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COMBIMATRIX FORMS DIAGNOSTICS SUBSIDIARY: COMBIMATRIX MOLECULAR DIAGNOSTICS

Subsidiary To Be Led By Senior Industry Executives

Newport Beach, Calif. – (BUSINESS WIRE) – May 10, 2005 – Acacia Research Corporation (NASDAQ: CBMX:ACTG) announced today that CombiMatrix Corporation has formed a wholly owned subsidiary, CombiMatrix Molecular Diagnostics, Inc. (“CMD”), to take advantage of CombiMatrix’s unique approach to microarray-based diagnostics. Matthew C. Watson will be Chief Executive Officer, and David A. Baunoch, Ph.D. will be President and Chief Operating Officer of CMD. Mr. Watson and Dr. Baunoch come to CMD from US LABS, which was recently acquired by Laboratory Corporation of America (NYSE:LH), where they were Vice President of Laboratory Operations and Vice President of Research and Development, respectively. Both executives bring to CMD more than 20 years of industry experience and an impressive track record of building successful companies.

“CombiMatrix believes DNA microarrays are the future of diagnostics and personalized medicine. Because these are the earliest days of this future, it is a time of exceptional opportunity. CombiMatrix has a unique approach to this opportunity, and we are moving now to capitalize on it through the formation of CMD,” said Dr. Amit Kumar, President and Chief Executive Officer of CombiMatrix. “Mr. Watson and Dr. Baunoch helped grow US LABS into one of the largest diagnostics laboratories in the country during their four-year tenure. Their expertise and CombiMatrix’s technology are, we believe, a dominant combination.”

“Molecular diagnostics is about to revolutionize the way illnesses are diagnosed and treated, and CMD will be at the forefront of this paradigm shift,” said Mr. Watson.

“CombiMatrix’s DNA microarray platform enables molecular diagnostics in a way that other array platforms cannot,” said Dr. Baunoch. “Utilizing this platform along with a variety of other molecular technologies, we intend to become the world’s leading molecular diagnostic company.”

CombiMatrix will host a webcast to discuss CMD’s business strategy on Monday, May 23, 2005 at 1:30 p.m. PST. The webcast will include a slide presentation and will be led by Dr. Kumar, Mr. Watson, and Dr. Baunoch. The call will be webcast by CCBN and will be linked via CombiMatrix’s website at <http://www.combimatrix.com>.

About Matt Watson, Chief Executive Officer:

Mr. Matt Watson has over 20 years of experience in the commercial clinical laboratory industry and brings to the company a combination of skills and experience critical to success in this role. Beginning his career at one of the nations largest reference laboratories, Nichols Institute (now Quest Diagnostics (NYSE: DGX), he also worked at Specialty Laboratories (NYSE: SP) before becoming Vice President of Operations for US LABS, a national cancer diagnostics laboratory. Mr. Watson helped US LABS increase revenues from \$16 million to \$73 million in 3 years, while improving gross profit margins from 20% to over 55%. This success led to the acquisition of US LABS by Laboratory Corporation of America (LabCorp) (NYSE: LH), the second largest clinical laboratory in the U.S. Mr. Watson has a B.S. degree in Biology from Eastern Connecticut State University and a Masters in Business Administration from The University of Hartford.

About David A. Baunoch, Ph.D., President and Chief Operating Officer:

Dr. David A. Baunoch has over 20 years experience in the commercial laboratory industry. Starting his training as a bench-level histology technologist, he received his Ph.D. from the Microbiology and Molecular Genetics program at Wayne State University, followed by a National Cancer Institute (NCI) Postdoctoral Fellowship in Breast Cancer Research at the Michigan Cancer Foundation. Dr. Baunoch served as an Assistant Professor in the Department of Pathology at the University of Chicago where he was Director of the Immunohistochemistry and Special Procedures Section and the Director of the Pathology Core Laboratory at the University of Chicago's Comprehensive Cancer Center. Dr. Baunoch later served as Director of New Product Development at Ventana Medical Systems (NASDAQ: VMSI), where he was the Project Manager for Several instrument and reagent programs. Dr. Baunoch later served in the role of Business Unit Manager for the Tissue Preparation Product Line with full P&L responsibility. In 2000, Dr. Baunoch joined US LABS as the Vice President of Operations, where he reorganized the clinical laboratory, eliminated unprofitable product lines, and closed poorly performing facilities. He later became Vice President of Research and Development, and was responsible for the introduction of a variety of successful clinical assays, including a gene expression profiling test to identify certain tumor types.

ABOUT ACACIA RESEARCH CORPORATION

Acacia Research Corporation comprises two operating groups: Acacia Technologies Group and CombiMatrix Group.

The CombiMatrix group is developing a platform technology to rapidly produce customizable arrays, which are semiconductor-based tools for use in identifying and determining the roles of genes, gene mutations and proteins. The CombiMatrix's group's technology has a wide range of potential applications in the areas of genomics, proteomics, biosensors, drug discovery, drug development, diagnostics, combinatorial chemistry, material sciences and nanotechnology.

The Acacia Technologies group develops, acquires, and licenses patented technologies. Acacia controls 30 patent portfolios, which include 128 U.S. patents, and certain foreign counterparts, covering technologies used in a wide variety of industries including audio/video enhancement & synchronization, broadcast data retrieval, computer memory cache coherency, credit card fraud protection, database management, data encryption & product activation, digital media transmission (DMT®), digital video production, dynamic manufacturing modeling, enhanced Internet navigation, image resolution enhancement, interactive data sharing, interactive television, Internet access redirection, interstitial Internet advertising, laptop docking station connectivity,

microprocessor enhancement, multi-dimensional bar codes, network data storage, resource scheduling, rotational video imaging and spreadsheet automation.

Acacia Research-Acacia Technologies (NASDAQ: ACTG) and Acacia Research-CombiMatrix (NASDAQ: CBMX) are both classes of common stock issued by Acacia Research Corporation and are intended to reflect the performance of the respective operating groups and are not issued by the operating groups.

Information about the Acacia Technologies Group and the CombiMatrix Group is available at www.acaciaresearch.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

This news release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These 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 in any forward-looking statements as a result of various factors and uncertainties, including the economic slowdown affecting technology companies, our ability to successfully develop products, rapid technological change in our markets, changes in demand for our future products, legislative, regulatory and competitive developments 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.