

ACACIA RESEARCH CORP
Form PREC14A
April 02, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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 ☒ T
Filed by a Party other than the Registrant ☐ £

Check the appropriate box:

☒ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission (as permitted by Rule 14A-6(e)(2))

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ 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.

☐ Fee computed on table below per Exchange Act Rules 14A-6(i)(4) and 0-11.

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

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials:

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:

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

(3) Filing Party:

(4) Date Filed:

n , 2018

Dear Stockholder:

You are cordially invited to attend Acacia Research Corporation's 2018 Annual Meeting of Stockholders to be held on n, 2018. The meeting will be held at n, in Newport Beach, California, beginning at n, local time. The Notice of Annual Meeting of Stockholders and a Proxy Statement, which describes the formal business to be conducted at the meeting, are attached to this letter and are also available at <http://proxymaterial.acaciaresearch.com>. I urge you to read the Notice of Annual Meeting and Proxy Statement carefully.

At this year's meeting, stockholders are being asked to:

- (1) elect two Class III directors to serve on our Board of Directors for a term of three years expiring upon the 2021 Annual Meeting of Stockholders or until their successors are duly elected and qualified;
- (2) ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018;
- (3) approve, by advisory vote, the compensation of our named executive officers as set forth in this proxy statement;
- (4) approve the adoption of the 2018 Acacia Research Corporation Stock Incentive Plan, which authorizes the issuance of equity awards, including stock options, restricted stock units and direct stock awards; and
- (5) transact such other business as may properly come before the meeting.

Sidus Investment Management, LLC and BLR Partners LP (collectively, "Sidus") have notified us of their intention to nominate two director candidates for election to our Board of Directors at the Annual Meeting in opposition to the nominees recommended by the Board of Directors. As a result, you may receive solicitation materials, including a [color] proxy card, from Sidus seeking your proxy. The Board of Directors does NOT endorse any Sidus nominee. **WE URGE YOU TO NOT RETURN ANY [COLOR] PROXY CARD SENT TO YOU BY SIDUS, EVEN AS A PROTEST VOTE. INSTEAD, THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" EACH OF THE DIRECTOR NOMINEES IN THE COMPANY'S PROXY STATEMENT.**

Whether or not you plan to attend the meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to complete, sign, date and promptly return the enclosed WHITE proxy card in the enclosed postage-paid envelope. Returning your completed proxy will ensure your representation at the meeting. If you decide to attend the meeting and wish to change your proxy vote, you may do so automatically by voting in person at the meeting.

If you have already voted using a [color] proxy card sent to you by Sidus, you can revoke that proxy by voting in favor of our Board of Directors' nominees by using the enclosed WHITE proxy card. Only the latest-dated and validly executed proxy that you submit will count.

We look forward to seeing you on n, 2018.

Sincerely,

Robert B. Stewart, Jr.
President

The attached Proxy Statement is dated n, 2018 and is first being mailed on or about n, 2018.

If you have any questions or require any assistance with respect to voting your shares, please contact our proxy solicitors at the contacts listed below:

1290 Avenue of the Americas, 9th Floor
New York, NY 10104
(888) 566-8006 (Toll Free)

1407 Broadway - 27th Floor
New York, New York 10018
proxy@mackenziepartners.com
Call Collect: (212) 929-5500
or
Toll-Free (800) 322-2885

[this page intentionally blank]

ACACIA RESEARCH CORPORATION

520 Newport Center Drive

Newport Beach, California 92660

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON n, 2018

TO OUR STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Stockholders (the “Annual Meeting”) of Acacia Research Corporation will be held on n, n, 2018, at n, local time, at n, for the following purposes, as more fully described in the Proxy Statement accompanying this Notice of Annual Meeting:

1. To elect two Class III directors to serve on our Board of Directors for a term of three years expiring upon the 2021 Annual Meeting of Stockholders or until their respective successors are duly elected and qualified;
2. To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018;
3. To approve, by advisory vote, the compensation of our named executive officers;
4. To approve the adoption of the 2018 Acacia Research Corporation Stock Incentive Plan, which authorizes the issuance of equity awards, including stock options, restricted stock units and direct stock awards; and
5. To transact such other business as may properly come before the Annual Meeting or at any postponement or adjournment thereof.

Sidus Investment Management, LLC and BLR Partners LP (collectively, “Sidus”) have notified us of their intention to nominate two director candidates for election to our Board of Directors at the Annual Meeting in opposition to the nominees recommended by our Board of Directors. As a result, you may receive solicitation materials, including a [color] proxy card, from Sidus seeking your proxy. The Board of Directors does NOT endorse any Sidus nominee. WE URGE YOU TO NOT RETURN ANY [COLOR] PROXY CARD SENT TO YOU BY SIDUS, EVEN AS A PROTEST VOTE.

We urge you to sign, date and return only the enclosed WHITE proxy card. If you have already voted using a [color] proxy card sent to you by Sidus, you can revoke that proxy by voting in favor of the nominees recommended by our Board of Directors by using the enclosed WHITE proxy card. Only the latest-dated and validly executed proxy that you submit will count.

We are not responsible for the accuracy of any information provided by, or relating to, Sidus or any Sidus nominee contained in any proxy solicitation materials filed or disseminated by, or on behalf of, Sidus, or any other statements that Sidus or its representatives may otherwise make.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON n, 2018: The Proxy Statement, enclosed WHITE proxy card and Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are available at <http://proxymaterial.acaciaresearch.com>.

Our Board of Directors has established n, 2018 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting and at any postponement or adjournment thereof. Only stockholders of record at the close of business on n, 2018 are entitled to receive notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted at the Annual Meeting. Therefore, I urge you to complete, sign, date and promptly return the enclosed WHITE proxy card in the enclosed postage-paid envelope, even if you plan to attend the Annual Meeting. Returning your completed proxy will ensure your representation at the Annual Meeting. If you decide to attend the Annual Meeting and wish to change your proxy vote, you may do so automatically by voting in person at the Annual Meeting.

Sincerely,

Edward J. Treska
Executive Vice President, General Counsel and Corporate Secretary

Newport Beach, California
n, 2018

If you have any questions or require any assistance with respect to voting your shares, please contact our proxy solicitors at the contacts listed below:

1290 Avenue of the Americas, 9th Floor
New York, NY 10104
(888) 566-8006 (Toll Free)

1407 Broadway - 27th Floor
New York, New York 10018
proxy@mackenziepartners.com
Call Collect: (212) 929-5500
or
Toll-Free (800) 322-2885

[this page intentionally blank]

ACACIA RESEARCH CORPORATION
520 Newport Center Drive
Newport Beach, California 92660

PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON n, 2018

General

The enclosed proxy is solicited on behalf of the Board of Directors (the “Board”) of Acacia Research Corporation (referred to herein as “we,” “us,” “our,” and the “Company”) for use at our 2018 Annual Meeting of Stockholders (the “Annual Meeting”) to be held on n, n, 2018 at n, local time, and at any adjournment or postponement thereof. The Annual Meeting will be held at n located at n. Only stockholders of record at the close of business on n, 2018 are entitled to receive notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. These proxy solicitation materials and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, including audited financial statements, were mailed on or about n, 2018 to all stockholders entitled to receive notice of and to vote at the Annual Meeting. In addition, these proxy solicitation materials, our Annual Report on Form 10-K and directions to attend the Annual Meeting, where you may vote in person, are available at <http://proxymaterial.acaciaresearch.com>.

Questions and Answers

The following are some commonly asked questions raised by our stockholders and answers to each of those questions.

1. What may I vote on at the Annual Meeting?

At the Annual Meeting, stockholders will consider and vote upon the following matters:

• Proposal No. 1: The election of two Class III directors to serve on our Board for a term of three years expiring upon the 2021 Annual Meeting of Stockholders or until their respective successors are duly elected and qualified;

• Proposal No. 2: The ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018;

• Proposal No. 3: The approval, by advisory vote, of the compensation of our named executive officers, as disclosed in this proxy statement; and

• Proposal No. 4: The approval of the adoption of the 2018 Acacia Research Corporation Stock Incentive Plan, which authorizes the issuance of equity awards, including stock options, restricted stock units and direct stock awards.

Stockholders may also be asked to consider and vote upon such other matters as may properly come before the Annual Meeting or any adjournment or postponement thereof.

2. How does the board of directors recommend that I vote on the proposals?

The Board recommends that our stockholders vote “FOR” each of the proposals in this proxy by using the enclosed WHITE proxy card.

3. Will I receive proxy materials from anyone else?

Sidus Investment Management, LLC and BLR Partners LP (collectively, “Sidus”) have provided notice to us of their intention to nominate two director candidates for election at the Annual Meeting in opposition to the nominees recommended by the Board. As a result, you may receive solicitation materials, including a [color] proxy card, from Sidus seeking your proxy.

We are not responsible for the accuracy of any information provided by or relating to Sidus contained in any proxy solicitation materials filed or disseminated by, or on behalf of, Sidus or any other statements that Sidus may otherwise make.

4. What should I do if I receive proxy materials from Sidus?

The Board does NOT endorse any Sidus nominee and urges you NOT to vote any [color] proxy card sent to you by Sidus. Instead, the Board urges you to vote for the election of each of the Board's director nominees named in this Proxy Statement using the enclosed WHITE proxy card.

Voting to “withhold” with respect to any of Sidus’ nominees on its [color] proxy card is not the same as voting for the Board’s nominees. This is because a vote to “withhold” with respect to any of Sidus’ nominees on its [color] proxy card will revoke any previous proxy submitted by you to vote for the Board's nominees on a WHITE proxy card, as only your latest proxy card will be counted. **DO NOT RETURN ANY [COLOR] PROXY CARD SENT TO YOU BY SIDUS, EVEN AS A PROTEST VOTE.**

If you have already voted using a [color] proxy card sent to you by Sidus, you have every right to change your vote. We urge you to revoke that proxy by voting in favor of the Board’s nominees by using the enclosed WHITE proxy card. Only the latest-dated and validly executed proxy that you submit will count. If you hold your shares in an account at a bank, broker, dealer or other nominee, follow the instructions provided by your nominee to change your vote.

5. How can I vote my shares in person at the Annual Meeting?

Shares held directly in your name as the stockholder of record may be voted in person at the Annual Meeting. If you choose to vote in person, please bring proof of identification. Even if you plan to attend the Annual Meeting, we recommend that you submit a proxy with respect to the voting of your shares in advance as described below so that your vote will be counted if you later decide not to attend the Annual Meeting. Shares held in street name through a brokerage account or by a broker, bank, or other nominee may be voted in person by you only if you obtain a valid proxy from your broker, bank, or other nominee giving you the right to vote the shares.

6. How can I vote my shares without attending the Annual Meeting?

Whether you hold shares directly as the stockholder of record or beneficially in street name, you may vote by proxy or submit a voting instruction form without attending the Annual Meeting. If you hold your shares directly as the stockholder of record, you may submit your proxy by completing and mailing your proxy card. If you hold your shares beneficially in street name, please refer to the voting materials delivered to you by your broker, bank or other nominee for details.

Whether or not you plan to attend the meeting, it is important that your shares be represented and voted at the meeting. Therefore, we urge you to complete, sign, date and promptly return the enclosed WHITE proxy card in the enclosed postage-paid envelope. Returning your completed proxy will ensure your representation at the meeting. If you decide to attend the meeting and wish to change your proxy vote, you may do so automatically by voting in person at the meeting.

7. Can I change my vote or revoke my proxy?

If you are the stockholder of record, you may change your proxy instructions or revoke your proxy at any time before the Annual Meeting by: (1) notifying our Secretary in writing; (2) voting in person at the Annual Meeting; or (3) returning a later-dated proxy card. If your shares are held in a brokerage account by a broker, bank or other nominee, you should follow the instructions provided by your broker, bank or other nominee.

If you have already voted using a [color] proxy card sent to you by Sidus, you have every right to change your vote. We urge you to revoke that proxy by voting in favor of the Board’s nominees by using the enclosed WHITE proxy card. Only the latest-dated and validly executed proxy that you submit will count. If you hold your shares in an account at a bank, broker, dealer or other nominee, follow the instructions provided by your nominee to change your vote.

If you need assistance changing or revoking your proxy, please call our proxy solicitor, Georgeson, toll free at (888) 566-8006, or MacKenzie Partners, toll free at (800) 322-2885.

8. Who will count the vote?

A representative of Computershare Trust Company, N.A., will count the votes and act as the inspector of election.

2

9. What does it mean if I get more than one proxy card or voting instruction form?

If your shares are registered differently and are in more than one account, you will receive more than one proxy card or voting instruction form. In addition, Sidus has provided notice to us of its intention to nominate two director candidates for election at the Annual Meeting in opposition to the nominees recommended by the Board. As a result, you may receive solicitation materials, including a [color] proxy card, from Sidus seeking your proxy.

DO NOT RETURN ANY [COLOR] PROXY CARD SENT TO YOU BY SIDUS. Instead, please sign and return all **WHITE** proxy cards or voting instruction forms to ensure that all of your shares are voted. We encourage you to have all accounts registered in the same name and address (whenever possible). You can accomplish this by contacting our transfer agent, Computershare Trust Company, N.A, or if your shares are held in “street name,” by contacting the broker, bank or other nominee holding your shares.

10. Who is entitled to vote at the Annual Meeting?

Only holders of record of our common stock as of the close of business on n, 2018, the record date established by the Board (the “Record Date”), are entitled to receive notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

11. How many shares am I entitled to vote?

You may vote all of the shares owned by you as of the close of business on the Record Date, and you are entitled to cast one vote per share of common stock held by you on the Record Date. These shares include shares that are held of record directly in your name, and held for you as the beneficial owner through a stockbroker, bank, or other nominee.

12. How many votes may be cast?

As of the Record Date, n shares of our common stock were issued and outstanding. Each outstanding share of our common stock as of the Record Date will be entitled to one vote on all matters brought before the Annual Meeting.

13. What is a “quorum” at the Annual Meeting?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of our common stock issued and outstanding as of the close of business on the Record Date will constitute a “quorum.” Votes cast by proxy or voting instruction card or in person at the Annual Meeting will be tabulated by the Inspector of Elections appointed for the Annual Meeting who will determine whether or not a quorum is present. Abstentions and broker non-votes are each included in the determination of the number of shares present and voting for the purpose of determining whether a quorum is present.

14. What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most of our stockholders hold their shares beneficially through a broker, bank, or other nominee rather than directly in their own name. There are some distinctions between shares held of record and shares owned beneficially, specifically:

Shares held of record. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A, you are considered the stockholder of record with respect to those shares, and these proxy materials are being sent directly to you. As a stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the Annual Meeting. We have enclosed a **WHITE** proxy card for you to use.

Shares owned beneficially. If your shares are held in a stock brokerage account or by a broker, bank, or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker, bank, or other nominee, which is considered the stockholder of record with respect to those shares. As a beneficial owner, you have the right to direct your broker, bank, or other nominee on how to vote the shares in your account, and you are also invited to attend the Annual Meeting. However, because you are not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you request and receive a valid proxy from your broker, bank, or other nominee. Please refer to the voting instructions you received from your broker, bank, or other nominee for instructions on the voting methods they offer.

15. What happens if I abstain?

When an eligible voter attends the Annual Meeting but decides not to vote, his, her or its decision not to vote is called an “abstention.” Properly executed proxy or voting instruction cards that are marked “abstain” or “withhold authority” on any proposal will be treated as abstentions for that proposal. We will treat abstentions as follows:

- abstention shares will be treated as not voting for purposes of determining the outcome on any proposal for which the minimum vote required for approval of the proposal is a plurality, majority or some other percentage of the votes actually cast, and thus will have no effect on the outcome; and

abstention shares will have the same effect as votes “against” a proposal if the minimum vote required for approval of the proposal is a majority or some other percentage of (i) the shares present and entitled to vote, or (ii) all shares outstanding and entitled to vote.

16. How do you treat “broker non-votes”?

Broker non-votes occur when shares held by a broker, bank or other nominee in “street name” for a beneficial owner are not voted with respect to a particular proposal because the broker, bank or other nominee (i) does not receive voting instructions from the beneficial owner, and (ii) lacks discretionary authority to vote the shares with respect to a particular proposal.

A broker is entitled to vote shares held for a beneficial owner on “routine” matters, such as the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018, without instructions from the beneficial owner of those shares. However, absent instructions from the beneficial owner of such shares, a broker is not entitled to vote shares held for a beneficial owner on “non-routine” matters, such as the election of directors, the advisory vote on the compensation of our named executive officers, and the approval of the adoption of the 2018 Acacia Research Corporation Stock Incentive Plan, which authorizes the issuance of equity awards, including stock options, restricted stock units and direct stock awards. Broker non-votes are counted for purposes of determining whether or not a quorum exists for the transaction of business, but will not affect the outcome of the voting on a proposal the passage of which requires the affirmative vote of a plurality, majority or some other percentage of (i) the votes cast or (ii) the votes present or represented by proxy and entitled to vote on that proposal at the Annual Meeting. Broker non-votes will have the same effect as a vote against a proposal the passage of which requires an affirmative vote of the holders of a majority or some other percentage of the outstanding shares entitled to vote on such proposal. Thus, if you do not give your broker specific voting instructions, your shares will not be voted on the “non-routine” matters described above and will not be counted in determining the number of shares necessary for approval.

17. What vote is required to approve each proposal?

Election of Directors: Proposal No. 1. The Board has adopted a majority voting standard for uncontested director elections. This means that each director nominee in an uncontested election will be elected by a majority of the votes cast by the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors (assuming that a quorum is present). An “uncontested election” is an election in which the number of nominees for director is not greater than the number of directors to be elected. A “contested election” is an election in which the number of nominees for director nominated exceeds the number of directors to be elected.

Because of the nomination by Sidus of candidates for election to the Board, the Board determined that the Annual Meeting will be a contested election. Accordingly, directors will be elected by a plurality of the votes cast by the shares present or represented by proxy at the Annual Meeting and entitled to vote on the election of directors. The two candidates receiving the most votes at the Annual Meeting will be elected as directors.

If you are present at the Annual Meeting but do not vote for a particular nominee, or if you have given a proxy or voting instruction card and properly withheld authority to vote for a nominee, the shares withheld or not voted will not be counted as votes cast on such matter, although they will be counted for purposes of determining whether there was a quorum. Broker non-votes will not be taken into account in determining the election of directors.

Voting to “withhold” with respect to any of Sidus’ nominees on its [color] proxy card is not the same as voting for the Board’s nominees. This is because a vote to “withhold” with respect to any of Sidus’ nominees on its [color] proxy card will revoke any previous proxy submitted by you to vote for the Board's nominees on a WHITE proxy card, as only your latest

proxy card will be counted. DO NOT RETURN ANY [COLOR] PROXY CARD SENT TO YOU BY SIDUS, EVEN AS A PROTEST VOTE.

Ratification of Independent Registered Public Accounting Firm: Proposal No. 2. The approval of Proposal No. 2, ratifying the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018, requires the affirmative vote of a majority of the outstanding shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote on the proposal. Because the ratification of the independent registered public accounting firm is a routine matter, we do not anticipate receiving any broker non-votes for this proposal. Abstentions will have the same effect as votes against this proposal.

Advisory Vote on the Compensation of Our Named Executive Officers: Proposal No. 3. The approval of Proposal No. 3, regarding the compensation of our named executive officers, requires the affirmative vote of a majority of the outstanding shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote on the proposal. Abstentions will have the same effect as votes against this proposal. Broker non-votes will have no effect on this proposal.

Approval of the adoption of the 2018 Acacia Research Corporation Stock Incentive Plan: Proposal No. 4. The approval of Proposal No. 4, regarding the approval of the 2018 Acacia Research Corporation Stock Incentive Plan, requires the affirmative vote of a majority of the outstanding shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote on the proposal. Abstentions will have the same effect as votes against this proposal. Broker non-votes will have no effect on this proposal.

18. How will voting on any other business be conducted?

Although we do not know of any business to be considered at the Annual Meeting other than the proposals described in this Proxy Statement, if any other business is properly presented at the Annual Meeting, your signed WHITE proxy card gives authority to the proxy holders, Robert B. Stewart, Jr. and Edward J. Treska, to vote on such matters at their discretion.

19. Who are the largest principal stockholders?

For information regarding holders of more than 5% of the outstanding shares of our common stock, see “Security Ownership of Certain Beneficial Owners and Management” beginning on page 29 of this Proxy Statement.

20. Who will bear the cost of this solicitation?

We will bear the entire cost of this solicitation. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses incurred in sending proxies and proxy solicitation materials to our stockholders. Proxies may also be solicited in person, by telephone, or by facsimile by our directors, officers and employees without additional compensation.

As a result of the proxy contest initiated by Sidus, we may incur substantial additional costs in connection with the solicitation of proxies. We have retained Georgeson, Inc. (“Georgeson”) and MacKenzie Partners, Inc. (“MacKenzie Partners”), proxy solicitation firms, to perform various solicitation services. We will pay Georgeson and MacKenzie Partners a fee of \$n and \$n, respectively, plus phone and other related expenses, in connection with their solicitation services. Georgeson expects that approximately n of its employees will assist in the solicitation. MacKenzie Partners expects that approximately n of its employees will assist in the solicitation.

We have also retained Spotlight Advisors, LLC (“Spotlight”), a consulting firm, to advise the Company in connection with the proxy contest initiated by Sidus. We will pay Spotlight a fee of \$n, plus reimbursement of documented, reasonable out-of-pocket expenses incurred by Spotlight in performing its services.

Our expenses related to the solicitation of proxies from stockholders this year may substantially exceed those normally spent for an annual meeting of stockholders. Such additional costs are expected to aggregate to approximately \$n, exclusive of any costs related to any litigation in connection with the Annual Meeting. These additional solicitation costs are expected to include: the fees payable to our proxy solicitors; fees of outside counsel to advise us in connection with a contested solicitation of proxies; increased mailing costs, such as the costs of additional mailings of solicitation material to stockholders, including printing costs, mailing costs and the reimbursement of

reasonable expenses of banks, brokerage houses and other agents incurred in forwarding solicitation materials to beneficial owners of common stock; and the costs of retaining an independent inspector of election. To date, we have incurred approximately \$n of these solicitation costs.

21. Where can I find the voting results of the Annual Meeting?

We will announce preliminary voting results at the Annual Meeting and will publish final results in a Current Report on Form 8-K that we expect to file with the SEC within four business days of the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K with the SEC within four business days after the Annual Meeting, we intend to file a Form 8-K to disclose preliminary voting results and, within four business days after the final results are known, we will file an additional Form 8-K with the SEC to disclose the final voting results.

22. Who can answer my questions?

Your vote at this year's Annual Meeting is especially important, no matter how many or how few shares you own. Please sign and date the enclosed WHITE proxy card and return it in the enclosed postage-paid envelope promptly or vote by Internet or telephone. If you have any questions or require assistance in submitting a proxy for your shares, please call Georgeson or MacKenzie Partners, the firms assisting us in the solicitation of proxies:

1290 Avenue of the Americas, 9th Floor
New York, NY 10104
(888) 566-8006 (Toll Free)

1407 Broadway - 27th Floor
New York, New York 10018
proxy@mackenziepartners.com
Call Collect: (212) 929-5500
or
Toll-Free (800) 322-2885

BACKGROUND OF THE SOLICITATION

The following chronology summarizes the key meetings and events related to the proxy contest at the Annual Meeting. This chronology does not purport to catalogue every conversation of or among the Board or our representatives, and other parties.

On January 26, 2018, G. Louis Graziadio, III, our Executive Chairman, Robert B. Stewart Jr., our President, and James F. Sanders, a member of the Board, had a telephone conversation with Mike Barone, Sidus' portfolio manager, at Mr. Barone's request, during which our representatives discussed with Mr. Barone our strategy, among other things. Because our representatives were unable to discuss certain matters with Mr. Barone due to confidentiality and Regulation FD concerns, our representatives suggested continuing these discussions with representatives of Sidus immediately after we issued our 2017 earnings release, which was issued on February 13, 2018.

On March 8, 2018, without accepting our invitation to continue discussions, Sidus delivered to us a notice of its intention to nominate two or three director candidates for election to the Board at the Annual Meeting. Concurrently with its nomination notice, Sidus delivered to us a letter addressed to Mr. Graziadio, containing certain allegations relating to our business and certain members of the Board.

On March 19, 2018, we filed a Current Report on Form 8-K confirming the receipt of Sidus' notice of nomination and stating that the Board would carefully review and consider Sidus' director candidates and make a formal recommendation regarding director nominations. On the same day, we delivered to Sidus a letter responding to its March 8, 2018 letter to Mr. Graziadio.

On March 20, 2018, Sidus issued a press release that included a public letter to our stockholders, in which Sidus publicly announced its intention to nominate two director candidates for election to the Board at the Annual Meeting. Sidus also formally withdrew the nomination of its third director candidate.

On March 21, 2018, we issued a press release that included a public letter to our stockholders responding to the allegations contained in Sidus' March 20, 2018 letter to stockholders.

On March 23, 2018, the Nominating and Governance Committee held a meeting at which the committee considered the proposal to appoint Joseph Davis and Paul Falzone, two independent director candidates identified following a search process conducted by the Board over the past year to identify qualified new directors with the relevant skills, expertise and leadership experience in technology investing and other areas of critical importance to the Company. At the meeting, the Nominating and Governance Committee reviewed the experience and qualifications of Messrs. Davis and Falzone, determined that each of them is qualified to serve as a director of the Company and recommended that the Board inquire as to whether Messrs. Davis and Falzone would be interested in serving as members of the Board.

Later on March 23, 2018, the Board held a meeting at which it reviewed the analysis and recommendation of the Nominating and Governance Committee and determined to inquire as to whether each of Messrs. Davis and Falzone would be interested in serving as a member of the Board. The Board further determined that if Messrs. Davis and Falzone confirm that they are interested in serving as members of the Board, their appointment would be subject to final approval by the Board.

Also on March 23, 2018, Sidus delivered a letter to the Board containing additional allegations relating to certain members of the Board.

On March 27, 2018, each of Messrs. Davis and Falzone informed the Company that he is interested in serving as a member of the Board.

Also on March 27, 2018, Sidus delivered to the Company a request to inspect the books and records of the Company under Section 220 of the Delaware General Corporation Law.

On March 28, 2018, Mr. Graziadio, on behalf of the Board, sent an email to Al Tobia and Bradley Radoff, inviting Sidus' director candidates, Mr. Tobia and Clifford Press, to meet with the Company's Nominating and Governance Committee, offering to make the committee available to each of them at their convenience, and asking for assistance in arranging an interview with each of Sidus' nominees. On the same day, Mr. Tobia sent a reply email to Mr. Graziadio declining the Company's invitation for Sidus' nominees to meet with the Nominating and Governance Committee.

On March 30, 2018, the Nominating and Governance Committee held a meeting at which it concluded, based on the committee's review of the information relating to Sidus' director candidates provided by Sidus in its nomination notice, that neither of Sidus' director candidates offered experience or skills that would be additive to the Board. Accordingly, the Nominating and Governance Committee recommended that the Board do not nominate either of Sidus' candidates for election to the Board at the Annual Meeting. The Nominating and Governance Committee also recommended that each of Joseph Davis and Paul Falzone be appointed to the Board as new independent directors.

Later on March 30, 2018, the Board held a meeting at which it considered the analysis and recommendation of the Nominating and Governance Committee and determined not to recommend either of Sidus' director candidates for election to the Board at the Annual Meeting. The Board also adopted a resolution increasing the size of the Board from six to eight directors and appointing Joseph E. Davis to the Board as a Class I director to serve until the 2019 annual meeting of stockholders and until his successor is duly elected and qualified, and appointing Mr. Falzoe to the Board as a Class II director to serve until the 2020 annual meeting of stockholders and until his successor is duly elected and qualified.

On April 2, 2018, we issued a press release announcing the appointment of Messrs. Davis and Falzone to the Board.

THE BOARD URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD THAT YOU MAY RECEIVE FROM SIDUS, EVEN TO VOTE "WITHHOLD" WITH RESPECT TO SIDUS' NOMINEES, AS DOING SO WILL CANCEL ANY PROXY YOU MAY HAVE PREVIOUSLY SUBMITTED TO HAVE YOUR SHARES VOTED FOR THE BOARD'S NOMINEES ON A WHITE PROXY CARD, AS ONLY THE LATEST PROXY CARD OR VOTING INSTRUCTION FORM WILL BE COUNTED.

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

PROPOSAL NO. 1:

ELECTION OF DIRECTORS

General

Our Amended and Restated Bylaws, as amended, provide that the number of directors shall be set by the Board, but in any case shall not be less than five and not more than nine. The Board has set the current number of directors at eight. The Board is divided into three classes, with each class being as nearly equal in number of directors as possible. The term of a class expires, and their successors are elected for a term of three years, at each annual meeting of our stockholders.

The Board, on the recommendation of the Nominating and Governance Committee, has nominated G. Louis Graziadio, III and Frank E. Walsh, III for election at the Annual Meeting to serve as the Class III directors for a term of office expiring at our 2021 Annual Meeting of Stockholders. Mr. Graziadio and Mr. Walsh have agreed to serve on the Board if elected, and management has no reason to believe that either of Mr. Graziadio or Mr. Walsh will be unavailable for service. If either Mr. Graziadio or Mr. Walsh are unable or decline to serve as directors at the time of the Annual Meeting, the proxies will be voted for such other nominees as may be designated by the present Board.

Plurality Vote Standard

Our Bylaws require that each director be elected by the affirmative vote of a majority of the votes cast with respect to such director in uncontested elections. In a contested election, such as this one, the standard for election of directors is the affirmative vote of a plurality of the votes cast. A contested election is one in which the Board has determined that the number of nominees exceeds the number of directors to be elected at the meeting.

Because of the nomination by Sidus of candidates for election to the Board, the Board has determined that the Annual Meeting will be a contested election. Accordingly, the directors will be elected by a plurality of the votes cast by the shares present or represented by proxy at the Annual Meeting and entitled to vote on the election of directors.

Required Vote

If a quorum is present and voting, each nominee for Class III director will be elected by a plurality of the votes cast with respect to such nominee. The two candidates receiving the most votes at the Annual Meeting will be elected. This proposal is considered a non-routine matter under applicable rules. Accordingly, a broker, bank or other nominee may not vote without instructions on this matter, so there may be broker non-votes in connection with this proposal. Broker non-votes and shares withheld or not voted will not be taken into account in determining the election of directors, although they will be counted for purposes of determining whether there was a quorum.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE "FOR" EACH OF THE CLASS III NOMINEES NAMED HEREIN. PROXIES SOLICITED BY THE BOARD WILL BE VOTED IN ACCORDANCE WITH THE BOARD'S RECOMMENDATION UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.

SIDUS HAS NOTIFIED US OF ITS INTENTION TO NOMINATE TWO DIRECTOR CANDIDATES FOR ELECTION AT THE ANNUAL MEETING IN OPPOSITION TO THE NOMINEES RECOMMENDED BY THE BOARD. AS A RESULT, YOU MAY RECEIVE SOLICITATION MATERIALS, INCLUDING A [COLOR] PROXY CARD, FROM SIDUS SEEKING YOUR PROXY. THE BOARD DOES NOT ENDORSE ANY SIDUS NOMINEE. WE URGE YOU NOT TO RETURN ANY [COLOR] PROXY CARD SENT TO YOU BY SIDUS, EVEN AS A PROTEST VOTE. INSTEAD, WE URGE YOU TO VOTE FOR THE ELECTION OF EACH OF THE DIRECTOR NOMINEES RECOMMENDED BY OUR BOARD BY SIGNING AND RETURNING THE ENCLOSED WHITE PROXY CARD.

The following table sets forth information as to the persons who serve as our directors.

Name	Age	Director Since	Positions with the Company
William S. Anderson ⁺	59	2007	Director
Fred A. de Boom ^{*+^}	82	1995	Director
Edward W. Frykman ^{*+^}	81	1996	Director
G. Louis Graziadio, III [@]	68	2002	Executive Chairman and Director
Frank E. Walsh, III ^{^@}	51	2016	Director
James F. Sanders ^{^@}	61	2017	Director
Joseph E. Davis ^{*^}	66	2018	Director
Paul Falzone ^{^+@}	44	2018	Director

* Member of the Audit Committee

+ Member of the Compensation Committee

[^] Member of the Nominating and Governance Committee

[@] Member of the Strategic Review Committee

Biographical information regarding the nominees for election as a director and each other person whose term of office as a director will continue after the Annual Meeting is set forth below.

Information Regarding the Director Nominees (Class III)

G. Louis Graziadio, III has been a director since February 2002. Mr. Graziadio, is President and Chief Executive Officer of Second Southern Corp., the managing partner of Ginarra Partners, L.L.C., a closely-held California company involved in a wide range of investments and business ventures. Mr. Graziadio is also Chairman of the Board and Chief Executive Officer of Boss Holdings, Inc., a distributor of work and hunting gloves, rainwear, rain boots, industrial apparel, pet products, specialty merchandise, and wireless accessories for electronic and mobile devices. From 1984 to 2000, Mr. Graziadio served as a director of Imperial Bancorp, the parent company of Imperial Bank, a Los Angeles based commercial bank acquired by Comerica Bank in January 2001. Mr. Graziadio, and companies with which he is affiliated, are significant shareholders in numerous private and public companies in a number of different industries. Since 1978, Mr. Graziadio has been active in the restructurings of both private and public companies, as well as corporate spin-offs and IPOs. Mr. Graziadio also served as a director of True Religion Apparel, Inc., a publicly traded clothing company, until its sale in July 2013. Mr. Graziadio is also a member of the Board of Directors of World Point Terminals, Inc., which owns, operates, develops, and acquires terminal assets relating to the storage of light refined products and crude oil. Mr. Graziadio has also served on the Board of Directors of Veritone, Inc. since August 2016. We believe that Mr. Graziadio's qualifications to serve on the Board include his extensive business experience having held senior management positions at several different companies and his experience in serving on the boards of directors of public companies.

Frank E. Walsh, III has served as a director since April 2016. Mr. Walsh is the manager of Jupiter Capital Management Partners, LLC and a founding partner of WR Capital Partners. Through Jupiter and WR Capital Partners, Mr. Walsh has extensive experience in the acquisition and financing of both public and private companies in the technology industry and many other industries. Mr. Walsh serves on the board of directors and the audit and compensation committees of 1st Constitution Bank and 1st Constitution Bancorp, as a director and audit committee member of World Point Terminals Inc. and as a director of Veritone Inc. Mr. Walsh also serves as a trustee for St. Benedicts Preparatory School in Newark, New Jersey and Lehigh University in Bethlehem, Pennsylvania. We believe that Mr. Walsh is qualified to serve on the Board because of his business skills and experience, executive leadership expertise and investment acumen developed during his long career at Jupiter Capital Management Partners, LLC and WR Capital Partners, LLC, and his service on other boards.

Directors with Terms Expiring in 2019 (Class I)

Fred A. de Boom has served as a director since February 1995. Mr. de Boom has been a principal in Sonfad Associates, an Orange County-based firm which is involved in mergers and acquisitions, private debt and equity placements, strategic and financial business planning, bank debt refinance and asset based financing, since 1995. Previously, Mr. de Boom served for five years as a Vice President of Tokai Bank, for eight years as a Vice President of Union Bank, and for twenty-two years as a Vice President of First Interstate Bank. Mr. de Boom received a B.A. degree from Michigan State University and an

M.B.A. degree from the University of Southern California. We believe that Mr. de Boom's qualifications to serve on the Board include his 20-year tenure as a member of the Board and extensive experience in the fields of finance and business transactions.

James F. Sanders has served as a director since July 2017. Mr. Sanders is a corporate lawyer currently engaged in private practice advising both public and private companies. From 1998 to March 2017, Mr. Sanders served as corporate counsel for Apex Oil Company, Inc., a St. Louis-based, privately held company with nationwide operations in petroleum trading, bulk storage, distribution and inland marine transportation. From 2006 through July 2015, he also served as corporate counsel for FutureFuel Corporation, an NYSE-listed manufacturer and distributor of biodiesel and chemical products, with primary responsibility for corporate governance and SEC public reporting. Since October 1998, Mr. Sanders has served as secretary and general counsel of Boss Holdings, Inc., a distributor of work gloves, work apparel, pet products, wireless accessories and promotional products. From 1990 to 1998, Mr. Sanders was an associate then partner at Lewis, Rice & Fingersh in St. Louis. He holds a B.S. degree in business administration (summa cum laude) and an M.B.A. in finance from St. Louis University School of Business Administration, as well as a J.D. degree from St. Louis University School of Law. We believe Mr. Sanders experience in advising companies on corporate matters, including mergers and acquisitions, banking, real estate, antitrust and litigation management will strengthen the governance and functioning of the Board. His legal experience and financial education will help the Board's assessment of business opportunities, strategic options and risk management.

Joseph E. Davis has served as a director since March 30, 2018. Mr. Davis currently serves as the Chief Executive Officer of ETONIEN, LLC, a financial consulting firm that he co-founded in July 2008. Prior to co-founding ETONIEN, Mr. Davis was the Managing Partner of the Los Angeles practice for Tatum LLC, an executive services and consulting firm, from December 2004 to July 2008. Prior to joining Tatum, Mr. Davis was a partner with KPMG for 27 years. Mr. Davis is currently a Board Member for the Los Angeles Regional Food Bank. He also served as the Chairman of the Finance Committee for The Los Angeles Regional Food Bank from 2011 to 2018. From 2005 to 2011, Mr. Davis served as a Board Member and Audit Committee Chair for Dorado Network Systems Corporation, a venture capital backed, Silicon Valley company in the software applications market space. Mr. Davis is a CPA in California, New York and Ohio. He also holds a B.A. in History/ Political Science from Butler University, a B.S. in Accounting from Arizona State University and a Master's in Business Taxation from the University of Southern California. We believe Mr. Davis' qualifications to serve on the Board include his extensive experience in the fields of accounting and finance and his experience in holding senior management positions at several different companies.

Directors with Terms Expiring in 2020 (Class II)

Edward W. Frykman has served as a director since April 1996. Mr. Frykman served as an Account Executive with Crowell, Weedon & Co. from 1992 to 2008 when he retired. Before joining Crowell, Weedon & Co., Mr. Frykman served as Senior Vice President of L.H. Friend & Co. Both Crowell, Weedon & Co. and L.H. Friend & Co. are investment brokerage firms located in Southern California. In addition, Mr. Frykman was a Senior Account Executive with Shearson Lehman Hutton, where he served as the manager of the Los Angeles Regional Retail Office of E. F. Hutton & Co. Mr. Frykman serves as a director, as chairman of the audit committee and as a member of the compensation committee of Arrowhead Research Corporation, a publicly traded development stage nanotechnology holding company. Mr. Frykman holds a B.S.B.A. degree from the University of Florida. We believe Mr. Frykman's qualifications to serve on the Board include his 19-year tenure as a member of the Board, his deep understanding of our business and the industry in which we operate, and his extensive experience in the fields of finance and public company oversight.

William S. Anderson has served as a director since August 2007. Mr. Anderson currently serves as Founder and Chief Executive Officer of First Beverage Group, a privately held company founded by Mr. Anderson in 2005 which provides financial services to the beverage industry. Mr. Anderson also now serves as Chairman of Topa Equities,

Ltd. and Topa Insurance Group. Mr. Anderson served as Executive Vice-President of Topa Equities, Ltd., a diversified holding company and beer distributor group, from 1991 to 2004. Prior to joining Topa, Mr. Anderson was an attorney with O'Melveny & Myers in Los Angeles. Mr. Anderson has served on the board of directors of Topa Equities, Ltd. since 2008, on the board of directors of Topa Insurance Group since 2013, on the board of directors of Purity Organic, LLC, an organic fruit juice company, since 2011, on the board of directors of Health-Ade Kombucha since 2013, and on the boards of directors of GEM&BOLT and Experience Camps since 2017. Mr. Anderson received his B.A. degree from Bowdoin College in Brunswick, Maine and his J.D. from the University of California, Los Angeles School of Law. We believe Mr. Anderson's qualifications to serve on the Board include his legal training and experience and extensive business experience having held senior management positions at several different companies.

Paul Falzone has served as a director since March 30, 2018. Mr. Falzone is currently the Managing Partner of Manifest Investment Partners, a growth equity fund focused on tech-enabled services and business-to-business software companies. Prior to joining Manifest, Mr. Falzone was President and Chief Growth Officer of Brand Networks, a large global

pure-play social media software company, from 2012 to 2016. From 2007 to 2010, Mr. Falzone was President of SDI Media, a language localization software and services company. Prior to joining SDI, Mr. Falzone was President of MediaMix Marketing, an Internet marketing company, from 1998 to 2002. Mr. Falzone serves as Vice Chairman on the board of directors for Brand Network. He also serves on the boards of directors of several of Manifest's portfolio companies and MPI Cognition, an innovative healthcare practice focused on reversing the effects of the Alzheimer's disease. Mr. Falzone received a B.A. and graduated with honors from Northwestern University. We believe Mr. Falzone's qualifications to serve on the Board include his extensive experience having held senior management positions at various software and media companies.

Director Independence

Our common stock is listed on The Nasdaq Global Select Market and, therefore, we are subject to the listing requirements of that market. The Board, with the assistance of outside counsel, reviews the professional relationships of potential and current directors, and has determined that Messrs. Anderson, de Boom, Frykman, Sanders, Davis, Falzone and Walsh are "independent" as defined in the Listing Rules of The Nasdaq Stock Market. With respect to Mr. Sanders, the Board, and outside counsel, specifically considered the fact that Mr. Sanders serves as secretary and general counsel of Boss Holdings, Inc., a company of which Mr. Graziadio, our Executive Chairman, is Chairman of the Board and Chief Executive Officer, and determined that this relationship does not constitute a material relationship that would impair Mr. Sander' independence. Effective August 2016, the Board determined that Mr. Graziadio is not "independent" pursuant to the Listing Rules of The Nasdaq Stock Market.

Board Leadership Structure

Our Amended and Restated Bylaws provide the Board with flexibility to combine or separate the positions of Chairman and Chief Executive Officer in accordance with its determination that utilizing one or the other structure is in the best interests of our company. Currently, the positions of Chairman and Chief Executive Officer are separate, with, Mr. Graziadio serving as our Executive Chairman. The Board, with assistance from management and a consultant, is currently conducting a search for CEO candidates.

The Board does not currently have a lead independent director. The Board has determined that this structure is the most effective leadership structure for our company at this time. The Board has determined that maintaining the independence of a majority of our directors helps maintain the Board's independent oversight of management. In addition, our Audit, Compensation and Nominating and Governance Committees, which oversee critical matters such as our accounting principles, financial reporting practices and system of disclosure controls and internal controls over financial reporting, our executive compensation program and the selection and evaluation of our directors and director nominees, each consist entirely of independent directors.

Risk Oversight

The Board is actively involved in the oversight of risks, including credit risk, liquidity risk and operational risk that could affect our business. The Board does not have a standing risk management committee, but administers this oversight function directly through the Board as a whole, as well as through committees of the Board. For example, the Audit Committee assists the Board in its risk oversight function by reviewing and discussing with management our accounting principles, financial reporting practices and system of disclosure controls and internal controls over financial reporting. The Nominating and Governance Committee assists the Board in its risk oversight function by periodically reviewing and discussing with management important corporate governance principles and practices and by considering risks related to our director nominee evaluation process. The Compensation Committee assists the Board in its risk oversight function by considering risks relating to the design of our executive compensation programs and arrangements. The full Board considers strategic risks and opportunities and receives reports from the committees regarding risk oversight in their areas of responsibility as necessary. We believe the Board leadership structure facilitates the division of risk management oversight responsibilities among the Board committees and enhances the Board's efficiency in fulfilling its oversight function with respect to different areas of our business risks and our risk mitigation practices.

Board Meetings and Committees

The Board held a total of nine meetings and committees of the Board held a total of thirteen meetings during the fiscal year ended December 31, 2017. During that period, no incumbent director attended fewer than 75% of the sum of the total number of meetings of the Board and the total number of meetings of all committees of the Board on which that director served. The Board has an Audit Committee, a Compensation Committee, a Nominating and Governance Committee, a Strategic Review Committee and a Disclosure Committee. The Board has adopted charters for each of these committees, each of which may be viewed on our website at www.acaciaresearch.com.

Audit Committee. The Audit Committee currently consists of Messrs. de Boom, Frykman and Davis, each of whom is independent under the listing standards of the Nasdaq Stock Market. Mr. de Boom currently serves as the Chairman of the Audit Committee. Mr. Walsh, who served on the Audit Committee during the fiscal year ended December 31, 2017, stepped down from the Audit Committee on March 30, 2018. Mr. Davis was appointed to the Audit Committee on March 30, 2018. The Audit Committee held four meetings during the fiscal year ended December 31, 2017.

The Audit Committee is responsible for retaining, evaluating and, if appropriate, recommending the termination of our independent registered public accounting firm and is primarily responsible for approving the services performed by our independent registered public accounting firm and for reviewing and evaluating our accounting principles, financial reporting practices and system of internal accounting controls. The Audit Committee is also responsible for maintaining communication between the Board and our independent registered public accounting firm.

The Board has determined that each of Mr. de Boom and Mr. Davis is an “audit committee financial expert,” as defined by Item 407(d)(5)(ii) of Regulation S-K.

Compensation Committee. The Compensation Committee currently consists of Messrs. de Boom, Frykman, Anderson and Falzone, each of whom is independent under the listing standards of the Nasdaq Stock Market. Mr. Falzone currently serves as the Chairman of the Compensation Committee and Mr. Frykman serves as Vice Chairman of the Compensation Committee. Mr. Walsh, who served on the Compensation Committee during the fiscal year ended December 31, 2017, stepped down from the Compensation Committee on February 12, 2018. Mr. Falzone was appointed to the Compensation Committee on March 30, 2018. The Compensation Committee held four meetings during the fiscal year ended December 31, 2017.

Our executive compensation program is administered by the Compensation Committee. The Compensation Committee is responsible for approving the compensation package of each executive officer and recommending it to the Board as well as administering our equity compensation plans. In making decisions regarding executive compensation, the Compensation Committee considers many factors including recommendations from our compensation advisory firm, evaluation of our peer group, the input of our management and other directors. In addition, the Compensation Committee establishes compensation programs that do not encourage excessive risk taking by our named executive officers and we have determined that it is not reasonably likely that our compensation and benefit plans and policies would have a material adverse effect on our company.

For more information on the responsibilities and activities of the Compensation Committee, including the committee’s processes for determining executive compensation, see “Compensation Discussion and Analysis” beginning on page 32 of this Proxy Statement.

Nominating and Governance Committee. The Nominating and Governance Committee currently consists of Messrs. Anderson, de Boom, Frykman, Davis, Falzone, Sanders and Walsh, each of whom is independent under the listing standards of the Nasdaq Stock Market. Mr. Anderson was appointed Chairman of the Nominating and Governance Committee on March 30, 2018. Mr. Graziadio served on the Nominating and Governance Committee until March 22, 2017, when Mr. Graziadio stepped down from the committee so that its membership would consist entirely of independent directors. The Nominating and Governance Committee held one meeting during the fiscal year ended December 31, 2017. The Nominating and Governance Committee recommended director nominees to the Board for election at the Annual Meeting. The charter for the Nominating and Governance Committee provides that, among its specific responsibilities, the Committee shall:

- Establish criteria and qualifications for Board membership, including standards for assessing independence;

- Identify and consider candidates, including those recommended by stockholders and others, to fill positions on the Board, and assess the contributions and independence of incumbent directors in determining whether to recommend them for reelection to the Board;

- Recommend to the Board candidates for election or reelection at each annual meeting of stockholders;

- Annually review our corporate governance processes, and our governance principles, including such issues as the Board’s organization, membership terms, and the structure and frequency of Board meetings, and recommend

appropriate changes to the Board;

• Administer our corporate Codes of Conduct and annually review and assess the adequacy of the corporate Codes of Conduct and recommend any proposed changes to the Board. Specifically, the Nominating and Governance

13

Committee shall discuss with management its compliance with the corporate Codes of Conduct, including any insider and affiliated party transactions, and our procedures to monitor compliance with the corporate Codes of Conduct;

Review periodically with our Chief Executive Officer and the Board, the succession plans relating to positions held by senior executives, and make recommendations to the Board regarding the selections of individuals to fill these positions;

Oversee the continuing education of existing directors and the orientation of new directors;

Monitor the functions of the Board and its committees, as set forth in their respective charters, and coordinate and oversee annual evaluations of the Board's performance and procedures, including an evaluation of individual directors, and of the Board's committees; and

Assess annually the performance of the duties specified in the Nominating and Governance Committee Charter by the Nominating and Governance Committee and its individual members.

Strategic Review Committee. The Strategic Review Committee currently consists of Messrs. Graziadio, Sanders, Falzone and Walsh, and Mr. Walsh serves as Chairman of the Committee. The Strategic Review Committee was formed on February 12, 2018 to identify, evaluate and implement potential strategic opportunities that would enable the Company to leverage its financial strength, experience, expertise, data and relationships developed as a leader in the IP industry in order to enhance the Company's business and maximize value for its stockholders ("Strategic Opportunities"). The charter for the Strategic Review Committee provides that, among its specific responsibilities, the Committee shall:

- provide guidance to the Board and management with respect to the Company's approach to Strategic Opportunities;
- identify, review and evaluate potential Strategic Opportunities;

- engage in discussions with potential partners and other third parties regarding potential Strategic Opportunities;

- review and discuss potential Strategic Opportunities with the Company's management, financial and legal advisors, accountants, consultants and other professionals;

- direct and oversee the Company's due diligence review process with respect to Strategic Opportunities;

- make recommendations to the Board regarding Strategic Opportunities;

- provide reports of the Committee's activities to the full Board on a regular basis; and

- Administer the Company's stock buyback programs in effect.

Director Qualification Standards

There are no specific minimum qualifications that the Nominating and Governance Committee requires to be met by a director nominee recommended for a position on the Board, nor are there any specific qualities or skills that are necessary for one or more members of our Board to possess, other than as are necessary to meet the requirements of the rules and regulations applicable to us. The Nominating and Governance Committee considers a potential candidate's experience, areas of expertise, and other factors relative to the overall composition of the Board, including the following characteristics:

- the highest ethical standards and integrity;
- a willingness to act on and be accountable for Board decisions;

- an ability to provide wise, informed, and thoughtful counsel to top management on a range of issues;
- a history of achievement that reflects high standards for the director candidate and others;
- loyalty and commitment to driving our success;

- the independence requirements imposed by the Securities and Exchange Commission, or the SEC, and the Nasdaq Stock Market; and
- a background that provides a portfolio of experience, qualifications, attributes, skills and knowledge commensurate with our needs.

We do not have a written policy with respect to diversity of members of the Board. However, in considering nominees for service on the Board, the Nominating and Governance Committee takes into consideration, in addition to the criteria summarized above, the diversity of professional experience, viewpoints and skills of members of the Board. Examples of this include management experience, financial expertise and educational background. The Nominating and Governance Committee and the Board believe that a diverse board leads to improved performance by encouraging new ideas, expanding the knowledge base available to management and other directors and fostering a culture that promotes innovation and vigorous deliberation.

The Nominating and Governance Committee has the following policy with regard to the consideration of any director candidates recommended by security holders:

A stockholder wishing to nominate a candidate for election to the Board at the next annual meeting is required to give written notice addressed to the Secretary, Acacia Research Corporation, 520 Newport Center Drive, 12th Floor, Newport Beach, CA 92660, of his or her intention to make such a nomination. The notice of nomination must have been received by the Secretary at the address below no later than the close of business on March 10, 2019, in accordance with our Amended and Restated Bylaws, in order to be considered for nomination at the next annual meeting.

The notice of nomination must include information regarding the recommended candidate relevant to a determination of whether the recommended candidate would be barred from being considered independent under the Nasdaq Stock Market's Listing Qualifications or, alternatively, a statement that the recommended candidate would not be so barred. A nomination which does not comply with the above requirements will not be considered.

The Nominating and Governance Committee considers director candidates that are suggested by members of the Nominating and Governance Committee and the full Board, as well as management and stockholders. The Nominating and Governance Committee may, in the future, also retain a third-party executive search firm to identify candidates on terms and conditions acceptable to the Nominating and Governance Committee, in its sole discretion. The process by the Nominating and Governance Committee for identifying and evaluating nominees for director, including nominees recommended by stockholders, involves (with or without the assistance of a retained search firm), compiling names of potentially eligible candidates, conducting background and reference checks, conducting interviews with the candidate and others (as schedules permit), meeting to consider and approve the final candidates and, as appropriate, preparing and presenting to the full Board an analysis with regard to particular recommended candidates. The Nominating and Governance Committee endeavors to identify director nominees who have the highest personal and professional integrity, have demonstrated exceptional ability and judgment, and, together with other director nominees and members, are expected to serve the long term interest of our stockholders and contribute to our overall corporate goals.

Disclosure Committee. The Disclosure Committee currently consists of Clayton J. Haynes, our Chief Financial Officer and Treasurer, Robert B. Stewart, Jr., our President, and Edward J. Treska, our Executive Vice President, General Counsel and Corporate Secretary. The Disclosure Committee is primarily responsible for oversight of the accuracy and timeliness of the disclosures made by us. The Disclosure Committee held four meetings during the fiscal year ended December 31, 2017.

Codes of Conduct

We have adopted a corporate Code of Conduct and a Board of Directors Code of Conduct, both of which may be viewed on our website at www.acaciaresearch.com. The corporate Code of Conduct applies to all of our officers, directors and employees, including our principal executive officer, principal financial and accounting officer and

controller, or persons performing similar functions. The Board of Directors Code of Conduct specifically applies to the Board. Any waiver of these Codes of Conduct for any of our executive officers or directors may be made only by the Board and must be promptly disclosed to stockholders in the manner required by applicable law.

Insider Trading Policy

In August of 2016, we adopted an updated corporate Insider Trading Policy, which may be viewed on our website at www.acaciaresearch.com. The Insider Trading Policy applies to all of our officers, directors and employees, including our principal executive officer, principal financial and accounting officer and controller, or persons performing similar functions.

Stockholder Communications with Directors

Stockholders wishing to communicate with the Board or with a particular member or committee of the Board should address communications to the Board, the particular member or committee of the Board, c/o Acacia Research Corporation, Attention: Secretary, 520 Newport Center Drive, 12th Floor, Newport Beach, California 92660. All communications addressed to the Board or a particular member or committee of the Board will be relayed to that addressee. From time to time, the Board may change the process through which stockholders communicate with the Board or its members or committees. Please refer to our website at www.acaciaresearch.com for changes in this process. The Board, the particular director or committee of the Board to which a communication is addressed will, if it deems appropriate, promptly refer the matter either to management or to the full Board depending on the nature of the communication.

Board Member Attendance at Annual Stockholder Meetings

Although we do not have a formal policy regarding director attendance at annual stockholder meetings, directors are expected to attend these meetings absent extenuating circumstances. Except for Messrs. Davis and Falzone, each of our current directors attended last year's annual meeting of stockholders, either in person or by telephone.

Director Compensation

Commencing February 2016, each non-employee director receives an annual grant of stock options that entitles the non-employee director to receive, upon vesting as described below, a number of shares determined by dividing an equity award amount totaling \$120,000 by the estimated fair value (based on the Black-Scholes pricing model) of a stock option with an exercise price equal to the closing price of our common stock on the grant date. Accordingly, for the initial year of service, each new non-employee director receives a one-time grant of stock options upon becoming a director for the number of shares determined by dividing the equity award amount described below, by the estimated fair value (based on the Black-Scholes pricing model) of a stock option with an exercise price equal to the closing price of our common stock on the grant date. The stock options vest in a series of six installments over the three-year period following the grant date, subject to acceleration upon the occurrence of certain events.

Generally, our non-employee directors receive compensation in the amount of \$6,667 per month for their service as members of the Board. The chairman of the Audit Committee receives additional compensation in the amount of \$1,110 per month for his services. The monthly retainer described above is subject to a pro rata deduction if a director fails to attend at least 75% of the Board and committee meetings (combined), and all directors attended at least 75% of such meetings during fiscal 2017. Directors are also reimbursed for expenses incurred in connection with attendance at meetings of the Board and committees of the Board and in connection with the performance of Board duties.

2017 DIRECTOR COMPENSATION TABLE

The following table provides fiscal year 2017 compensation information for our non-employee directors who served on the Board during 2017:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$) ⁽¹⁾⁽²⁾⁽³⁾	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) ⁽⁴⁾	Total (\$)
William S. Anderson	80,004	—	120,000	—	—	—	200,004
Fred A. de Boom	93,336	—	120,000	—	—	—	213,336
Edward W. Frykman	80,004	—	120,000	—	—	—	200,004
G. Louis Graziadio, III	80,004	—	120,000	—	—	329,420	529,424
James F. Sanders	36,346	—	120,000	—	—	—	156,346
Frank E. Walsh, III	80,004	—	209,625	—	—	—	289,629

(1) Reflects non-discretionary annual grants of stock options (granted March 15, 2017 for all non-employee directors other than Mr. Sanders, who received his stock option grant on July 18, 2017, the date of his appointment to the board). The number of stock options for the annual grant was determined by dividing the annual \$120,000 retainer fee by the Black-Scholes value of a stock option with an exercise price equal to the closing price of our common stock on the grant date.

(2) Mr. Walsh received an additional grant on June 9, 2017 in consideration for his exceptional service and efforts as a member of the Board, particularly with respect to negotiations regarding the Corporation's investment in Veritone.

(3) Amounts shown represent the aggregate grant date fair value of stock option awards granted to the directors as determined pursuant to ASC Topic 718, "Compensation - Stock Compensation," or ASC Topic 718. The methodology used to calculate the value of stock options is set forth under Notes 2 and 11 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 filed with the SEC on March 7, 2018.

Reflects cash payments totaling \$250,000 made by us to Second Southern Corp., a company wholly owned by Mr. (4)Graziadio and which he serves as President, in accordance with the Second Southern Corp. Consulting Agreement effective August 1, 2016, described below under the caption, "Certain Relationships and Related Transactions."

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, Inc., as described below under the caption, "Compensation Discussion and Analysis - AIP Profits Interest Units." The profits interest units were granted pursuant to the recommendation by our independent compensation consultant, Pearl Meyer. The amount in this column also includes the grant date fair value of profits interest units granted to Mr. Graziadio, totaling \$79,420, which for financial statement purposes are accounted for at

fair value in accordance with ASC Topic 718 as set forth under Notes 2 and 10 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Amounts included above do not reflect compensation actually received by Mr. Graziadio. Instead, the amounts shown represent the aggregate estimated grant date fair value of the profits interest units granted. Recipients can only realize value from the profits interest if, and only if, we receive our unreturned capital related to the contribution of certain assets and there is a profit actually realized related to those assets, as described in more detail below under the caption, “Compensation Discussion and Analysis - AIP Profits Interest Units.”

PROPOSAL NO. 2:

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Grant Thornton LLP, our independent registered public accounting firm for the fiscal year ended December 31, 2017, was recommended by the Audit Committee, and approved by the Board, to act in such capacity for the fiscal year ending December 31, 2018, subject to ratification by the stockholders.

If our stockholders do not ratify the selection of Grant Thornton LLP, or if Grant Thornton LLP should decline to act or otherwise become incapable of acting as our independent registered public accounting firm, or if our engagement of Grant Thornton LLP as our independent registered public accounting firm should be discontinued, the Board, on the recommendation of the Audit Committee, will appoint a substitute independent registered public accounting firm. A representative of Grant Thornton LLP is expected to be present at the Annual Meeting, will be given the opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

Required Vote

The affirmative vote of the holders of a majority of the outstanding shares of our common stock present in person or by proxy and entitled to vote at the Annual Meeting is required to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending