

Updates to Acacia Research Corporation Code of Conduct
10-19-04

The Board of Directors updated the Acacia Research Corporation Corporate Code of Conduct which applies to all employees, officers and directors of Acacia Research Corporation and its subsidiaries, effective October 19, 2004. Below is a brief description of the nature of the amendments.

Personal Business Relationships and Activities:

We divided the provisions on Personal Business Relationships and Activities into four subcategories: (1) Improper Investments, (2) Improper Gifts and Entertainment, (3) Outside Employment and Other Affiliations, and (4) Conducting Business with Family Members.

Investments held by immediate family members and investments in less than 2% of the outstanding shares of competitors that are publicly traded, were added to the potential list of improper investments. Improper investments were further defined.

We explicitly added a prohibition on improper gifts and entertainment. Any gift or series of gifts from the same person or company of \$50 or more in any 12-month period must be disclosed to the General Counsel.

Outside employment and other affiliations were explicitly added as potential conflicts of interest.

A general rule was added that employees are prohibited from conducting Acacia business with family members. Employees are now required to notify the General Counsel of any business conducted with family members, and such business must be approved by the General Counsel or Board of Directors.

Fraud Policy

We adopted an explicit fraud policy which was incorporated into the Code of Conduct. We added an explicit definition of fraud in the following four areas: (1) fraudulent financial reporting, (2) misappropriation of assets, (3) expenditures and liabilities for improper purposes, and (4) fraudulently obtained revenue and assets, and costs and expenses avoided. The new policy also includes principals of financial reporting and accuracy and retention of company records.

The fraud policy provides that the Board of Directors through the Audit Committee and the General Counsel have the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. An employee who discovers or suspects fraudulent activity is required to immediately contact the General Counsel or the Whistleblower Hotline. The employee or other complainant may remain anonymous.

Reporting Violations and Discipline

We added general provisions requiring all employees to report suspicious conduct that may violate the Code of Conduct. We added protections against retaliation for reporting such conduct. We also added a whistleblower hotline for employees to make reports anonymously.