of its largest shareholders

"In our view, the latest Board moves, combined with recent moves to reduce executive compensation, put the company in a more shareholder friendly position, with a management team that can focus its attention on improving the company's fundamentals and increasing shareholder value."
- Noble Capital Markets, inc. analyst note, May 21, 2018

Clifford Press

"Clifford was engaged from the start, coming in with no preconceived notions. He made a concerted effort to educate himself about our industry from internal and external resources before expressing ideas and opinions which were thoughtful, well informed and constructive."
- Tom Apel, Chairman of the Board of Stewart Information Services Corp.

"Clifford Press proved to be a collegial, diligent director and played an important, constructive role in the delivery of enhanced value to our shareholders."
- Mural Josephson, Director of SeaBright Holdings, Inc., and now a director of Argo Group International Holdings, Ltd. and HealthMarkets, Inc.

"Clifford Press is a truly exceptional corporate board member. He possesses extensive experience in corporate governance, best management practices and strategic planning. He is a consensus builder and a very effective communicator."
- C. Allen Bradley, Jr., Director of STC, Former Chairman & CEO AMERISAFE, Inc.

Sara Harte has never been on a Board with Mr. Tobia.

Mr. Josephson's opinion is based on a brief tenure together when Mr. Press and Mr. Josephson shared a common goal of selling SeaBright.

Mr. Press recruited Mr. Bradley to the Board of Stewart when Mr. Press served as Chairman of the Nominating and Governance Committee. It is no surprise that Mr. Bradley has nice things to say about Mr. Press.

Not a reference to Mr. Tobia.

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Conclusion

The Sidus/BLR presentation on May 24th contains numerous factual errors, misleading comparisons and false statements about Acacia and what Acacia has achieved under the leadership of Louis Graziadio and the refreshed Board

- ✓ Uses poor financial analysis techniques and misleading metrics
- ✓ Uses arbitrary timeframes and peer groups
- ✓ Conveniently excludes substantial operating costs at the so-called peer companies, such as R&D expenses
- ✓ Compares our performance to technology market indexes that are inappropriate
- ✓ Fails to recognize numerous precedents for profits interests compensation programs and falsely claims there are adverse tax consequences
- ✓ Makes utterly unsubstantiated claims about the directors' independence and our vetting process
- ✓ Repeats misguided judgments about our Veritone investment and process, despite strong returns
- ✓ Misunderstands BOSS Holdings, which Mr. Graziadio saved from a near-certain bankruptcy and made shareholders money
- ✓ Wrongly compares Mr. Graziadio's one-time option grant to annual compensation, and ignores our overwhelming say-on-pay support
- ✓ Fails to acknowledge that we have already subleased a substantial portion of our office space
- ✓ Ignores our shareholders' strong interest in having corporate protections in place to protect their IP assets from counterparties
- ✓ Vastly overstates Mr. Tobia and Mr. Press' track records in the Boardroom
- ✓ Fails to provide any plan for the future or any indication of what the proposed directors would do differently

Sidus/BLR's analysis and criticisms demonstrate that they do not understand Acacia's business, our industry and our long-term plan for shareholder value creation

Don't believe Sidus/BLR's false and misleading claims

PROTECT THE VALUE OF YOUR INVESTMENT

Vote "FOR" Mr. Louis Graziadio and Mr. Frank "Ted" Walsh on the WHITE Proxy Card Today

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For additional information or assistance voting your shares please contact Acacia's proxy solicitors

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Appendix

Acacia Has Always Been a Pure-Play Patent Licensing and Enforcement Company

Companies in the patent sector have important differences:

Pure-Play Companies: exclusively acquire patents and derive value through licensing and litigation (enforcement) – these companies operate with very few employees

Diversified Companies: derive substantial revenues from R&D, Product Design and/or IP-related services

- RPX – only 9% of 300-person workforce is in patent acquisition and research
- Rambus – 70% of workforce is in R&D; Rambus is principally a semiconductor design company
- TiVo – 1,700 employees and 51% of revenues from products like set-top boxes

Company	MC ($M)	Employees	Principal Business
Diversified			
InterDigital	$2,753.6	350	54% of workforce in R&D (190); operates 9 R&D facilities
TiVo	1,751.7	1,700	51% of revenue from products such as set-top boxes; 1,700 employees
Rambus	1,438.2	819	Semiconductor designer; 70% of workforce in R&D (570)
Xperi	1,034.6	700	Semiconductor technology designer; 60% of workforce in engineering (400); ~50% of revenues from products
RPX Corp.	522.3	300	Does not assert patents through litigation; only 9% of workforce (26) in patent acquisition and research
Pure Play*			
Quarterhill	208.8	106**	Pure-Play
Acacia	197.5	13	Pure-Play
VirnetX	193.6	21	Pure-Play
Pendrell	167.2	12	Pure-Play
Finjan	81.8	10	Pure-Play
Network-1	66.4	3	Pure-Play
Marathon	28.4	3	Pure-Play
DSS	24.9	98	Pure-Play
ParkerVision	18.8	48	Pure-Play
Walker	10.3	4	Pure-Play
Spherix	9.1	3	Pure-Play
Inventergy	0.4	3	Pure-Play
Endeavor IP	0.2	1	Pure-Play
Revolutionary	Delisted	4	Pure-Play

* Many Pure-Play Companies have diversified into operating businesses
** Employees not directly engaged in International Road Dynamics, acquired 2017

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