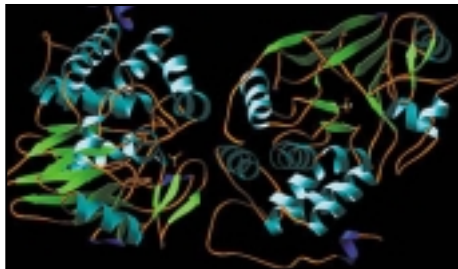


➤ 2003 **Annual Report**



Turning Genomics Into Breakthrough Drugs

➤ About

Array BioPharma

Array BioPharma is a drug discovery company creating new small molecule drugs through the integration of chemistry, biology and informatics. Our experienced scientists utilize a comprehensive set of drug discovery technologies—which we call the Array Discovery Platform®—to invent drugs in collaboration with leading pharmaceutical and biotechnology companies and for our own pipeline of proprietary drug candidates.

➤ The Array

Discovery Platform



Our mission is to be the most efficient inventor of high-quality small molecule drug candidates in the pharmaceutical industry. The Array Discovery Platform integrates advanced drug discovery technologies with experienced scientists to create valuable clinical candidates. We utilize predictive computational modeling to improve experimental design and optimize drug characteristics such as potency, specificity, dosing regimen and reduced side effects. Our proprietary electronic data capture,

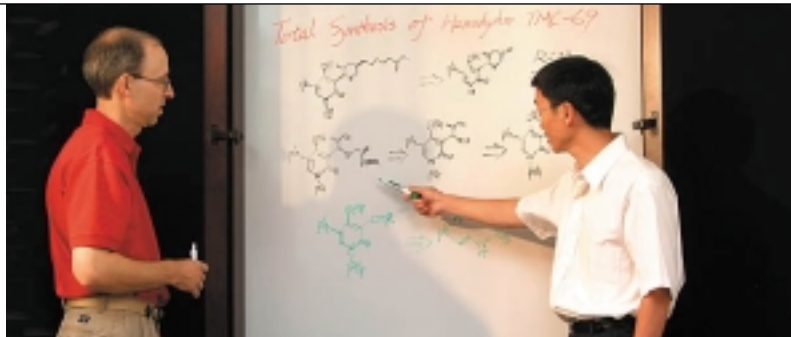
mining and analysis systems efficiently manage volumes of research data, making critical information instantly available to our scientists. This year, we completed the original design of the platform by adding pharmacology and cGMP manufacturing capabilities. Array's focus is on data quality, not quantity, creating superior drug candidates by improving scientific decision-making throughout the drug discovery process.



“Today, we are collaborating on, or have progressed into development, 27 distinct target programs. Seven of these programs have now advanced to preclinical testing, and we expect several to reach the clinic in the next 18 months. We also expect another program to enter Phase II clinical development this year.”

—David L. Snitman, Ph.D.

Chief Operating Officer and Vice President, Business Development



Collaborative Research

Pharmaceutical and biotechnology companies are under severe pressure to fill their clinical development pipelines with quality drug candidates. Our experienced scientific teams and proven track record of success in drug discovery make Array an ideal partner to provide these clinical candidates.

We create value through the synergy of our collaborators' knowledge of their drug targets and our small molecule drug discovery expertise. We continue to expand our partner relationships based on the successes we have demonstrated in meeting—and exceeding—research goals.

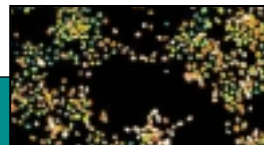
Selected Collaborators

- Eli Lilly and Company
- GenPath Pharmaceuticals, Inc.
- Hoffmann-La Roche Inc.
- ICOS Corporation
- InterMune, Inc.
- Japan Tobacco Inc.
- Merck & Co., Inc.
- Pfizer Inc
- Procter & Gamble Pharmaceuticals
- Takeda Chemical Industries, Ltd.
- Trimeris, Inc.

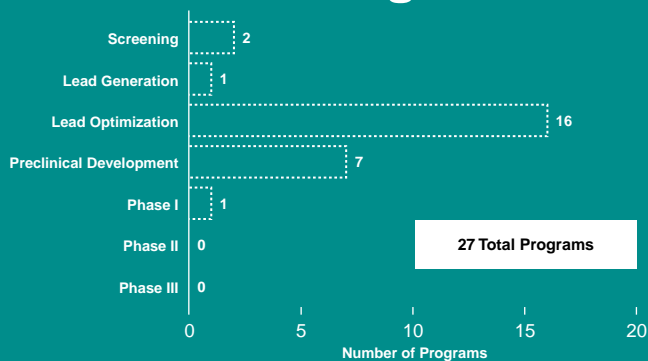
Collaboration Drug Targets

- GPCRs (antagonists and agonists)
- Kinases
- Nuclear Receptors
- Phosphodiesterases
- Proteases
- Protein-Protein Interactions

Cellular pEGF receptor assay



Collaborative Research Progress



➤ To Our Shareholders



Robert E. Conway
Chief Executive Officer

During fiscal 2003, Array made significant progress on its strategic initiatives despite a difficult research collaboration market. We enhanced the Array Discovery Platform with two new capabilities—pharmacology and cGMP manufacturing—and used the platform to create drug candidates for our collaborators as well as for our own research pipeline. We continued to build our pipeline of proprietary drug candidates, focusing on therapies for cancer and inflammation. In our lead oncology program, which is directed against the protein target MEK, we nominated a clinical development candidate, synthesized clinical material and initiated regulated safety testing. During 2004, we look forward to initiating clinical development in this promising program.

OUR OPPORTUNITY In-licensed drugs accounted for nearly a third of pharmaceutical company revenue in 2001. We believe this percentage will increase and the value of in-licensed clinical candidates will escalate. In addition, recent advances in biology, including the sequencing of the human genome, have revealed thousands of new potential drug targets that can be modulated to treat disease. As a result of this proliferation, we believe the drug research and development bottleneck is shifting from the identification of new targets to the creation of safe and effective therapeutics.

OUR BUSINESS STRATEGY Array is executing an innovative business strategy, creating long-term value through the success we achieve for our collaborators and with our own pipeline of proprietary drug candidates. Array is building the industry's premier drug discovery company by pursuing three strategic objectives:

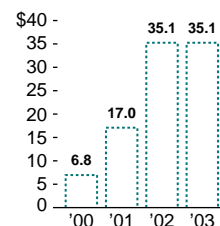
- Continuing to enhance the Array Discovery Platform by developing novel tools and implementing new technologies to be the industry's most efficient inventor of small molecule drug candidates.
- Identifying drug candidates in collaboration with leading pharmaceutical and biotechnology companies, where we receive research funding and share in the success we create through potential milestones and/or royalties.
- Filling our pipeline of proprietary drug candidates, which we will co-develop and commercialize with pharmaceutical and biotechnology partners.

ACCOMPLISHMENTS During fiscal 2003, our revenue was \$35,125,000, a slight increase compared to revenue of \$35,089,000 for fiscal 2002. We reported a net loss for fiscal 2003 of \$19.6 million, or (\$0.70) per share, which includes \$5.0 million, or (\$0.18) per share, of non-cash charges taken in the fourth quarter. This compares to a net loss of \$4.5 million, or (\$0.18) per share, in fiscal 2002. Array has \$34.1 million in cash and marketable securities as of June 30, 2003.

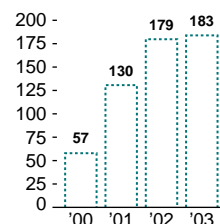
Additional accomplishments in fiscal 2003 include:

- Initiating research collaborations with InterMune, Inc. and GenPath Pharmaceuticals, Inc., that include research funding and potential milestones and/or royalties.
- Increasing investment in Array's proprietary research to \$11.2 million, compared to \$5.5 million in fiscal 2002.
 - Advancing the MEK program into development with an anticipated IND filing in fiscal 2004.

Revenue
(\$ in millions)

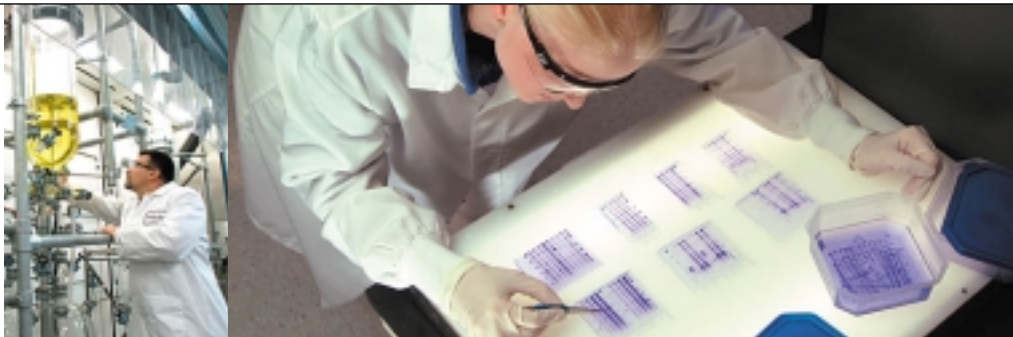


Scientific Staff



“Array is driven to create additional shareholder value by advancing our proprietary drug discovery programs in cancer and inflammation.”

—Robert E. Conway
Chief Executive Officer



–Moving two other proprietary programs into early preclinical testing for cancer and inflammation indications, with the expectation of nominating a clinical candidate from one of these programs in fiscal 2004.

–Progressing other proprietary programs currently in lead generation, with plans to move select programs into lead optimization in fiscal 2004.

- Successfully completing Array’s first in-house cGMP manufacturing campaign, producing bulk quantities of Array’s proprietary MEK drug candidate for clinical development.
- Initiating research in the company’s new pharmacology unit, a capability that includes early toxicity, pharmacology and drug metabolism testing to determine the safety and efficacy of compounds, and that will accelerate both collaborative and proprietary research programs.
- Completing the renovation of 48,000 square feet of newly acquired laboratory space, bringing Array’s total facilities to 165,000 square feet.
- Strengthening corporate governance by appointing Gil J. Van Lunsen, former Managing Partner at KPMG LLP, to Array’s Board of Directors and as Audit Committee chair. In addition, Array’s Corporate Governance, Audit and Compensation Committees were reorganized to include only independent directors.

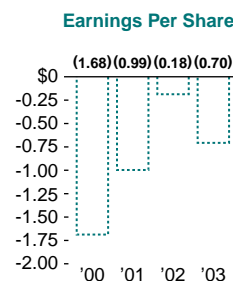
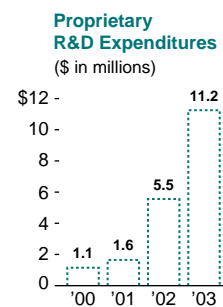
- Hiring additional experienced scientists from major pharmaceutical and biotechnology companies and top universities; we employ 183 scientists, including 106 Ph.D.s, as of June 30, 2003.

These achievements continue to drive Array toward our goal of building the industry’s premier drug discovery company.

MOVING FORWARD In the coming year, we will aggressively pursue our three strategic objectives. We will increase our investment in proprietary research and expect to advance drug candidates into clinical testing. We plan to add additional collaborations, in which we receive research funding and share in the success we create through milestones and/or royalties. In our quest to become the most efficient creator of high-quality drug candidates, we will continue to enhance the Array Discovery Platform by adding new technologies and experienced scientists.

I would like to thank our 250 employees for their dedication, creativity and hard work and for the contributions they have once again made toward Array’s continuing success. I also want to thank our collaborators—who have recognized the value of the Array Discovery Platform—and our shareholders for their continued confidence and support.

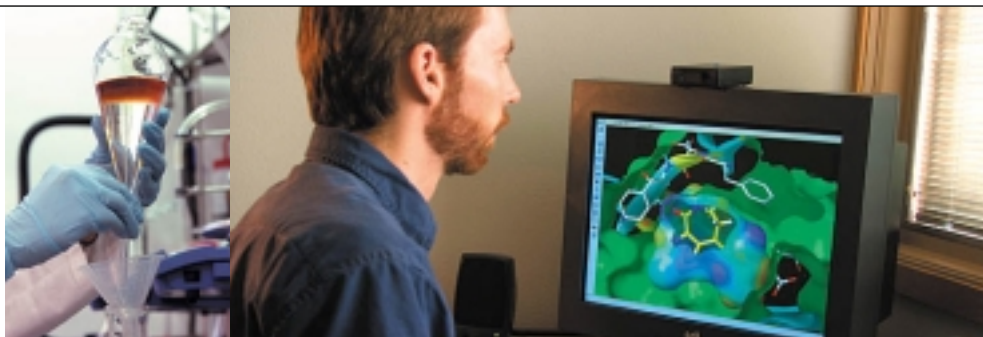
Robert E. Conway
Chief Executive Officer
September 1, 2003



“Our most advanced program, directed against MEK, has yielded a clinical development candidate. We have completed the synthesis of cGMP clinical supplies, initiated regulated safety testing and plan to file an IND in fiscal 2004.”

—Kevin Koch, Ph.D.
President and Chief Scientific Officer

Proprietary Research



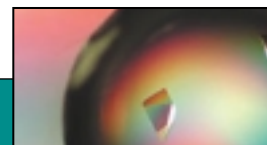
We use the Array Discovery Platform to invent our own proprietary drug candidates. Our primary research interests are for the treatment of cancer and inflammatory disease. We focus on biologic functions, or pathways, that have been identified as important in the treatment of human disease. Many of these pathways have been validated by protein therapeutics or by small molecule drugs that are in development or on the market. Our goal is to create best-in-class small molecule clinical candidates with improved drug characteristics. In parallel, we seek to create first-in-class drug candidates against other therapeutically promising targets within these pathways.

CANCER PROGRAMS We are actively researching drug candidates that modulate the cellular proliferation pathways within tumor cells; several companies have drugs directed against these pathways in clinical testing or on the market. We have developed proprietary inhibitors of EGFR, ErbB-2, raf and MEK, targets within a critical growth factor driven cellular proliferation pathway. Our most advanced program, directed against MEK, has yielded a clinical development candidate.

We have observed no significant adverse effects in early toxicity testing with this candidate and have demonstrated efficacy in cellular and rodent models of human cancer. We completed the synthesis of cGMP clinical supplies and have initiated regulated safety testing. In addition, we have created a series of select inhibitors in our ErbB-2 program that are now undergoing efficacy models of human disease and preclinical evaluation.

INFLAMMATION PROGRAMS We are also researching small molecule drug candidates to modulate tumor necrosis factor, or TNF, production. Several companies have protein-based TNF-modulating drugs that have proven effective in the treatment of rheumatoid arthritis and other inflammatory diseases. Our primary TNF regulation pathway of interest is the MKK, p38 α and MK-2 kinase pathway. In our p38 α program, we have created proprietary, potent compounds that have demonstrated efficacy in animal models of inflammatory disease. These compounds arose from a de novo drug design program, using our proprietary molecular modeling techniques and X-ray crystallographic structural data.

p38 α protein crystal



Proprietary Research Pipeline

Drug Target	Lead Generation	Lead Optimization	Preclinical	cGMP	GLP Toxicology	IND	Phase I	Phase II
MEK>>>>>>		
p38 α>>>					
ErbB-2>>>					
Kinase (cancer)>>>					
Kinase (cancer)>>>					
PDE>>>					
Kinase (TNF inhibitor)>>>					
Kinase (cancer)>>>					

» Corporate Information

BOARD OF DIRECTORS

Kyle A. Lefkoff

Chairman, Array BioPharma Board of Directors and General Partner, Boulder Ventures, Ltd.

Francis J. Bullock, Ph.D.

Senior Advisor, Strategic Decisions Group and Former Senior Vice President, Schering-Plough Research Institute

Marvin H. Caruthers, Ph.D.

Distinguished Professor of Chemistry and Biochemistry, University of Colorado, Boulder

Robert E. Conway

Chief Executive Officer, Array BioPharma Inc.

Kirby L. Cramer

Chairman Emeritus, Hazleton Laboratories

Kevin Koch, Ph.D.

President and Chief Scientific Officer, Array BioPharma Inc.

David L. Snitman, Ph.D.

Chief Operating Officer and Vice President, Business Development, Array BioPharma Inc.

Gil J. Van Lunsen

Former Managing Partner, KPMG LLP

John L. Zabriskie, Ph.D.

Co-Founder and Director, Puretech Ventures, LLC and Former President and Chief Executive Officer, Pharmacia and Upjohn Inc.

MANAGEMENT TEAM

Robert E. Conway

Chief Executive Officer

Kevin Koch, Ph.D.

President and Chief Scientific Officer

David L. Snitman, Ph.D.

Chief Operating Officer and Vice President, Business Development

R. Michael Carruthers

Chief Financial Officer

John R. Moore

Vice President and General Counsel

Anthony D. Piscopio, Ph.D.

Vice President, Chemistry and Director, Process Chemistry

Laurence E. Burgess, Ph.D.

Senior Director, Medicinal Chemistry and Lead Optimization

John A. Josey, Ph.D.

Senior Director, Lead Generation

Steven A. Boyd, Ph.D.

Director, Medicinal Chemistry

Joseph P. Lyssikatos, Ph.D.

Director, Lead Optimization

James P. Rizzi, Ph.D.

Director, Computational Technology

James D. Winkler, Ph.D.

Director, Discovery Biology

CORPORATE SECRETARY

John R. Moore

Vice President and General Counsel

OUTSIDE GENERAL COUNSEL

Hogan & Hartson L.L.P.

Boulder, Colorado

INDEPENDENT AUDITORS

Ernst & Young LLP

Denver, Colorado

This annual report and other documents we file with the Securities and Exchange Commission contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve significant risks and uncertainties, including those discussed in our annual report filed on Form 10-K for the fiscal year ended June 30, 2003, and in other reports filed by Array with the Securities and Exchange Commission. In addition, we may make forward-looking statements in our press releases or in other oral or written communications with the public. These statements do not relate to historical matters and reflect our current expectations concerning future events. Therefore, our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors. These factors include, but are not limited to, our ability to achieve and maintain profitability, the extent to which the pharmaceutical and biotechnology industries are willing to collaborate with and fund third parties on their drug discovery activities, the ability of our collaborators and of Array to meet drug discovery objectives tied to milestones and royalties, our ability to continue to fund and successfully progress internal research efforts and to create effective, commercially viable drugs, and our ability to attract and retain experienced scientists and management. We are providing this information as of September 1, 2003. We undertake no duty to update any forward-looking statements to reflect the occurrence of events or circumstances after the date of such statements or of anticipated or unanticipated events that alter any assumptions underlying such statements.

➤ Corporate Information



CORPORATE HEADQUARTERS

Array BioPharma Inc.
3200 Walnut Street
Boulder, Colorado 80301 USA
303.381.6600
www.arraybiopharma.com

TRANSFER AGENT AND REGISTRAR

Communications concerning stock transfer requirements, lost certificates and changes of address should be directed to the Transfer Agent:

American Stock Transfer and Trust Company
59 Maiden Lane
New York, New York 10038
www.amstock.com
800.937.5449

STOCKHOLDER INQUIRIES

Inquiries from our stockholders and potential investors regarding our company are always welcome and will receive a prompt response. Please direct your requests for information to:

Investor Relations
Array BioPharma Inc.
3200 Walnut Street
Boulder, Colorado 80301 USA
303.381.6600
IR@arraybiopharma.com

Information regarding Array BioPharma is also available at:
www.arraybiopharma.com.

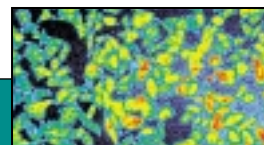
STOCK LISTING

Array BioPharma common stock is traded on the Nasdaq Stock Market under the symbol ARRY.

ANNUAL MEETING

October 30, 2003
2:00 p.m. MST
Hotel Boulderado
2115 13th Street
Boulder, Colorado

Cellular pMAPK assay



➤ Investment Opportunity

- Turning genomics information into novel drugs is the new market opportunity in biotechnology
- Leveraging the Array Discovery Platform to create proprietary drugs, maximizing long-term value
- Sharing in the success we create through potential milestones and/or royalties from high-value collaborations with blue-chip companies
- Attracting and retaining experienced scientists with a track record of success



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www.arraybiopharma.com

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