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FOR RELEASE
August 24, 2004

COMBIMATRIX'S STRATEGIC PARTNER NANOMATERIALS DISCOVERY CORPORATION ANNOUNCES DEPARTMENT OF DEFENSE AWARD FOR \$2.5 MILLION FOR NANOTECH FUEL CELLS

Newport Beach, Calif. – (BUSINESS WIRE) – August 24, 2004 – Acacia Research Corporation (Nasdaq: CBMX:ACTG) announced today that its CombiMatrix group's strategic partner, Nanomaterials Discovery Corporation (NDC), has been awarded \$2.5 million from the Department of Defense for the development of its fuel cell technology. NDC will utilize CombiMatrix's NanoArrays™ for the further discovery and optimization of a new class of fuel cells powered by high-energy materials such as propellants and explosives.

The technology developed by NDC under this program will be used to produce portable power devices for soldiers and enable development of miniature power supplies for fusing and arming munitions. Also envisioned are "self-sterilizing" smart land mines that render themselves harmless after a certain period of time for land mine remediation.

"CombiMatrix's NanoArray technology in conjunction with NDC's intellectual property and product development activities are a key element in rapidly commercializing this new class of fuel cells," said Dr. Don Montgomery, President and CEO of NDC. "The Department of Defense is one of the largest customers for energy storage and delivery devices and we are delighted that Congress has elected to support this important and innovative project."

"We are pleased that our partner NDC has been recognized through this DOD award," said Dr. Amit Kumar, President and CEO of CombiMatrix. "This work is very timely considering the recent increases in the price of oil. The work performed under this award will not only enable advancement in fuel cell technology, but will also enable land mine remediation tools."

ABOUT COMBIMATRIX'S NANOARRAYS™

CombiMatrix's NanoArrays™ technology, which integrates the advanced functionality and tremendous scalability of silicon integrated circuit technologies with nano-scale electrochemical reaction control, provides a versatile platform for nanotechnology development and commercialization. The CombiMatrix platform incorporates thousands to millions of independently addressable micro-electrodes on a semiconductor chip that allows for the parallel synthesis, immobilization, and measurement of very large numbers of molecules and materials.

ABOUT NANOMATERIALS DISCOVERY CORPORATION

Nanomaterials Discovery Corporation (NDC) was founded in 2003 to commercialize mature technologies and intellectual property developed by the Blue Sky Group Inc. of Laramie, Wyoming. NDC's patented high throughput screening technology and its highly parallel NanoAccess system produces and tests thousands of new nanomaterials every week. NDC uses state-of-the-art software to manage and to analyze the flood of information produced by the NanoAccess system.

NDC's nanotechnology development efforts are focused on fuel cell technologies, rechargeable battery technologies, OLED and flat panel display technologies and carbon nanotube composite materials. More information is available on the web at www.nanomaterialsdiscovery.com

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 active biochips, which are semiconductor-based tools for use in identifying and determining the roles of genes, gene mutations and proteins. CombiMatrix's technology has a wide range of applications including DNA synthesis/diagnostics, siRNA synthesis, drug discovery, and immunochemical detection. CombiMatrix provides DNA arrays to researchers under the CustomArray™ brand. CombiMatrix's Express TrackSM drug discovery program is a systems biology approach, using its technology, to target common viral diseases with siRNA compounds.

The Acacia Technologies Group develops, acquires, and licenses patented technologies. Acacia's DMT technology, which is supported by 5 U.S. and 31 foreign patents, relates to audio and audio/video transmission and receiving systems commonly known as audio-on-demand, video-on-demand, and audio/video streaming, and is used for distributing digital content via several means including Internet, cable, satellite and wireless systems.

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.