

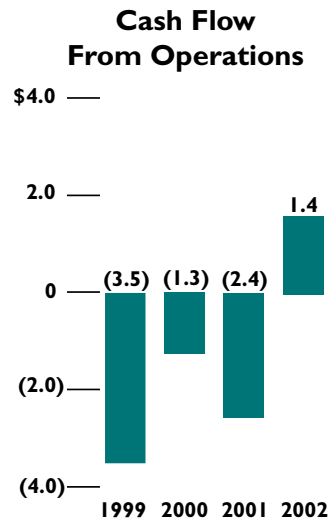
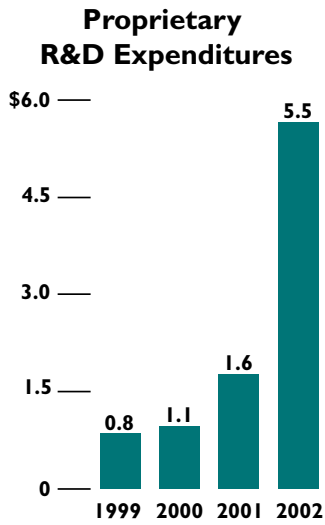
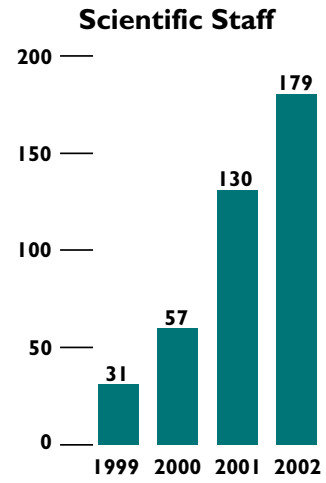
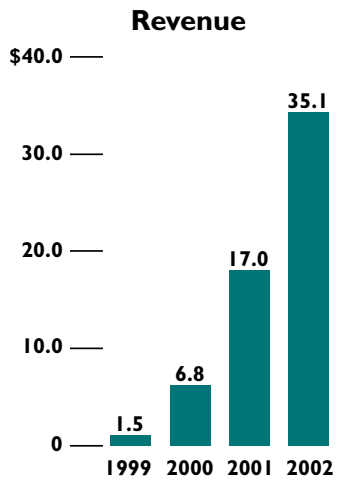


2002 ANNUAL REPORT



TURNING
GENOMICS
INTO
BREAKTHROUGH
DRUGS

Performance

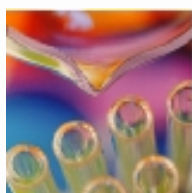


\$ in millions - as of Fiscal Year Ending June 30.

About Array

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

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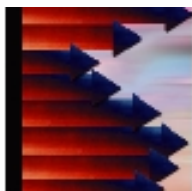
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To Our Shareholders



Robert E. Conway, Chief Executive Officer

“Array is executing an innovative business strategy of funding our proprietary research primarily out of the earnings from our collaborations. Array is building a sustainable drug discovery company that is not dependent on continually accessing the capital markets for additional funding.”

– Robert E. Conway,
Chief Executive Officer

Fiscal 2002 was another exciting year for Array BioPharma Inc. Our company demonstrated dramatic growth in revenues, collaborations, investment in proprietary research, scientific staff and laboratory facilities. We enhanced the Array Discovery Platform – our integrated suite of drug discovery technologies – and used it to create drug candidates for our collaborators and for our own research pipeline. Despite difficult market conditions, we raised \$32 million of additional capital through a secondary offering in February 2002. Array has \$60 million in cash and marketable securities, as of June 30, 2002, providing the capital to fulfill our vision of building the industry’s premier drug discovery company.

Our Opportunity

Over the past decade, pharmaceutical, biotechnology and genomics companies have made an unprecedented investment to discover new drug targets. Today, there is a lack of high-quality, chemistry-focused discovery capability to create small molecule drugs directed at these new and existing targets. Array was founded to fill this need. The Array Discovery Platform provides a unique capability for creating superior drug candidates, building lasting value for our partners and shareholders.

Our Business Strategy

Array is executing an innovative business strategy of funding our proprietary research primarily out of the earnings from our collaborations. Array is building a sustainable drug discovery company that is not dependent on continually accessing the capital markets for additional funding. We are creating long-term value through the success we achieve for our collaborators and in building our own pipeline of proprietary drug candidates. Array intends to build the industry’s premier drug discovery company by pursuing three strategic objectives:

- Continually enhancing 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, from which we receive research funding and share in the success we create through potential milestone and royalty payments.
- Using the Array Discovery Platform to build our own pipeline of proprietary drug candidates, which we will then license and co-develop with partners.

Accomplishments

During fiscal 2002, we doubled our revenues to \$35.1 million by expanding existing collaborations and adding new ones. We reported a net loss for fiscal 2002 of \$4.5 million, or (\$0.18) per share, compared to a net loss of \$15.6 million, or (\$0.99) per share, in fiscal 2001. We achieved a positive cash flow from operations of \$1.4 million prior to our investment in new facilities and equipment.

Additional accomplishments in fiscal 2002 include:

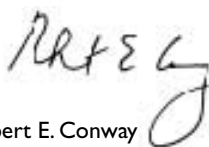
- In collaboration with ICOS Corporation, our first drug discovery agreement resulted in a clinical candidate. In November 2001, ICOS initiated clinical trials with IC485 and subsequently made a milestone payment to Array.
- Entering into seven new or expanded collaborations that include high-margin research funding plus potential milestone and/or royalty payments. These include collaborations with Trimeris, Inc.; ICOS; Vertex Pharmaceuticals Incorporated; Takeda Chemical Industries, Ltd.; Japan Tobacco Inc.; Aptus Pharmaceuticals, Inc.; and Syrrx, Inc.
- Tripling the investment in our proprietary research to \$5.5 million, compared to \$1.6 million in the prior year. We advanced three internal drug discovery programs into lead optimization. These programs are focused on the kinase family of protein targets for inflammation and oncology indications.
- Finishing construction of our current Good Manufacturing Practices (cGMP) manufacturing facility, which will allow us to produce cGMP material for Phase I clinical testing. We are validating this capability for compliance with FDA regulations, and anticipate being able to initiate our first cGMP manufacturing campaign in the second half of calendar 2002.
- Increasing the laboratory space necessary for our continued growth by securing long-term leases that will provide a total of approximately 220,000 square feet of space over the next two years to accommodate up to 350 scientists.
- Hiring an additional 49 world-class scientists from major pharmaceutical and biotechnology companies and top universities. This brings our total scientific headcount to 179, including 110 with Ph.D.s, as of June 30, 2002.

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

Moving Forward

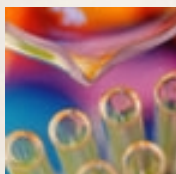
During the next fiscal year, we expect to continue our growth and aggressively pursue our three strategic objectives. We will increase our investment in our proprietary research, and expect to advance potential drug candidates into preclinical testing. We plan to add additional drug discovery collaborations, where we receive research funding and share in the success we create through milestone and royalty payments. We will strengthen the Array Discovery Platform, adding new technologies and world-class scientists in our quest to become the most efficient creator of high-quality drug candidates.

I would like to thank our 267 employees for their dedication, creativity and hard work and for their contributions toward Array's continuing success. I also want to thank our pharmaceutical and biotechnology 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, 2002

Platform



“A critical challenge in drug discovery is to decrease the high failure rate of drug candidates that has historically plagued our industry. We built the Array Discovery Platform to specifically address this challenge. Our goal is to be the industry’s most efficient inventor of superior drug candidates.”

*– Anthony D. Piscopio, Ph.D.,
Vice President, Chemistry and
Director, Process Chemistry*

The Array Discovery Platform, our integrated suite of drug discovery technologies, is designed to increase research productivity through lowering clinical attrition rates. This next-generation platform pragmatically integrates appropriate tools and technologies with experienced scientists throughout the drug discovery process. We utilize predictive computational modeling to improve experimental design and predict favorable drug characteristics. Our proprietary electronic data capture and mining system efficiently manages volumes of research data, making critical information available instantly to our scientists. Array’s focus is on data quality, not quantity, creating superior drug candidates by improving decision-making throughout the drug discovery process.

DRUG CHARACTERISTICS

Array scientists engineer in properties, called drug characteristics, by modifying the chemical structure to create superior small molecule drug candidates. These small changes determine the commercial viability of the drug.

Potency The amount of a drug required to effectively treat the disease; the greater the potency, the smaller the required dose.

Selectivity The extent to which a drug interacts only with the target; enhancing selectivity may lower the probability of harmful side effects.

Toxicity The presence and significance of any harmful side effects.

Metabolism How rapidly the drug works and how long it stays effective.

Formulation How the drug is administered to patients; for example, orally or by injection.





PLATFORM TECHNOLOGIES

Structural Biology

- molecular biology, protein ultra-purification, X-ray crystallography

High Throughput Screening

- assay development, robotics, enzymology, cell biology, pharmacology

Predictive Informatics

- computational modeling, virtual screening, integrated scientific knowledge management

Lead Generation

- parallel synthesis, predictive databases, target-family-specific libraries

Analytical Chemistry

- high-field NMR, parallel purification, LC/MS

Lead Optimization

- medicinal chemistry, rational drug design, focused libraries

Drug Metabolism

- ADMET assays, metabolite identification, physicochemical properties

Process R&D

- synthetic process design and optimization, cGMP synthesis and analysis

People



“We hire and reward scientific professionals who are creative risk-takers, experts in their field and effective team players – critical traits for success in drug discovery.”

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

Array’s success is driven by our ability to recruit, develop and retain experienced scientists with a track record of success in drug discovery from top pharmaceutical and biotechnology companies as well as leading universities. Given the complex nature of modern drug discovery, we optimized our organizational structure to achieve results. We hire world-class researchers and organize them into multidisciplinary teams with a higher concentration of experienced scientists than the traditional pharmaceutical model. Array’s environment provides scientists the opportunity to impact the success of the organization and achieve their highest potential.

COMPETITIVE ADVANTAGE

Academic Background

Industrial Experience

Scientific Achievements

Select Academic Backgrounds

Colorado State University; Columbia University; Harvard University; Pennsylvania State University; Scripps Research Institute; Stanford University; University of California, Berkeley; University of Colorado, Boulder; University of Texas, Austin; University of Wisconsin, Madison; Yale University

Select Industrial Experience

Abbott Laboratories; Amgen Inc.; Aventis; Bristol-Myers Squibb Company; Eli Lilly & Company; GlaxoSmithKline; Hoffmann-La Roche Inc.; Merck & Co., Inc.; Novartis AG; Pfizer Inc

Scientific Achievements

*Investigational New Drugs (INDs) = 20+, Patents = 200+, Scientific Articles = 1,100+

* INDs filed, patents/patent applications and scientific articles published over the course of our scientists’ careers.



Left - Right:
Ellen Laird, Ph.D.
Senior Research Investigator
John DeMattei, Ph.D.
Group Leader
Suk Young Cho, Ph.D.
Senior Research Scientist
Eli Wallace, Ph.D.
Group Leader

Partners



“Our sole focus in drug discovery collaborations is to leverage the Array Discovery Platform to create successful clinical candidates for our collaborators’ drug targets. Our very first collaboration resulted in the development of a Phase I clinical candidate in less than three years.”

– David L. Snitman, Ph.D.,
Chief Operating Officer and Vice
President, Business Development

Pharmaceutical and biotechnology companies are under severe pressure to fill their pipelines with new drug candidates. Increasingly, they seek to partner with Array because of our experienced scientific teams and proven track record of success in drug discovery. We create value through the synergy of our collaborators’ knowledge of drug targets and our small molecule drug discovery expertise, together inventing superior drug candidates. We continue to expand our partner relationships, based on the successes we have demonstrated in meeting – and exceeding – research goals.

COLLABORATION PROGRESS

Total Drug Targets	Lead Generation, Structural Biology, Assay Development	Lead Optimization, Drug Metabolism	Clinical Development	Total Patents Filed
18	8	9	1	6

COLLABORATION PARTNERSHIPS

Selected Partners

- Amgen Inc.
- Eli Lilly & Company
- Hoffmann-La Roche Inc.
- ICOS Corporation
- Japan Tobacco Inc.
- Merck & Co., Inc.
- Pfizer Inc
- Takeda Chemical Industries, Ltd.
- Trimeris, Inc.
- Tularik Inc.
- Vertex Pharmaceuticals Incorporated

Therapeutic Indications

- Analgesics
- Antibacterials
- Antivirals
- Cancer
- Central Nervous System (CNS) Diseases
- Inflammatory Diseases
- Metabolic Diseases
- Pulmonary Diseases



Left - Right:

Mei-Huey Lin, Ph.D.
Associate Scientist

Greg Miknis, Ph.D.
Group Leader

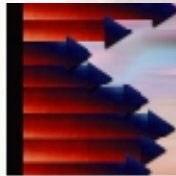
Vivienne Marsh
Research Scientist

Kevin Hunt, Ph.D.
Research Scientist

Jim Blake, Ph.D.
Senior Research Investigator

Alex Buckmelter, Ph.D.
Research Scientist

Pipeline



“From the start, Array invested in proprietary drug discovery programs, and this year we dramatically expanded this research to create our own drug candidates. Already, these efforts have paid off with compounds that demonstrate impressive therapeutic activity in models of human disease. We plan to move these programs rapidly towards filing INDs.”

*– James D. Winkler, Ph.D.,
Director, Discovery Biology*

Creating a superior drug to treat a patient’s disease is the most important goal at Array. Small changes in chemical structure can make all the difference in the success of a drug. Our scientists are leaders in engineering molecules with superior drug characteristics to improve upon current therapies. These characteristics include improved potency, specificity, dosing regimen and reduced side effects. We focus our proprietary research on validated protein targets and their related, interconnected pathways to create small molecule drugs to treat cancer and inflammatory diseases.

PIPELINE FOCUS

Therapeutic Indications

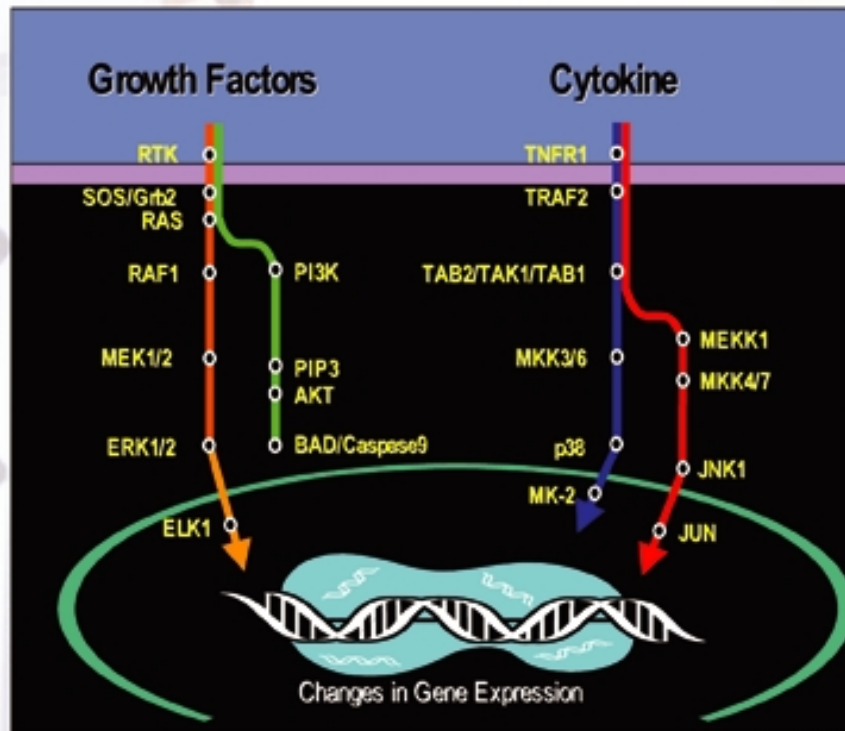
- Asthma
- Arthritis
- Cancer
- Chronic Obstructive Pulmonary Disease (COPD)
- Diabetes
- Inflammatory Bowel Disease (IBD)

Protein Target Families

- G-Protein Coupled Receptors (GPCR)
- Kinases
- Proteases

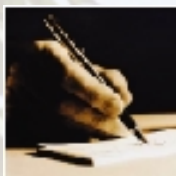


Zymark



The chart depicts the action of cancer growth factor and inflammatory cytokine activation pathways. Array focuses its internal proprietary research on regulatory pathways to modulate the activity and production of proteins that have been shown to be involved in human disease.

Leadership



“Array has a seasoned Board of Directors overseeing an experienced Management Team. In the current environment, we are confident in the governance provided by our audit and compensation committees in meeting their obligations to our shareholders.”

*– Kyle Lefkoff,
Chairman, Array BioPharma
Board of Directors*

Board of Directors



Back Row, Left - Right:

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

Kirby L. Cramer

Chairman Emeritus, Hazleton Laboratories

John L. Zabriskie, Ph.D.

President, Lansing Brown Investments, LLC and Former President and Chief Executive Officer, Pharmacia and Upjohn Inc.

Robert W. Overell, Ph.D.

General Partner, Frazier Healthcare Ventures

Front Row, Left - Right:

David L. Snitman, Ph.D.

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

Kyle Lefkoff

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

Robert E. Conway

Chief Executive Officer, Array BioPharma Inc.

Kevin Koch, Ph.D.

President and Chief Scientific Officer, Array BioPharma Inc.



Management Team



Back Row, Left - Right:

James P. Rizzi, Ph.D.

Director, Computational Technology

Laurence E. Burgess, Ph.D.

Senior Director, Medicinal Chemistry and Lead Optimization

John A. Josey, Ph.D.

Senior Director, Lead Generation

Michael Carruthers

Chief Financial Officer

John R. Moore

Vice President and General Counsel

Middle Row, Left - Right:

James D. Winkler, Ph.D.

Director, Discovery Biology

Steven A. Boyd, Ph.D.

Director, Medicinal Chemistry

Anthony D. Piscopio, Ph.D.

Vice President, Chemistry and Director, Process Chemistry

Front Row, Left - Right:

David L. Snitman, Ph.D.

Chief Operating Officer and Vice President, Business Development

Robert E. Conway

Chief Executive Officer

Kevin Koch, Ph.D.

President and Chief Scientific Officer

Corporate Information

BOARD OF DIRECTORS

Kyle 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

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David L. Snitman, Ph.D.

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

John L. Zabriskie, Ph.D.

President, Lansing Brown Investments, 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

Michael Carruthers

Chief Financial Officer

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Director, Medicinal Chemistry

James P. Rizzi, Ph.D.

Director, Computational Technology

James D. Winkler, Ph.D.

Director, Discovery Biology

CORPORATE SECRETARY

Michael Carruthers
Chief Financial Officer

OUTSIDE GENERAL COUNSEL

Hogan & Hartson L.L.P.
Boulder, Colorado

INDEPENDENT AUDITORS

Ernst & Young LLP
Denver, Colorado

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:

Computershare Investor Services

350 Indiana Street
Suite 800
Golden, Colorado 80401
www.computershare.com
Phone: 303.986.5400
Fax: 303.262.0604

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

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 31, 2002
2:00 p.m. MST
Hotel Boulderado
2115 13th Street
Boulder, Colorado

This annual report contains 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 final prospectus dated February 12, 2002, in our annual report filed on Form 10-K for the fiscal year ended June 30, 2002, and in other reports filed by Array with the Securities and Exchange Commission. Because these statements reflect our current expectations concerning future events, 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 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 internal research efforts, and our ability to attract and retain experienced scientists and management. We are providing this information as of September 1, 2002. 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.



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