

ACACIA RESEARCH CORP
Form DEF 14A
April 21, 2008

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 Registrant ☒ [X]

Filed by a Party other than the Registrant ☐ []

Check the appropriate box:

☐ [] Preliminary Proxy Statement

☐ [] Confidential, for Use of the Commission Only (as permitted by
Rule 14a-6(e)(2))

☒ [X] Definitive Proxy Statement

☐ [] Definitive Additional Materials

☐ [] Soliciting Material Under 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):

☒ [X] No fee required.

☐ [] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) 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
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(4) Proposed maximum aggregate value of transaction:

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☐ 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:

April 21, 2008

Dear Stockholder:

You are cordially invited to attend Acacia Research Corporation's Annual Meeting of Stockholders to be held on Tuesday, May 20, 2008. The meeting will be held at 500 Newport Center Drive, 7th Floor, in Newport Beach, California, beginning at 10:00 a.m. local time. The formal meeting notice and Proxy Statement are attached.

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

- (1) re-elect two directors to serve on our Board of Directors;
- (2) amend and restate the Companys Certificate of Incorporation;
- (3) ratify the appointment of Grant Thornton LLP as the Company's independent accountants for 2008;
- (4) transact such other business as may properly come before the meeting.

Whether or not you plan to attend the Annual 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 proxy in the enclosed postage-paid envelope. Returning your completed proxy will ensure your representation at the Annual Meeting.

We look forward to seeing you on May 20, 2008.

Sincerely,

/s/ Paul R. Ryan
Paul R. Ryan
Chairman and Chief Executive Officer

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 20, 2008

TO OUR STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Acacia Research Corporation, a Delaware corporation (the "Company"), will be held on Tuesday, May 20, 2008, at 10:00 a.m. at 500 Newport Center Drive, 7th Floor, Newport Beach, California, for the following purposes, as more fully described in the Proxy Statement accompanying this Notice:

1. To elect two directors to serve on the Company's Board of Directors until the 2011 Annual Meeting of Stockholders or until their successors are duly elected and qualified;
2. To consider the amendment and restatement of the Company's Certificate of Incorporation as proposed;
3. Ratify the appointment of Grant Thornton LLP as the Company's independent accountants for 2008;
4. To transact such other business as may properly come before the meeting or at any postponement or adjournment thereof.

Only stockholders of record at the close of business on March 24, 2008 are entitled to receive notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

All stockholders are cordially invited to attend the Annual Meeting in person. However, to assure your representation at the Annual Meeting, you are urged to mark, sign, date and return the enclosed proxy card promptly in the postage-paid envelope enclosed for that purpose. Any stockholder attending the Annual Meeting may vote in person even if he or she previously returned a proxy.

Sincerely,

/s/ Edward J. Treska
Edward J. Treska
Secretary

Newport Beach, California
April 21, 2008

YOUR VOTE IS IMPORTANT. IN ORDER TO ASSURE YOUR REPRESENTATION AT THE MEETING, YOU ARE REQUESTED TO COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE AND RETURN IT IN THE ENCLOSED POSTAGEPAID ENVELOPE.

ACACIA RESEARCH CORPORATION

500 Newport Center Drive
Newport Beach, California 92660

PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 20, 2008

General

The enclosed proxy is solicited on behalf of the Board of Directors of Acacia Research Corporation, a Delaware corporation (the "Company"), for use at the Company's annual meeting of stockholders (the "Annual Meeting") to be held on Tuesday, May 20, 2008, at 10:00 a.m., local time, and at any adjournment or postponement thereof. The Annual Meeting will be held at 500 Newport Center Drive, 7th Floor, Newport Beach, California. These proxy solicitation materials were mailed on or about April 21, 2008, to all stockholders entitled to vote at the Annual Meeting.

Questions and Answers

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: (1) the re-election of two directors to serve on the Company's Board of Directors until the 2011 Annual Meeting of Stockholders; (2) amendment and restatement of the Certificate of Incorporation as proposed by the Board of Directors; (3) ratify the appointment of Grant Thornton LLP as the Company's independent accountants for 2008; and 4) such other matters as may properly come before the Annual Meeting or any adjournment or postponement thereof.

2. How does the Board recommend that I vote on the proposals?

The Board of Directors recommends a vote FOR each proposal.

3. How do I vote?

Sign and date each proxy card you receive and return it in the postage-paid envelope prior to the Annual Meeting.

4. Can I revoke my proxy?

You have the right to revoke your proxy at any time before the Annual Meeting by: (1) notifying the Secretary of the Company in writing; (2) voting in person; or (3) returning a later-dated proxy card.

5. Who will count the vote?

Computershare will count the votes and act as the inspector of election.

6. What shares are included on the proxy card(s)?

The shares on your proxy card(s) represent ALL of your shares. If you do not return your proxy card(s), your shares will not be voted unless you attend and vote at the meeting in person.

7. What does it mean if I get more than one proxy card?

If your shares are registered differently and are in more than one account, you will receive more than one proxy card. Sign and return all proxy cards to ensure that all 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, or if your shares are held in "street name," by contacting the broker or bank holding your shares.

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

Only holders of record of the Company's Acacia Research Acacia Technologies common stock (the "AR Acacia Technologies stock") as of the close of business on March 24, 2008, are entitled to notice of and to vote at the Annual Meeting. The AR Acacia Technologies stock is sometimes referred to as "Acacia common stock."

9. How many votes may be cast?

As of March 24, 2008, the record date for the Annual Meeting, 30,165,922 shares of AR Acacia Technologies stock, the only outstanding voting securities of the Company, were issued and outstanding. At the meeting, each outstanding share of AR Acacia Technologies stock will be entitled to one vote.

10. What is a "quorum" at the Annual Meeting?

A "quorum" is a majority of the outstanding shares entitled to vote. The shares may be present or represented by proxy. For the purposes of determining a quorum, shares held by brokers or nominees will be treated as present even if the broker or nominee does not have discretionary power to vote on a particular matter or if instructions were never received from the beneficial owner. These shares are called "broker non-votes." Abstentions will be counted as present for quorum purposes.

11. What vote is required to approve each proposal?

For the election of directors, once a quorum has been established, the nominees for director who receive the most votes will be elected directors of the Company. Votes withheld from any director, and any broker non-votes, will not be counted as a vote cast on such matter, although they will be counted for purposes of determining whether there was a quorum.

For approval of the amendment and restatement of the Certificate of Incorporation, the affirmative vote of a majority of the outstanding shares of the Company's stock is required. Shares that are not voted in favor of the amendment will be counted as a vote against the amendment.

For approval and ratification of Grant Thornton LLP, the affirmative vote of a majority of votes cast regarding the proposal is required.

12. What happens if I abstain?

Proxies marked "abstain" will be counted as shares present for the purpose of determining the presence of a quorum, but for purposes of determining the outcome of a proposal, shares represented by such proxies will not be treated as affirmative votes. For proposals requiring an affirmative vote of a majority of the outstanding shares entitled to vote or a majority of the shares present, an abstention is equivalent to a "no" vote.

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

Although the Company does 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 proxy card gives authority to the proxy holders, Paul R. Ryan and Edward J. Treska, to vote on such matters at their discretion.

14. Who are the largest principal stockholders?

For information regarding holders of more than 5% of the Company's outstanding common stock, see "Security Ownership of Certain Beneficial Owners and Management."

15. Who will bear the cost of this solicitation?

The Company will bear the entire cost of the solicitation. The Company 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 stockholders. Proxies may also be solicited in person, by telephone, or by facsimile by directors, officers and employees of the Company without additional compensation. The Company has retained Georgeson, Inc. to perform various solicitation services. The Company will pay Georgeson, Inc. a fee of \$6,000, plus phone and other related expenses, in connection with their solicitation services.

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

PROPOSAL NO. 1:

ELECTION OF DIRECTORS

General

The Company's Bylaws 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 number of directors at six. The Company's Board of Directors (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 the Company's stockholders.

The Board has nominated Edward W. Frykman and William S. Anderson for re-election at the Annual Meeting to a term of office expiring in 2011. The nominees have agreed to serve if elected, and management has no reason to believe that the nominees will be unavailable for service. If any nominee of the Company is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for such other nominees as may be designated by the present Board.

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

Name	Age	Director Since	Positions with the Company
Paul R. Ryan	62	1995	Chairman and Chief Executive Officer
Robert L. Harris, II	49	2000	President and Director
William S. Anderson*^	50	2007	Director
Fred A. deBoom*+^	72	1995	Director
Edward W. Frykman*+^	71	1996	Director
G. Louis Graziadio, III+^	58	2002	Director

* Member of the Audit Committee

+ Member of the Compensation Committee

^ Member of the Nominating and Governance 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 Nominees (Class II)

Edward W. Frykman has served as a director since April 1996. Mr. Frykman has been an Account Executive with Crowell, Weedon & Co. since 1992. Previously, 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. Mr. Frykman serves as a director of Arrowhead Research Corp. Mr. Frykman holds a BSBA degree from the University of Florida.

William S. Anderson has been a director since August 2007. Mr. Anderson is Chairman and Chief Executive Officer of First Beverage Capital (founded in November, 2004), a company dedicated to sale-leaseback transactions and other real estate capital solutions for the beverage industry. From 1991 through 2004, Mr. Anderson was Executive

Vice-President of Topa Equities, Ltd., a diversified holding company and family business. Prior to joining Topa, he was an attorney with OMelveny & Myers in Los Angeles. Mr. Anderson has served on the Board of Directors of 1st Century National Bank, since 2005 and Topa Insurance Company, since 1995. Since the fall of 2006, Mr. Anderson has served as Board Advisor to New Belgium Brewing Company. He has also served on the Advisory Boards of Lineage Capital Partners and PGP Capital Advisors, since 2005 and 2003 respectively. Mr. Anderson was Vice-Chairman of the Board of Southland Title Company, a Director of Mellon First Business Bank and a Trustee of the Provident Investment Counsel Mutual Funds.

Directors with Terms Expiring in 2009 (Class III)

Paul R. Ryan has served as a director since August 1995, as Chief Executive Officer since January 1997 and as Chairman since April 2000. He also served as President of the Company from January 1997 until July 2000. Prior to being named Chief Executive Officer, he was Executive Vice President and Chief Investment Officer of the Company from 1996 through 1997 and Vice President, Capital Management, of the Company from 1995 through 1996. He was formerly co-founder and general partner of the American Health Care Fund, L.P., held positions with Young & Rubicam, Ogilvy & Mather, and Merrill Lynch and was a private venture capital investor. Mr. Ryan holds a B.S. from Cornell University and attended the New York University Graduate School of Business.

G. Louis Graziadio, III has been a director since February 2002. Mr. Graziadio serves as President of Second Southern Corp., the managing partner of Ginarra Partners, L.L.C., a California company engaged in a wide range of investment activities and business ventures, since 1990. He also serves as Chairman and Chief Executive Officer of Boss Holdings, Inc., which operates primarily in the work gloves and protective wear business, since 1996. Mr. Graziadio also serves as a director of True Religion Apparel Inc., Rosetta Resources Inc., and Western Metals, Inc.

Directors with Terms Expiring in 2010 (Class I)

Robert L. Harris, II has served as a director since April 2000 and as President since July 2000. Mr. Harris was previously the President and Director of Entertainment Properties Trust from 1997 to July 2000. Mr. Harris founded Entertainment Properties Trust, a publicly-traded company that purchases real estate from major entertainment companies. Mr. Harris led the International Division and served as Senior Vice President of AMC Entertainment from 1993 to 1997, and served as President of Carlton Browne and Company, Inc., a holding company and trust with assets in real estate, insurance and financial services, from 1984 to 1992. Mr. Harris serves as a director of True Religion Apparel Inc.

Fred A. deBoom has served as a director since February 1995. Mr. deBoom serves as a Director of Pacific Coast National Bank and serves as the Vice Chairman of the bank's credit committee. Mr. deBoom has been a principal in Sonfad Associates since 1995. Sonfad Associates is 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 and lease financing. Previously, he was employed as a Vice President of Tokai Bank for five years and as a Vice President of Union Bank for eight years. Mr. deBoom received his B.A. degree from Michigan State University and his M.B.A. degree from the University of Southern California.

Board Meetings and Committees

The Board of Directors held a total of six meetings during the fiscal year ended December 31, 2007. During that period, no incumbent director attended fewer than 75% of the sum of the total number of meetings of the Board of Directors and the total number of meetings of all committees of the Board of Directors on which that director served. Mr. Anderson was appointed to the Board on August 15, 2007. From that date through the end of the fiscal year, the Board and the Audit Committee each held two meetings. Mr. Anderson attended one Board meeting and one Audit Committee Meeting. The Board of Directors has an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and a Disclosure Committee. The Board of Directors has adopted charters for each of these committees; each of the charters may be viewed on our website at www.acaciaresearch.com.

Audit Committee. The Audit Committee currently consists of Fred A. deBoom, Edward W. Frykman and William S. Anderson, each of whom is independent under the listing standards of the NASDAQ Stock Market. The Audit Committee is responsible for retaining, evaluating and, if appropriate, recommending the termination of the Company's independent registered public accounting firm and is primarily responsible for approving the services performed by the Company's independent registered public accounting firm and for reviewing and evaluating the

Company's accounting principles, financial reporting practices, and system of internal accounting controls. The Audit Committee held five meetings during the fiscal year ended December 31, 2007. The Audit Committee is also responsible for maintaining communication between the Board of Directors and the Company's independent registered public accounting firm.

The Board has determined that Mr. deBoom is an audit committee financial expert as defined by Item 401(h) of Regulation S-K of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Compensation Committee. The Compensation Committee currently consists of Fred A. deBoom, Edward W. Frykman and G. Louis Graziadio, III, each of whom is independent under the listing standards of the NASDAQ Stock Market. The Compensation Committee held eight meetings during the fiscal year ended December 31, 2007.

The Company's 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 of Directors as well as administering the 2002 Acacia Technologies Stock Incentive Plan and the 2007 Acacia Technologies Stock Incentive Plan. In making decisions regarding executive compensation, the Compensation Committee considers the input of the Company's management and other directors.

For more information on the responsibilities and activities of the Compensation Committee, including the committees processes for determining executive compensation, see Compensation Discussion and Analysis,

Nominating and Governance Committee. The Nominating and Governance Committee currently consists of William S. Anderson, Fred A. deBoom, Edward W. Frykman and G. Louis Graziadio, III, each of whom is independent under the listing standards of the Nasdaq Stock Market. The Nominating and Governance Committee recommended director nominees to the Board of Directors for election at the 2008 annual meeting of stockholders on February 19, 2008. The Nomination and Governance Committee held one meeting during the fiscal year ended December 31, 2007. 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 the Companys corporate governance processes, and its governance principles, including such issues as the Boards organization, membership terms, and the structure and frequency of Board meetings, and recommend appropriate changes to the Board;

- Administer the Company's 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 Committee shall discuss with management their compliance with the corporate Codes of Conduct, including any insider and affiliated party transactions, and the Company's procedures to monitor compliance throughout the Company with the corporate Codes of Conduct;

- Review periodically with the Company's 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 Company 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 Boards performance and procedures, including an evaluation of individual

directors, and of the Boards 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.

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 candidates 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 the success of the Company;

the independence requirements imposed by the Securities and Exchange Commission and the Nasdaq Stock Market; and

a background that provides a portfolio of experience and knowledge commensurate with the Companys needs.

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, 500 Newport Center Drive, 7th 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 February 15, 2008, in accordance with our 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 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, the 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.

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Disclosure Committee. The Disclosure Committee currently consists of Clayton J. Haynes, Chief Financial Officer; Robert Stewart, Sr. Vice President of Investor Relations; Edward J. Treska, Corporate Secretary; and Cheryl Willeford, corporate paralegal. The Disclosure Committee is primarily responsible for oversight of the accuracy and timeliness of the disclosures made by the Company. The Disclosure Committee held four meetings during the fiscal year ended December 31, 2007.

Codes of Conduct

The Company has 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 officers, directors and employees of the Company, including the Company's 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 of Directors. Any waiver of these Codes of Conduct for any of the Company's 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.

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, 500 Newport Center Drive, 7th 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 the Company's 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 the Company does not have a formal policy regarding director attendance at annual stockholder meetings, directors are expected to attend these meetings absent extenuating circumstances. Each current director of the Company attended last year's annual meeting of stockholders except for Mr. Anderson who was not a director at the time of the annual meeting.

Director Compensation

Directors who are also employees of the Company receive no separate compensation from the Company for their service as members of the Board. Prior to fiscal year 2008, non-employee directors received a non-discretionary annual grant of options to purchase 15,000 shares of AR Acacia Technologies stock at an exercise price equal to the closing market price on the date of grant. The options vested in four equal quarterly installments over the 12-month period measured from the grant date.

Commencing in fiscal 2008, in lieu of the option grants described above, each non-employee director receives an annual grant of restricted stock units (RSUs) that entitle the non-employee director to receive, upon vesting as described below, the number of shares determined by dividing the annual retainer, as described below, by the closing price of the common stock on the grant date, provided that such individual has served as a non-employee director for at least 6 months. In addition, as of May 15, 2007, each new non-employee director will receive a one time grant of RSUs upon becoming a director for the number of shares determined by dividing the annual Board retainer by the closing price of the common stock on the grant date subject to the same 12-quarter vesting schedule. The RSUs vest in a series of twelve quarterly installments over the three year period following the grant date, subject to immediate acceleration upon a change in control. The Company will deliver shares corresponding to the vested RSUs within thirty (30) days after the first to occur of the following events: (i) the fifth (5th) anniversary of the grant date; or (ii) termination of the non-employee directors service as a member of the Companys Board of Directors. The non-employee director may elect, in writing at least twelve (12) months prior to a Delivery Date, to defer the Delivery Date until any later date (which such date is at least five years after the original Delivery Date). The non-employee directors do not have any rights, benefits or entitlements with respect to any shares unless and until the shares have been delivered. On or after delivery of the shares, the non-employee director shall have, with respect to the shares delivered, all of the rights of a stockholder of the Company, including the right to vote the shares and the right to receive all dividends, if any, as may be declared on the shares from time to time. The Company, in its sole discretion, and in compliance with any applicable legal conditions or restrictions, may withhold from shares otherwise deliverable a number of whole shares having a Fair Market Value, as determined by the Company as of the date of delivery, not in excess of the amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid adverse financial accounting treatment). Any adverse consequences to the non-employee director arising in connection with such share withholding procedure shall be the non-employee directors sole responsibility. Unless the tax withholding obligations of the Company are satisfied, the Company shall have no obligation to issue a certificate for such shares.

Beginning May 15, 2007, non-employee directors receive compensation in the amount of \$3,000 per month for their service as members of the Board, which monthly retainer will be subject to pro rata deduction if a director fails to attend at least 75% of our Board meetings. In addition, the chairman of the Audit Committee receives compensation in the amount of \$500 per month for his services. Prior to May 15, 2007, the monthly retainer amount was \$1,500. Effective May 15, 2007, non-employee directors no longer receive compensation for each meeting of the Board or of any committee of the Board such director attended. Prior to May 15, 2007 non-employee directors received \$1,000 for each meeting of the Board or of any committee of the Board attended in person, \$1,000 for each meeting attended by telephone that was longer than one hour in length, and \$500 for each meeting attended by telephone if the meeting was one hour or less in length. No compensation was received for each Compensation or Nominating and Corporate Governance Committee meeting attended that immediately preceded or followed a meeting of the Board.

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.

2007 DIRECTOR COMPENSATION TABLE

The following table provides information on 2007 compensation for non-employee directors who served during 2007.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(2)	Option Awards \$(2)(3)(4)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Thomas B. Akin	21,000	-	72,478	-	-	-	93,478
William S. Anderson	15,000	4,543(1)	-	-	-	-	19,543
Rigdon Currie	22,500	-	72,478	-	-	-	94,978
Fred A. deBoom	39,000	-	134,465	-	-	-	173,465
Edward W. Frykman	37,000	-	134,465	-	-	-	171,465
G. Louis Graziadio, III	34,000	-	134,465	-	-	-	168,465

(1)Reflects 3,217 restricted stock units granted to Mr. Anderson upon his appointment to our Board of Directors on August 15, 2007. The number of restricted stock units was determined by dividing the annual \$36,000 Board retainer by the closing price of the common stock on the grant date. The closing price on August 15, 2007 was \$11.19.

(2)Amounts shown do not reflect compensation actually received by the directors. Instead, the amounts shown are the compensation costs recognized by the Company in its 2007 consolidated financial statements, for option and restricted stock unit awards, as determined pursuant to Statement of Financial Accounting Standards No. 123R (FAS 123R). The assumptions used to calculate the value of option awards are set forth under Note 2 to the Consolidated Financial Statements included in the Companys Annual Report on Form 10-K for fiscal 2007 filed with the SEC on March 14, 2008.

(3)Effective August 15, 2007, Mr. Akin and Mr. Currie resigned from our Board of Directors. As of December 31, 2007, neither Mr. Akin nor Mr. Currie held options to purchase AR Acacia Technologies common stock. As of December 31, 2007, the following non-employee directors had options to purchase the following number of shares of AR Acacia Technologies common stock: Fred deBoom: 101,400 shares; Edward Frykman: 95,600 shares; G. Louis Graziadio, III: 97,000 shares. As of December 31, 2007, William S. Anderson held 3,217 restricted stock units.

(4)

Reflects the non-discretionary annual grants on the first business day of each year of options to purchase 15,000 shares of AR Acacia Technologies while serving as members of the Board. All such grants are at an exercise price equal to the closing market price on the date of grant. The closing prices for AR Acacia Technologies stock on January 3, 2007 was \$13.38. The options vest in four equal quarterly installments over the 12-month period measured from the grant date. No other stock option grants were made to the non-employee directors during 2006 and 2007.

Required Vote

The nominees for Class II directors who receive the greatest number of affirmative votes will be elected to the Board of Directors.

The Board of Directors recommends that the stockholders vote FOR the two nominees listed above. Proxies received will be voted FOR each of the nominees unless stockholders specify otherwise in the Proxy.

PROPOSAL NO. 2:

PROPOSAL TO AMEND AND RESTATE THE COMPANYS
CERTIFICATE OF INCORPORATION

The stockholders are being asked to approve an amendment to the Companys Certificate of Incorporation to eliminate references to Acacia Research-CombiMatrix common stock (AR-CombiMatrix stock) and all provisions relating to the rights and obligations pursuant to the AR-CombiMatrix stock. The Board of Directors recommends this amendment to eliminate the provisions of the Certificate of Incorporation which are no longer applicable and no longer accurately reflect the capital structure of the Company after the consummation of the split-off of CombiMatrix Corporation on August 15, 2007.

In January 2006, our Board of Directors approved a plan for its wholly owned subsidiary, CombiMatrix Corporation, to become an independent public company. CombiMatrix Corporation was subsequently split-off from Acacia Research Corporation through the redemption of all outstanding shares of AR-CombiMatrix Corporation stock and the distribution of new shares of CombiMatrix Corporation, on a pro-rata basis, to the holders of AR-CombiMatrix stock.

Prior to the split-off transaction, Acacia Research Corporation had two classes of common stock outstanding--its Acacia Research-Acacia Technologies common stock (AR-Acacia Technologies stock) and its AR-CombiMatrix stock. Subsequent to the consummation of the split-off transaction, Acacia Research Corporations only class of common stock outstanding is its AR-Acacia Technologies stock.

Currently the Certificate of Incorporation provides for the two classes of common stock described above even though only one class exists. The proposed amendment to the Certificate of Incorporation would eliminate all references to AR-CombiMatrix stock including the elimination of dividend, distribution, conversion, redemption, voting, and liquidation rights of AR-CombiMatrix stock. As a result, the name of AR-Acacia Technologies stock will change to common stock, and it will be the only class of common stock with dividend, distribution, voting and liquidation rights. Additionally, AR-Acacia Technologies stock will no longer be subject to conversion to AR-CombiMatrix stock or redemption to effect a split off because these terms were unique to the tracking stock that has been eliminated. Because AR-Acacia Technologies stock will be the only existing class of common stock, the proposed amendment would also eliminate the equation necessary to calculate the voting rights of AR-Acacia Technologies stock and provide that each share of common stock will be entitled to one vote.

The Board of Directors has adopted resolutions approving the advisability of the proposed amendment to the Companys Certificate of Incorporation. The proposed amendment is set forth in Appendix A.

Required Vote

The affirmative vote of a majority of the issued and outstanding shares entitled to vote is required to ratify the amendment to the Certificate of Incorporation.

The Board of Directors recommends that the stockholders vote FOR the ratification of the amendment to the Certificate of Incorporation. Proxies received will be so voted unless stockholders specify otherwise in the proxy.

PROPOSAL NO. 3:

RATIFICATION OF INDEPENDENT ACCOUNTANTS

The firm of Grant Thornton LLP, the Company's independent accountants for the year ended December 31, 2007, was recommended by the Audit Committee, whose selection was approved by the Board of Directors, to act in such capacity for the fiscal year ending December 31, 2008, subject to ratification by the stockholders.

If the stockholders of the Company do not ratify the selection of Grant Thornton LLP, or if such firm should decline to act or otherwise become incapable of acting, or if the Company's employment of Grant Thornton LLP should be discontinued, the Board of Directors, on the recommendation of the Audit Committee, will appoint substitute independent accountants. 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 favorable vote of a majority of votes cast regarding the proposal is required to ratify the appointment of Grant Thornton LLP.

The Board of Directors recommends that the stockholders vote FOR the ratification of the appointment of Grant Thornton LLP to serve as the Companys independent accountants for the fiscal year ending December 31, 2008. Proxies received will be so voted unless stockholders specify otherwise in the proxy.

OTHER MATTERS

The Company knows of no other matters to be submitted to the stockholders at the Annual Meeting. If any other matters properly come before the stockholders at the Annual Meeting, it is the intention of the persons named on the enclosed proxy card to vote the shares they represent as the Board of Directors may recommend.

SECURITY OWNERSHIP OF CERTAIN

BENEFICIAL OWNERS AND MANAGEMENT

The following tables set forth certain information known to the Company with respect to the beneficial ownership of the Companys common stock as of March 24, 2008, by (i) all persons known to the Company to beneficially own five percent (5%) or more of either class of the Companys common stock, (ii) each director of the Company, (iii) the executive officers named in the Summary Compensation Table of the Executive Compensation and Related Information section of this Proxy Statement, and (iv) all current directors and executive officers as a group.

Beneficial Owner	Amount and Nature of Beneficial Ownership of AR	
	Acacia Technologies stock	Percent of Class(1)
Directors and Executive Officers(2)		
Paul R. Ryan (3)	1,608,327	5.1%
Robert L. Harris, II (4)	1,236,335	4.0%
Robert A. Berman	0	*
William S. Anderson (5)	13,217	*
Fred A. deBoom (6)	130,947	*
Edward W. Frykman (7)	119,737	*
G. Louis Graziadio, III (8)	101,147	*
Amit Kumar, Ph.D.	21,100	*
Clayton J. Haynes (9)	221,599	*
Dooyong Lee (10)	774,011	2.5%
Edward J. Treska (11)	125,000	*
All Directors and Executive Officers as a Group (eleven persons) (11)	4,351,420	13.0%

*

Less than one percent

- (1) The percentage of shares beneficially owned is based on 30,165,922 shares of AR Acacia Technologies stock outstanding as of March 24, 2008. Beneficial ownership is determined under rules and regulations of the Securities and Exchange Commission ("SEC"). Shares of common stock subject to options that are currently exercisable, or exercisable within 60 days after March 24, 2008, are deemed to be outstanding and beneficially owned by the person holding such options for the purpose of computing the number of shares beneficially owned and the percentage ownership of such person, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. Except as indicated in the footnotes to this table, and subject to applicable community property laws, the Company believes that such persons have sole voting and investment power with respect to all shares of the Companys common stock shown as beneficially owned by them.
- (2) The address for each of the Company's directors and executive officers is the Company's principal offices, Acacia Research Corporation, 500 Newport Center Drive, Newport Beach, California 92660.
- (3) Includes 9,000 shares of AR Acacia Technologies Stock held by Mr. Ryans daughter and 1,173,088 shares of AR Acacia Technologies stock issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days of March 24, 2008.
- (4)

Includes 1,121,335 shares of AR Acacia Technologies stock issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days of March 24, 2008 and 20,000 shares of AR Acacia Technologies stock held by the R&S Harris Trust, of which Mr. Harris is a Trustee.

- (5) Includes 3,217 Restricted Stock Units.
- (6) Includes 101,400 shares of AR Acacia Technologies stock issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days of March 24, 2008 and 4,147 Restricted Stock Units.
- (7) Includes 90,600 shares of AR Acacia Technologies stock issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days of March 24, 2008 and 4,147 Restricted Stock Units.
- (8) Includes 97,000 shares of AR Acacia Technologies stock issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days of March 24, 2008 and 4,147 Restricted Stock Units.
- (9) Includes 187,070 shares of AR Acacia Technologies stock issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days of March 24, 2008.
- (10) Includes 491,665 shares of AR Acacia Technologies stock issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days of March 24, 2008.
- (11) Includes 102,500 shares of AR Acacia Technologies stock issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days of March 24, 2008.
- (12) Includes 3,364,658 shares of AR Acacia Technologies stock issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days of March 24, 2008 and 15,658 Restricted Stock Units issued to independent directors.

Beneficial Owner	Amount and Nature of Beneficial Ownership of AR - Acacia Technologies stock				Percent of Class(1)
	Sole Voting Power	Shared Voting Power	Sole Investment Power	Shared Investment Power	
5% Stockholders					Total
Apex Capital, LLC(2)	0	3,532,600	0	3,532,600	3,532,600 11.71%
Sanford J. Colen(2)	45,000	3,532,600	45,000	3,532,600	3,577,600 11.86%
Daniel S. Katz(2)	164,000	3,532,600	164,000	3,532,600	3,696,600 12.25%
FMR LLC(3)	0	0	1,562,900	0	1,562,900 5.18%
Edward C. Johnson III (3)	0	0	1,562,900	0	1,562,900 5.18%
Kingdon Capital Management, LLC(4)	0	1,700,000	0	1,700,000	1,700,000 5.18%
Mark Kingdon(4)	0	1,700,000	0	1,700,000	1,700,000 5.64%

*

Less than one percent

- (1) The percentage of shares beneficially owned is based on 30,165,922 shares of AR Acacia Technologies stock a outstanding as of March 24, 2008. Beneficial ownership is determined under rules and regulations of the Securities and Exchange Commission ("SEC").
- (2) The same 3,532,600 shares of AR-Acacia Technologies stock are beneficially owned by Apex Capital, LLC, Sanford J. Colen and Daniel S. Katz, and are reported separately for each in accordance with Item 403 of Regulation S-K. Apex Capital, LLC, is a registered investment advisor whose clients have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the AR Acacia Technologies stock. Mr. Colen is the Manager of Apex Capital, LLC, and has sole voting and dispositive power with respect to 45,000 shares of AR Acacia Technologies stock. Mr. Katz is a portfolio manager of Apex Capital, LLC, and has sole voting and dispositive power with respect to 164,000 shares of AR Acacia Technologies stock. The information reported is based solely on a Schedule 13G filed jointly by Apex Capital, LLC, Sanford J. Colen and Daniel S. Katz on February 14, 2008. According the Schedule 13G, the address for Apex Capital, LLC, Sanford J. Colen and Daniel S. Katz is 25 Orinda Way, Suite 300, Orinda, California 94563.
- (3) The same 1,562,900 shares of AR-Acacia Technologies stock are beneficially owned by FMR LLC and Edward C. Johnson III, and are reported separately for each in accordance with Item 403 of Regulation S-K. The information reported is based solely on a Schedule 13G filed by FMR LLC with the SEC on February 14, 2008. According to such Schedule 13G, the address for FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109.
- (4) The same 1,700,000 shares of AR-Acacia Technologies stock are beneficially owned by Kingdon Capital Management, LLC and Mark Kingdon, and are reported separately for each in accordance with Item 403 of Regulation S-K. The information reported is based solely on a Schedule 13G filed by Kingdon Capital Management, LLC and Mark Kingdon with the SEC on November 21, 2007. According to such Schedule 13G, the address for Kingdon Capital Management, LLC and Mark Kingdon is 152 West 57th Street, 50th Floor, New York, New York 10019.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

Compensation Discussion and Analysis

This section discusses the principles underlying our executive compensation policies and decisions and the most important factors relevant to an analysis of these policies and decisions. It provides qualitative information regarding the manner and context in which compensation is awarded to and earned by our executive officers and places in perspective the data presented in the narrative and tables that follow.

Overview

Objectives of Compensation Program. The objective of our compensation program for our executive officers is to motivate and reward fairly those individuals who perform over time at or above the levels that we expect and to attract, as needed, individuals with the skills necessary to achieve our objectives. Our compensation program is also designed to reinforce a sense of ownership and urgency and to link rewards to measurable corporate performance goals.

Our executive officers compensation currently has four primary components:

base salary;

cash bonuses;

stock awards granted under our stock incentive plan;

employee benefits and perquisites.

Determination of Our Compensation Program. We have no public company peers with which to compare our compensation program. For our business, we rely on highly qualified and talented employees who have worked in technology companies to execute our business model and, thus, our compensation program is patterned on those of technology companies in order to attract and retain talented employees who may have opportunities in technology companies.

Determining the Elements of Our Compensation Program. Our compensation program consists of two general elements: a fixed portion of compensation to retain and provide a base level of compensation to our employees and a performance element to incentivize our employees to achieve superior corporate performance. The fixed portion of our compensation program consists of the base salary, cash bonus and, in part, the grant of restricted stock. The performance element of our compensation program consists of the award of stock options and the grant of restricted stock. In addition, we believe the grant of stock awards helps us to align the interests of our executive officers with the interests of our stockholders.

Determining the Amounts of Each Element of Our Compensation Program. In determining the total amount and mixture of the compensation for each of our executive officers, our compensation committee and our Board of Directors subjectively consider the overall value to us of each executive in light of numerous factors such as competitive position, individual performance, including past and expected contribution to our goals of each executive officer, and our long-term needs and goals, including attracting and retaining key management personnel. Our compensation committee reviews the performance of each executive officer annually and determines whether the executive officer should receive any increase in base salary or receive a stock award based on such evaluation. Since we do not have a peer group of comparable public companies in our industry, we do not determine compensation based on surveys of other companies compensation.

Role of Compensation Committee and CEO. The compensation committee of our Board of Directors has responsibility for reviewing, approving and determining the compensation of our executive officers. Annually, our compensation committee evaluates the performance of the CEO and determines the CEO's compensation in light of the goals and objectives of the compensation program. Our CEO assists our compensation committee in reaching compensation decisions with respect to the named executives other than the CEO. The other named executives do not play a role in their own compensation determination, other than discussing individual performance objectives with the CEO. If our compensation committee considers it appropriate, it may increase our executive officers' base salary or provide for additional stock awards.

Role of Compensation Consultant. In the past we have not used a compensation consultant to assist us in determining compensation. In 2007, our compensation committee engaged Cadwalader, Wickersham & Taft, a law firm, to review the adequacy of our current stockholder approved 2002 stock plans in light of the growth of the Company and make recommendations regarding the 2007 AR Acacia Technologies stock plan, which was approved by stockholders at our 2007 annual meeting. The compensation consultant also reviewed and made recommendations regarding the incentive compensation of our independent directors.

Tax Deductibility of Compensation. Section 162(m) of the Internal Revenue Code of 1986, as amended, imposes a \$1 million limit on the amount that a public company may deduct for compensation paid to the companys CEO or any of the companys four other most highly compensated executive officers who are employed as of the end of the year. This limitation does not apply to compensation that meets the requirements under Section 162(m) for qualifying performance-based compensation (i.e., compensation paid only if the individuals performance meets pre-established objective goals based on performance criteria approved by the stockholders). For 2007, our executive officers did not receive compensation in excess of \$1 million. Generally, while we seek to maximize the deduction of our executive officers, because we compensate our executive officers in a manner designed to promote our varying corporate goals, our compensation committee has not adopted a policy requiring all compensation to be deductible.

Discussion of Specific Components of Our Compensation Program.

Base Salary. Our compensation committee will periodically review (usually annually) the individual base salaries of the executive officers, and adjust salaries based on individual job performance and changes in the officer's duties and responsibilities. In making salary decisions, our compensation committee exercises its discretion and judgment based on these factors. No specific formula is applied to determine the weight of each performance factor in determining base salary.

Cash Bonuses. We pay to all of our employees, including our executive officers, a cash bonus at the end of each calendar year equal to one weeks base salary. In addition, our named executive officers are eligible to receive annual cash bonuses based upon merit as determined by the Compensation Committee. To date, no annual cash bonus has exceeded 30% of annual salary.

Equity Compensation. We grant both stock options and restricted stock to our employees, including our executive officers. Both awards vest over a one to three year period based on the award recipients continued service to us. We believe the options and restricted stock align our executive officers interests with those of our stockholders, help to retain our executive officers (because of the vesting schedule) and encourage our executive officers to increase the value of our corporate enterprise. Over the past three years, the company has moved toward grants of restricted stock rather than stock options.

Benefits and Perquisites. Our executive officers participate in the employee benefits that are available to all employees.

Severance and Change of Control Payments. Our Board of Directors is determined to provide our executive officers with severance and change of control arrangements in order to mitigate some of the risk that exists for our executive officers. These arrangements are intended to attract and retain qualified executives who have alternatives that may appear to them to be less risky absent these arrangements, and mitigate a potential disincentive for the executives to pursue and execute an acquisition of us, particularly where the services of these executive officers may not be required by the acquirer. For quantification of these severance and change of control benefits, please see the discussion under Executive Compensation Severance and Change of Control Agreements below.

Protecting the Companys Interests. Each of our executive officers has provided that the executive officer will keep our confidential information in strict confidence. These covenants are in effect during the executive officers employment with us and do not expire after a termination of the executive officers service to us.

Compensation Committee Report

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Companys Proxy Statement for the year ended December 31, 2007.

Submitted by:

Fred A. deBoom
Edward W. Frykman
G. Louis Graziado, III

Executive Officers

The table below provides information concerning the executive officers of the Company as of the date of this Proxy Statement.

Name	Age	Positions with the Company
Paul R. Ryan	62	Chairman and Chief Executive Officer
Robert L. Harris, II	49	President
Clayton J. Haynes	38	Chief Financial Officer, Treasurer and Senior Vice President, Finance
Dooyong Lee	47	Executive Vice President
Edward J. Treska	42	Secretary

The following is biographical information and a brief description of the capacities in which each of the executive officers has served during the past five years. Biographical information on Messrs. Ryan and Harris are set forth above under "Proposal No. 1: Election of Directors."

Clayton J. Haynes joined the Company in April 2001 as Treasurer and Senior Vice President, Finance. In November 2001, Mr. Haynes was appointed Chief Financial Officer of the Company. From 1992 to March 2001, Mr. Haynes was employed by PricewaterhouseCoopers LLP, ultimately serving as a Manager in the Audit and Business Advisory Services practice. Mr. Haynes received a B.A. from the University of California at Los Angeles and is a Certified Public Accountant.

Dooyong Lee joined the Company in January 2005 as Executive Vice President. From 2003 to January, 2005, Mr. Lee was Chief Operating Officer of Global Patent Holdings LLC/TechSearch LLC, a privately held patent holding company whose assets were acquired by the Company in January, 2005. From 2000 to 2003, Mr. Lee was President of LPS Group, a patent licensing company founded under Information Holdings Inc. (now part of The Thomson Corporation, NYSE:TOC). Prior to LPS Group, Mr. Lee co-founded FRI, an intellectual property consulting firm, then under the sponsorship of Fish & Richardson, PC. Prior to LPS Group, Mr. Lee was a licensing executive at AT&T Bell Laboratories/Lucent Technologies. Mr. Lee started his career as a Member of the Technical Staff at AT&T Bell Labs in 1984. Mr. Lee holds a B.A. from Oberlin College and an M.S. from the University of California at Berkeley.

Edward J. Treska joined the Company in April 2004 as Vice President. Mr. Treska was previously General Counsel, Director of Patents and Licensing for SRS Labs, Inc. between 1996 and 2004, a technology licensing company specializing in audio enhancement. Prior to joining SRS Labs, Mr. Treska practiced law at the intellectual property law firm of Knobbe, Martens, Olson & Bear and prior to law school was a design engineer with the former TRW Space & Technology Group. Mr. Treska is a registered patent attorney who holds a B.S. degree in Electrical Engineering from Colorado State University and a J.D. degree from the University of San Diego School of Law.

Summary Compensation

The following table sets forth information concerning all cash and non-cash compensation earned for services rendered in all capacities to the Company during the last fiscal year for (a) the Company's Principal Executive Officer and Principal Financial Officer and (b) the three most highly compensated executive officers, other than the Principal Executive Officer and Principal Financial Officer. The listed individuals are referred to as our "Named Executive Officers."

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Paul R. Ryan Chairman and Chief Executive Officer	2007	331,473	96,499	273,813	86,743	-	-	-	788,528
	2006	314,452	6,189	83,857	208,270	-	-	-	612,768
Robert L. Harris, II President	2007	325,513	96,381	273,813	86,256	-	-	-	781,963
	2006	308,797	6,078	83,857	207,833	-	-	-	606,565
Robert A. Berman (3) Chief Operating Officer General Counsel, Secretary	2007	86,539	50,000	-	-	-	-	350,000	486,539
	2006	292,067	85,769	71,877	214,125	-	-	-	663,838
Amit Kumar, Ph.D. (4) Chief Executive Officer President of CombiMatrix	2007	267,861	-	-	310,145	-	-	-	578,006
	2006	414,413	-	-	571,915	-	-	-	986,328
Clayton J. Haynes Chief Financial Officer	2007	242,966	73,865	114,673	35,800	-	-	-	467,304
	2006	222,789	4,423	35,940	90,927	-	-	-	354,079

Dooyong Lee
(5)