



ACACIA RESEARCH

Investor Presentation
March 2020

SAFE HARBOR

This presentation may contain forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements are based upon our current expectations and speak only as of the date hereof. Our actual results may differ materially and adversely from those expressed herein in any forward-looking statements as a result of various factors and uncertainties, including recent economic factors impacting our products and investments; changes in global markets; recent health issues impacting every aspect of global business; rapid technological change; changes in demand for our future products; legislative, regulatory and competitive developments in our area of business; and general economic conditions. Our Annual Report on Form 10-K, recent and forthcoming Quarterly Reports on Form 10-Q, recent Current Reports on Forms 8-K and 8-K/A, and other SEC filings discuss some of the important risk factors that may affect our business, results of operations and financial condition. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

STARBOARD STRATEGIC ALLIANCE

Starboard and Acacia work together on current ideas and new idea generation.

Starboard also will direct potentially relevant investment opportunities to Acacia.



Lead generation
Business development
Financial backing

IP-team – valuation engine
Acquisition strategy implementation
Significant NOLs

Enhanced
Investment
Platform

At December 31, 2019, Acacia had U.S. federal and state income tax net operating loss carryforwards (“NOLs”) totaling approximately \$253,824,000 and \$19,683,000, expiring between 2026 and 2039, and 2028 and 2039, respectively. Capital loss carryovers totaled \$23,652,000 at December 31, 2019, expiring between 2025 and 2029. As of December 31, 2019, Acacia had approximately \$51,508,000 of foreign tax credits, expiring between 2020 and 2026. In general, foreign taxes withheld may be claimed as a deduction on future U.S. corporate income tax returns, or as a credit against future U.S. income tax liabilities, subject to certain limitations. (Source: Acacia 10-K filed March 15, 2019)

BUSINESS DEVELOPMENT EXPANSION

Exploring synergies between equity investing and IP business development by unlocking the hidden value of IP in healthy public companies



WHAT WE DO

- Leading outsourced partner for monetizing patented technologies
- Proven track record having generated \$1.2B+ in licensing revenue and returned \$700M+ to our Patent Holder Partners through 1,000+ licensing transactions

HOW WE DO IT

- Develop revenue generating IP licensing programs that provide the highest return for our Patent Holder Partners
- Offload the financial, legal, and management risks of IP monetization
- Serve as a clearing house for IP rights by intermediating transactions between patent holders and patent infringers
- Facilitate liquidity and efficiency for IP monetization

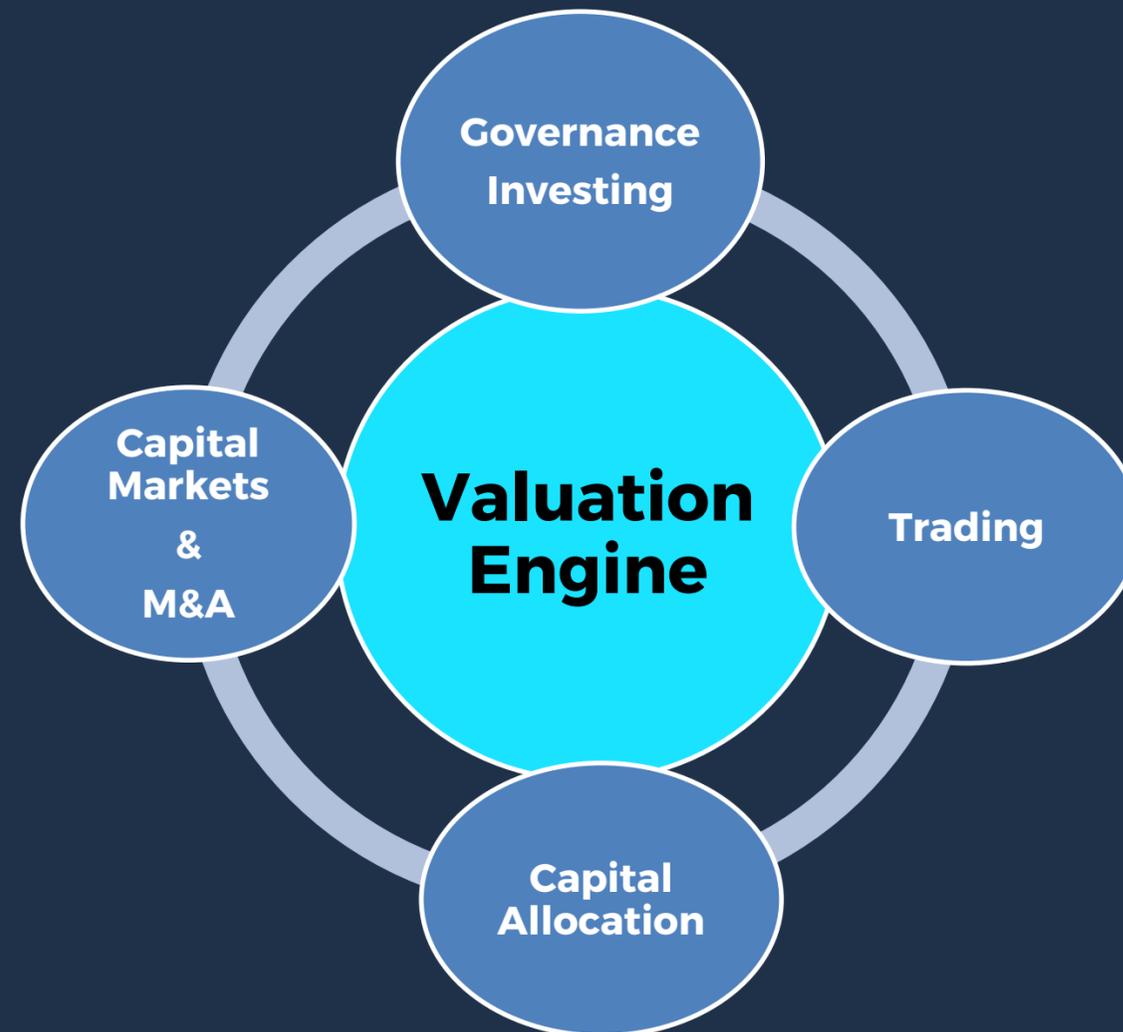
ACACIA'S ENHANCED IP STRATEGY

	ACTG	Publicly Held PAE
Limitations / Opportunities	<ul style="list-style-type: none"> • Consolidate IP assets; reduced operating costs • Diversify risk among multiple revenue streams • Maintain >~\$100m capital base 	<ul style="list-style-type: none"> • Lack of scale / overhead coverage • Undue concentration of outcomes • Limited capital to pursue costly litigation / licensing campaigns
Shareholder Alignment	<ul style="list-style-type: none"> • ACTG management and directors are committed to building out an investment platform for value creation. 	<ul style="list-style-type: none"> • Public structures often handicapped by management teams who are committed to litigation or other strategies that are overly dependent on unpredictable outcomes
Access to Capital	<ul style="list-style-type: none"> • \$168M in cash and short-term investments plus access up to \$500m through approved capital instruments 	<ul style="list-style-type: none"> • Dilutive financing options are often the only financing means available
Corporate Structure	<ul style="list-style-type: none"> • Investment platform targeting operating businesses and revenue streams which remove '40 Act restrictions to enable attractive returns on investment portfolio 	<ul style="list-style-type: none"> • Difficulty in generating attractive returns due to '40 Act constraints

A COMMON FRAMEWORK FOR UNIQUE INVESTMENT OPPORTUNITIES

Valuable Assets + Complex Extraneous Issues = Value Dislocations

Acacia Skill Sets



Absolute Return Investment Platform

ACACIA'S ADVANTAGES OVER SPAC

	SPAC	ACTG
Investment Limitations	<ul style="list-style-type: none"> Limited to a single transaction with one or more target businesses that together have a fair market value equal to at least 80% of the SPACs investable capital Structurally unable to acquire public companies 	<ul style="list-style-type: none"> Ability to allocate capital in multiple transactions for public or private companies
Shareholder Alignment	<ul style="list-style-type: none"> SPAC sponsors and directors are incentivized to source a transaction by whatever means necessary to avoid liquidation Securities allocated to SPAC founders often have preferential anti-dilution provisions SPAC sponsors initial investment include "Founder Shares" which are sold at a deep discount 	<ul style="list-style-type: none"> ACTG management can pursue multiple paths towards value creation ACTG reserved the right to offer all existing shareholders the option to participate in future note issuance Starboard's initial investment included "Series A Preferred Stock" that convert at a premium
Access to Capital	<ul style="list-style-type: none"> SPACs have access to a modest amount of working capital prior to acquisition with investment capital held in a trust 	<ul style="list-style-type: none"> ACTG has a strong balance sheet with \$168M of cash and marketable securities with provisions to draw down on \$465M of notes
Governance	<ul style="list-style-type: none"> Directors are selected by SPAC sponsors and in most instances without a shareholder vote 	<ul style="list-style-type: none"> Majority independent directors All directors elected annually
Transaction Approval	<ul style="list-style-type: none"> Transaction requires a mandatory shareholder vote or tender offer process. In either case public investors have the right to return their public shares Side deals and sweeteners are often utilized as enticements to retain and gain support from larger holders 	<ul style="list-style-type: none"> ACTG's shareholders already approved capital issuances at a special meeting, so potential targets should not have concerns over shareholder approval or delays Following the announcement of transaction existing ACTG shareholders can participate in rights offerings with substantially the same terms as Starboard

COMMITTED TO PRESERVING CAPITAL

“Based on our current operating plan, we would expect to use no more than 5% of our current cash balance on operating expenses and investment due diligence between now and the completion of an Approved Investment or the commencement of first redemption test period in August 2021, as outlined in the proxy.”

- Acacia Press Release, February 25, 2020

AS OF DECEMBER 31, 2019 (IN \$ MILLIONS)

CASH	57.3
SHORT-TERM INVESTMENTS (EQUITY)	17.1
SHORT-TERM INVESTMENTS (DEBT)	93.8
VALUE OF PATENTS	<u>7.8</u>
TOTAL	\$176
SHARES OUTSTANDING	49.6
VALUE PER SHARE	\$3.55

EVENT TIMELINE TO FRESH START

Legacy Directors Resign & Former Management Exits

Stockholders support investor campaign for change

Al Tobia and Clifford Press elected to Board

Board Reconstitution Begins

Independent directors with investing, public company and oversight experience

Commencement of Absolute Return Capital Allocation Investment Strategy

Executive Leadership Team Appointed

Clifford Press Named CEO
Al Tobia Named CIO to advance Absolute Return Investment Strategy

Starboard Value Strategic Alliance Completed

Shareholder Approval Received and Strategic Committee formed to review investment opportunities with Starboard Value

2018

Cash verified & secured. Wasteful spending eliminated and reallocated to growth initiatives

Marc Booth rejoined as CIPO

Patent Business Engine Restarted

2019

Newly reconstituted Board, with exemplary credentials and deep experience, reflects milestone achievement in improved corporate governance

Board Reconstitution Completed

2020

Providing up to \$400M in Capital for Strategic Investments and Acquisitions

Starboard Value Strategic Announced

CONTACT INFORMATION



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