

ARRAY BIOPHARMA INC
Form DEF 14A
September 18, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

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))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ARRAY BIOPHARMA INC.

(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):

- 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:
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 - (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 and state how it was determined):
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- o Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**3200 WALNUT STREET
BOULDER, COLORADO 80301**

September 18, 2009

Dear Fellow Stockholder:

You are cordially invited to attend Array BioPharma Inc.'s Annual Meeting of Stockholders on October 29, 2009, at 1:00 p.m., Mountain Time, at the offices of Array BioPharma Inc., 1825 33rd Street, Boulder, Colorado 80301.

The matters to be acted on at the Annual Meeting are described in the enclosed notice and Proxy Statement.

We realize that you may not be able to attend the Annual Meeting and vote your shares in person. However, regardless of your meeting attendance, we need your vote. We urge you to ensure that your shares are represented by voting in advance of the meeting on the Internet or via a toll-free telephone number as instructed in the Notice of Internet Availability of Proxy Materials, or if you have elected to receive a paper or e-mail copy of the proxy materials, by completing, signing and returning the proxy card that is provided. If you decide to attend the Annual Meeting, you may revoke your proxy at that time and vote your shares in person.

Please remember that this is your opportunity to voice your opinion on matters affecting Array. We look forward to receiving your proxy and perhaps seeing you at the Annual Meeting.

Sincerely,

Robert E. Conway
Chief Executive Officer

Enclosures

**3200 WALNUT STREET
BOULDER, COLORADO 80301**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on October 29, 2009

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Array BioPharma Inc. to be held on October 29, 2009, at 1:00 p.m., Mountain Time, at the offices of Array BioPharma Inc., 1825 33rd Street, Boulder, Colorado 80301, to consider and vote upon the following matters:

Election of three Class III directors to serve for a three-year term of office expiring at the 2012 Annual Meeting of Stockholders;

Approval of an amendment to the Array BioPharma Inc. Amended and Restated Employee Stock Purchase Plan, as amended (the "*ESPP*"), to increase the number of shares of common stock reserved for issuance under the ESPP by 600,000 shares, to an aggregate of 2,850,000 shares;

Ratification of the appointment of KPMG LLP as our independent registered public accountants for the fiscal year ending June 30, 2010; and

Any other matter that properly comes before the Annual Meeting.

Only stockholders of record at the close of business on September 4, 2009, will be entitled to vote at the Annual Meeting or any adjournments thereof. A list of stockholders entitled to vote at the annual meeting will be available for the examination by any stockholder at the annual meeting and for ten days prior to the annual meeting.

Pursuant to the rules of the Securities and Exchange Commission, or the SEC, we have elected to provide access to our proxy materials over the Internet. Accordingly, we will mail, on or before September 18, 2009, a Notice of Internet Availability of Proxy Materials to our stockholders of record and beneficial owners as of the close of business on September 4, 2009. On the date of mailing of the Notice of Internet Availability of Proxy Materials, all stockholders and beneficial owners will have the ability to access all of the proxy materials on a website referred to, and at the URL address included in, the Notice of Internet Availability of Proxy Materials.

The Notice of Internet Availability of Proxy Materials will also identify the date, the time and location of the annual meeting; the matters to be acted upon at the meeting and the Board of Directors' recommendation with regard to each matter; a toll-free telephone number, an e-mail address, and a website where stockholders can request to receive free of charge a paper or e-mail copy of the proxy statement, our Annual Report and a form of proxy relating to the annual meeting; information on how to access and vote the form of proxy; and information on how to obtain directions to attend the meeting and vote in person.

Stockholders are cordially invited to attend the Annual Meeting. If you wish to vote shares held in your name at the Annual Meeting, please bring your Notice of Internet Availability of Proxy Materials or proxy card (if you previously requested one be mailed to you) and picture identification. If you hold shares through an intermediary, such as a broker, bank or other nominee, you must present proof of ownership at the meeting. Proof of ownership could include a proxy from your broker, bank or other nominee or a copy of your account statement. Attendance at our Annual Meeting will be limited to persons presenting a Notice of Internet Availability of Proxy Materials or proxy card (if you requested one) and picture identification.

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YOUR VOTE IS VERY IMPORTANT. IF YOU ARE UNABLE TO BE PRESENT AT THE ANNUAL MEETING, PLEASE VOTE BY INTERNET OR TELEPHONE, OR REQUEST A PAPER PROXY TO SIGN, DATE AND RETURN BY MAIL. ALL PROXIES ARE BEING SOLICITED BY THE BOARD OF DIRECTORS. Please note that all votes cast by telephone or on the Internet must be cast prior to 11:59 p.m., Eastern Time, on October 28, 2009.

Sincerely,

Robert E. Conway
Chief Executive Officer

Boulder, Colorado
September 18, 2009

**3200 WALNUT STREET
BOULDER, COLORADO 80301**

**PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS**

To be held on October 29, 2009

This Proxy Statement is furnished to stockholders of Array BioPharma Inc., a Delaware corporation, in connection with the solicitation of proxies for use at the Annual Meeting of Stockholders of Array to be held on October 29, 2009, at 1:00 p.m., Mountain Time, at the offices of Array BioPharma Inc., 1825 33rd Street, Boulder, Colorado 80301, for the purposes set forth in the Notice of Meeting. This solicitation of proxies is made on behalf of our Board of Directors.

Holders of record of shares of our common stock as of the close of business on the record date, September 4, 2009, are entitled to receive notice of, and to vote at, the Annual Meeting. The common stock constitutes the only class of securities entitled to vote at the Annual Meeting, and each share of common stock entitles the holder thereof to one vote. At the close of business on September 4, 2009, there were 48,135,776 shares of common stock outstanding.

Shares represented by proxies that are properly submitted or executed and returned and not revoked will be voted as specified. Where no specification is made on a proxy, whether it is voted by telephone or Internet, or on a properly executed and returned paper proxy, the shares will be voted FOR the election of all nominees for Class III directors, FOR the approval of the amendment to the Array BioPharma Inc. Amended and Restated Employee Stock Purchase Plan to increase the number of shares reserved for issuance thereunder by 600,000, and FOR the ratification of the appointment of KPMG LLP as our independent registered public accountants for the fiscal year ending June 30, 2010. We know of no other business to be transacted at the Annual Meeting. If other matters requiring a vote do arise, the persons named in the proxy intend to vote in accordance with their judgment on such matters.

As instructed in the Notice of Internet Availability of Proxy Materials you received in the mail, for your shares to be properly voted, you must vote by phone or on the Internet, or, if you requested a paper copy of the proxy card, you must return a properly executed proxy to our Secretary prior to the time of voting. Please note that all votes cast by telephone or on the Internet must be cast prior to 11:59 p.m., Eastern Time, on October 28, 2009. Proxies may be revoked at any time before they are exercised by filing with our Secretary a notice of revocation or a later dated proxy (including telephone or Internet voting), or by voting in person at the Annual Meeting.

Our 2009 Annual Report to Stockholders for the fiscal year ended June 30, 2009 is available free of charge as instructed in the Notice of Internet Delivery of Proxy Materials, which was mailed to stockholders on or about September 18, 2009. Our executive offices are located at 3200 Walnut Street, Boulder, Colorado 80301.

**PROPOSAL 1
ELECTION OF DIRECTORS**

Board of Directors

Our Board of Directors is composed of nine members divided into three classes having staggered three-year terms. At each Annual Meeting of Stockholders, the successors to the class of directors whose terms expired are elected to serve three-year terms. The terms of the Class III directors will expire at the Annual Meeting. The current Class III directors are Francis J. Bullock, Ph.D., Kevin Koch, Ph.D. and Douglas E. Williams, Ph.D. Dr. Bullock, Dr. Koch and Dr. Williams have been nominated for reelection at the Annual Meeting as directors to hold office until the 2012 Annual Meeting of Stockholders or until their successors are elected and qualified. Each of the nominees has consented to serve a term as a Class III director. Should any or all of the nominees become unable to serve for any reason prior to the Annual Meeting, the Board of Directors may designate substitute nominees, in which event the persons named in the enclosed proxy will vote for the election of such substitute nominee or nominees, or may reduce the number of directors on the Board of Directors.

Class III Director Nominees for Election to Term Expiring 2012

The three directors standing for election are as follows:

Francis J. Bullock, Ph.D., 72, has served as a member of our Board of Directors since May 1998. Dr. Bullock is currently an independent consultant. From 2002 to 2003, Dr. Bullock was a Senior Advisor for the Strategic Decisions Group, a management consulting firm. From 1993 to 2002, Dr. Bullock was a senior consultant for Arthur D. Little, Inc., focused on pharmaceutical and biotechnology research and development, as well as the fine chemicals and agricultural chemicals industries. From 1981 to 1993, Dr. Bullock served as Senior Vice President, Research Operations at Schering-Plough Research Institute. Dr. Bullock serves on the board of publicly-traded GTC Biotherapeutics and Atherex, a privately-held company. Dr. Bullock received a B.S. in pharmacy from the Massachusetts College of Pharmacy, an A.M. in organic chemistry and a Ph.D. in organic chemistry from Harvard University.

Kevin Koch, Ph.D., 49, is a Co-Founder of Array and has served as our President, Chief Scientific Officer and a member of our Board of Directors since May 1998. Prior to forming Array, Dr. Koch was an Associate Director of Medicinal Chemistry and Project Leader for the Protease Inhibitor and New Leads project teams for Amgen Inc. from 1995 to 1998. From 1988 until 1995, Dr. Koch held various positions with Pfizer Central Research, including Senior Research Investigator and Project Coordinator for the Cellular Migration and Immunology Project Teams. From 1998 to 2003, Dr. Koch was an elected board member of the Inflammation Research Association. Dr. Koch received a B.S. in chemistry and biochemistry from the State University of New York at Stony Brook and a Ph.D. in synthetic organic chemistry from the University of Rochester.

Douglas E. Williams, Ph.D., 51, has served as a member of our Board of Directors since April 2004. He currently serves as Chief Executive Officer of ZymoGenetics, Inc. From September 2003 to August 2004, Dr. Williams served as Seattle Genetics' Chief Scientific Officer, Executive Vice President and a member of their Board of Directors. Prior to joining Seattle Genetics, from November 2002 to August 2003, Dr. Williams was Head of Health and Strategic Development for Genesis Research & Development, a biotechnology company located in New Zealand. From July to October 2002, he served as Senior Vice President, Washington Site Leader and a member of the Executive Committee for Amgen Inc. Dr. Williams joined Amgen in July 2002 when it acquired Immunex Corporation, where he worked for 14 years, most recently serving as Executive Vice President, Chief Technology Officer and a member of Immunex's Board of Directors. Prior to his work at Immunex, Dr. Williams served on the faculty of the Indiana University School of Medicine and the Department of Laboratory Medicine at the Roswell Park Memorial Institute. He serves on the board of privately-held Aerovance, Inc., is a

member of the Scientific Advisory Board of Symphony Capital and a member of the Board of Trustees of the Fred Hutchinson Cancer Research Center. Dr. Williams holds a B.S. magna cum laude in biological sciences from the University of Massachusetts, Lowell and a Ph.D. in physiology from the State University of New York at Buffalo, Roswell Park Division.

Required Vote

The three nominees for director will be elected upon a favorable vote of a plurality of the votes cast at the Annual Meeting. Shares represented by proxies cannot be voted for more than the three nominees for director.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF EACH OF THE NOMINEES FOR ELECTION AS CLASS III DIRECTORS TO THE BOARD.

Directors Continuing in Office

Term Expiring 2010 Class I. The following Class I directors have terms expiring at the Annual Meeting of Stockholders in 2010:

David L. Snitman, Ph.D., 57, is a Co-Founder of Array and has served as our Chief Operating Officer, our Vice President of Business Development and a member of our Board of Directors since May 1998. Prior to forming Array, Dr. Snitman held various positions with Amgen Inc. since December 1981, including Associate Director, New Products and Technology and Manager of Amgen's Boulder research facility. Dr. Snitman currently serves on the Board of Directors of privately-held Barofold Inc. Dr. Snitman received a B.S. in chemistry from Northeastern University and a Ph.D. in the synthesis of natural products from the University of Colorado, and was a National Institutes of Health Postdoctoral Fellow at the Massachusetts Institute of Technology.

Gil J. Van Lunsen, 67, has served as a member of our Board of Directors since October 2002. Prior to his retirement in June 2000, Mr. Van Lunsen was a Managing Partner of KPMG LLP and led the firm's Tulsa, Oklahoma office. During his 33-year career, Mr. Van Lunsen held various positions of increasing responsibility with KPMG and was elected to the partnership in 1977. Mr. Van Lunsen is currently a member of the Audit Committee at ONEOK Partners, L.P. in Tulsa, Oklahoma. Additionally, Mr. Van Lunsen was the Audit Committee Chairman at Sirenza Microdevices, Inc. and predecessor entities in Broomfield, Colorado, from July 2002 until December 2007. Mr. Van Lunsen received a B.S./B.A. in accounting from the University of Denver.

John L. Zabriskie, Ph.D., 70, has served as a member of our Board of Directors since January 2001. Dr. Zabriskie is Co-Founder and Director of Puretech Ventures, LLC, and the past Chairman of the Board, Chief Executive Officer and President of NEN Life Science Products, Inc., a leading supplier of kits for labeling and detection of DNA. Prior to joining NEN Life Science Products, Dr. Zabriskie was President and Chief Executive Officer of Pharmacia and Upjohn Inc. As Chairman of the Board and Chief Executive Officer of Upjohn, Dr. Zabriskie led the Upjohn project, which resulted in the \$12 billion merger of equals with Pharmacia. Prior to joining Upjohn in 1994, Dr. Zabriskie was Executive Vice President for Merck & Co., Inc. Dr. Zabriskie currently serves on the boards of publicly-traded Kellogg Co. and ARCA *biopharma* Inc, and privately-held Protein Forest Inc. and Puretech Ventures. Dr. Zabriskie received his undergraduate degree in chemistry from Dartmouth College and his Ph.D. in organic chemistry from the University of Rochester.

Term Expiring 2011 Class II. The following Class II directors have terms expiring at the Annual Meeting of Stockholders in 2011:

Marvin H. Caruthers, Ph.D., 69, has served as a member of our Board of Directors since August 1998. Since 1979, Dr. Caruthers has been a Distinguished Professor of Biochemistry and Chemistry at the University of Colorado, Boulder. Dr. Caruthers is a member of the National Academy of Sciences

and the American Academy of Arts and Sciences and was previously a member of the Scientific Advisory Board of Amgen Inc. Dr. Carruthers serves on the Board of Directors of privately-held Barofold Inc. and MiraGen Inc. Dr. Caruthers received a B.S. in chemistry from Iowa State University and a Ph.D. in chemistry from Northwestern University.

Robert E. Conway, 55, has served as our Chief Executive Officer and a member of our Board of Directors since November 1999. Prior to joining Array, Mr. Conway was the Chief Operating Officer and Executive Vice President of Hill Top Research, Inc. from 1996 to 1999. From 1979 until 1996, Mr. Conway held various executive positions for Corning, Inc., including Corporate Vice President and General Manager of Corning Hazleton, Inc., a preclinical contract research organization. Mr. Conway serves on the Board of Directors of DEMCO, Inc. and PRA International. In addition, Mr. Conway is a member of the Strategic Advisory Committee of Genstar Capital, LLC and is on the board of the Biotechnology Industry Organization. Mr. Conway received a B.S. in accounting from Marquette University and an M.B.A. from the University of Cincinnati.

Kyle A. Lefkoff, 50, has served as the Chairman of our Board of Directors since May 1998. Since 1995, Mr. Lefkoff has been a General Partner of Boulder Ventures Limited, a venture capital firm and a prior investor in our company. From 1986 until 1995, Mr. Lefkoff was employed by Colorado Venture Management, a venture capital firm. Mr. Lefkoff serves on the Board of Directors for a number of private companies, including: Barofold Inc., Centerstone Technologies, Inc., MiraGen Inc. and Trust Company of America. Mr. Lefkoff received a B.A. in economics from Vassar College and an M.B.A. from the University of Chicago.

Meetings of the Board of Directors and Committees of the Board of Directors

Our Board of Directors held six meetings during the fiscal year ended June 30, 2009. During the fiscal year, all of the directors attended at least 75% of the aggregate of (i) all meetings of the Board of Directors and (ii) all meetings of committees of which such director was a member, except Dr. Williams, who attended five of the seven Board meetings and two of the three Compensation Committee meetings, and Dr. Caruthers, who attended five of the seven Board meetings. The Board has determined that six of its nine members are independent as defined by applicable rules of the NASDAQ Stock Market.

Committees of the Board of Directors

Our Board of Directors has established three standing committees, a Compensation Committee, an Audit Committee and a Corporate Governance Committee. Each of the standing committees has adopted a written charter which is available on the Investor Relations portion of our website at www.arraybiopharma.com. The Corporate Governance Guidelines adopted by the Board of Directors are also available on our website.

Compensation Committee. The Compensation Committee is responsible for determining executive officers' compensation, evaluating the performance of the Chief Executive Officer and administering the Amended and Restated Array BioPharma Inc. Stock Option and Incentive Plan, the Array BioPharma Inc. Amended and Restated Employee Stock Purchase Plan and our Deferred Compensation Plan. The Compensation Committee held three meetings during the fiscal year ended June 30, 2009. Mr. Lefkoff (chair), Dr. Bullock, Dr. Caruthers and Dr. Williams are the members of the Compensation Committee. The Board of Directors has determined that all of the current members of our Compensation Committee are independent as defined by applicable Nasdaq Marketplace Rules. The report of the Compensation Committee appears on page 27.

Audit Committee. The Audit Committee is responsible for (1) retaining, overseeing and approving the fees of our independent public accountants, (2) reviewing audit plans and results with our independent public accountants, (3) reviewing the independence of the independent public accountants,

(4) pre-approving all audit and non-audit fees, and (5) reviewing our internal accounting controls and discussing the adequacy of those controls with our Chief Executive Officer and Chief Financial Officer. The Audit Committee is also responsible for reviewing and approving transactions in which Array participates and in which related parties have a direct or indirect material interest. The Audit Committee held five meetings during the fiscal year ended June 30, 2009. The members of the Audit Committee are Mr. Van Lunsen (chair), Dr. Zabriskie and Mr. Lefkoff. The Board of Directors has determined that all of the members of the Audit Committee meet the independence standards for audit committee members under applicable rules of the Securities and Exchange Commission and the applicable Nasdaq Marketplace Rules. The Board of Directors has also determined that Mr. Lefkoff, Mr. Van Lunsen and Dr. Zabriskie qualify as "audit committee financial experts" as defined by applicable rules of the Securities and Exchange Commission. The report of the Audit Committee appears on page 14.

Corporate Governance Committee. The Corporate Governance Committee is responsible for the implementation of Array's Corporate Governance Guidelines and the evaluation and recommendation to the Board of Directors of candidates for election to the Board. The Committee also recommends policies and standards for evaluating the overall effectiveness of the Board of Directors in the governance of Array and such other activities as the Board of Directors may delegate to it from time to time. The Corporate Governance Committee will consider director nominations from our stockholders. The Corporate Governance Committee has not received any recommended nominations from any stockholders in connection with the 2009 Annual Meeting. See the sections below entitled "Stockholder Proposals for 2010 Annual Meeting" and "Stockholder Nominations to the Board of Directors" for information on submitting director nominations and other proposals for annual stockholder meetings. The Corporate Governance Committee held one meeting during the fiscal year ended June 30, 2009. Dr. Zabriskie (chair), Mr. Lefkoff and Dr. Bullock are members of the Corporate Governance Committee, and the Board of Directors has determined that all of them are independent as defined by applicable Nasdaq Marketplace Rules.

Stockholder Communications with the Board of Directors

Stockholders and other interested parties may communicate with members of the Board of Directors by writing to them at the following address:

Array BioPharma Board of Directors
c/o Array BioPharma Inc.
3200 Walnut Street
Boulder, CO 80301

or by e-mail at BoardofDirectors@arraybiopharma.com

Our General Counsel will receive all communications addressed to the Board of Directors and, after copying them for the company's files, will forward each communication (by U.S. mail or other reasonable means determined by the General Counsel) to the director or directors to whom the communication is addressed.

Our General Counsel is not required to forward any communication determined in good faith to be frivolous, hostile, threatening, illegal or similarly unsuitable or to be unrelated to the duties and responsibilities of the Board. The General Counsel will retain copies of such communications in the company's files and make them available to any member of the Board of Directors at their request.

Any communication subject to this policy that is addressed to the Chairman of the Audit Committee, the non-management members of the Board of Directors as a group or the independent members of the Board of Directors as a group will be shared with management only upon the

instruction of the Chairman of the Audit Committee. All other communications will be shared with management at the time they are forwarded to the Board of Directors.

Director Attendance at Annual Meetings

All directors are strongly encouraged to attend each of our annual stockholder meetings, unless a director is not standing for reelection and his or her term is to expire at that meeting. All of our directors except Dr. Caruthers attended our 2008 Annual Meeting.

PROPOSAL 2
APPROVAL OF AMENDMENT TO
ARRAY BIOPHARMA INC.
AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN

The Array BioPharma Inc. Amended and Restated Employee Stock Purchase Plan (referred to as the "*ESPP*") allows eligible employees of Array to acquire shares of our common stock at a discount through payroll deductions. The ESPP is intended to benefit Array and our stockholders by motivating our employees to contribute to the growth and success of our operations and encouraging them to remain employed by us by giving them an ownership stake in our company. Highly qualified employees are critical to our success and to our ability to achieve our strategic goals. We believe that equity incentives are essential for us to remain competitive in the marketplace for qualified personnel and that the ESPP is an important ingredient in our equity compensation offerings.

On September 11, 2008, the Board of Directors unanimously adopted, subject to stockholder approval, amendments to the ESPP (i) to increase the number of shares of common stock reserved for issuance under the ESPP by 600,000 shares, to an aggregate of 2,250,000 shares, and (ii) to extend the current term of the ESPP by ten years, to expire on September 8, 2020. Stockholders approved these amendments to the ESPP on October 30, 2008.

As of September 1, 2009, there were 423,885 shares of common stock authorized and available for future issuance under the ESPP. Although we do not expect our headcount to continue to grow at the rate it has historically, we expect participation in the ESPP to continue and that the shares remaining for issuance under the ESPP will not be sufficient to support this participation beyond 2010. Accordingly, the Board of Directors believes that the remaining authorized shares under the ESPP are insufficient to meet our needs and that an increase in the number of shares available for issuance under the ESPP is necessary to allow us to continue to provide this form of equity compensation that we believe helps us to attract, motivate and retain key employees. Therefore, on September 8, 2009, the Board of Directors unanimously adopted, subject to stockholder approval, an amendment to the ESPP to increase the number of shares of common stock reserved for issuance under the ESPP by 600,000 shares, to an aggregate of 2,850,000 shares.

As of September 1, 2009, there were 184 employees participating in the ESPP. Because participation in the ESPP is subject to the discretion of each eligible employee and the amounts received by participants under the ESPP are subject to the fair market value of our common stock on future dates, the benefits or amounts that will be received by any participant or groups of participants if the ESPP is approved are not currently determinable. As of September 1, 2009, there were five executive officers and 353 other employees of Array who were eligible to participate in the ESPP.

We intend to register the additional 600,000 shares in a Registration Statement on Form S-8 under the Securities Act of 1933 as soon as practicable after receiving stockholder approval.

The summary of the material provisions of the ESPP set forth below is qualified in its entirety by the complete text of the ESPP, a copy of which is attached as Appendix A to this Proxy Statement.

Summary of Material Provisions of the ESPP

Our Board of Directors adopted and our stockholders approved the ESPP in September 2000, effective upon the closing of our initial public offering in November 2000. Amendments to our ESPP were subsequently adopted by our Board of Directors on November 17, 2000, on September 12, 2002 (which amendments were approved by our stockholders on October 31, 2002), on April 29, 2004, on December 9, 2005 (which amendments were approved by our stockholders on November 2, 2006) and on September 11, 2008 (which amendments were approved by our stockholders on October 30, 2008) and on September 8, 2009, which amendment is subject to the approval by stockholders at the 2009

Annual Meeting. The ESPP permits eligible employees to elect to have a portion of their pay deducted by us to purchase shares of our common stock at a discount. The Compensation Committee determines the length and duration of the periods, known as offering periods, during which payroll deductions will be accumulated to purchase shares of common stock. Within a single offering period, we may permit periodic purchases of stock during periods, known as purchase periods.

We currently have a 12-month offering period that ends on December 31 of each year and two six-month purchase periods ending on June 30 and December 31 of each year. However, if our closing stock price on July 1 is lower than our closing stock price on January 1, then the original 12-month offering period terminates and the purchase rights under the original offering period roll forward into a new six-month offering period with a corresponding purchase period that begins July 1 and ends December 31. As a result, the purchase price for purchases made on behalf of the participants on December 31 is equal to 85% of the lowest stock price on January 1, July 30 or December 31, of that year. The Compensation Committee may modify the duration of the offering periods and the purchase periods in the future.

Administration. The ESPP is administered by the Compensation Committee. The Compensation Committee has the authority to interpret the ESPP, to prescribe, amend and rescind rules relating to it, and to make all other determinations necessary or advisable in administering the ESPP. All of the Compensation Committee's determinations will be final and binding.

Shares Subject to the ESPP. Currently, we have reserved 2,250,000 shares of common stock for issuance under our ESPP. Our stockholders are being asked to approve at this Annual Meeting an increase in this number to an aggregate of 2,850,000 shares. If there is any increase or decrease in the number of shares of common stock without receipt of consideration by Array (for instance, by a recapitalization or stock split), there may be a proportionate adjustment to the number and kinds of shares that may be purchased under the ESPP.

Eligibility. All of our employees whose customary employment is for more than five months in any calendar year are eligible to participate in this plan, provided that any employee who would own 5% or more of the total combined voting power or value of our common stock immediately after any grant is not eligible to participate. An employee must be employed on the last day of the purchase period in order to acquire stock under the ESPP, unless the employee has retired, died or become disabled, been laid off or is on an approved leave of absence.

Participation Election. An eligible employee may become a participant in the ESPP by completing an election to participate in the ESPP in an online form provided by our stock plan administrator. The form authorizes us to have deductions, not to exceed 15% of pay, made from pay on each payday following enrollment in the ESPP. The deductions or contributions are credited to the employee's account under the ESPP. A participating employee may only increase or decrease his or her payroll deduction or periodic cash payments to take effect on the first day of the next purchase period, by notifying our stock plan administrator regarding election to participate in the ESPP. A participating employee may terminate payroll deductions or contributions at any time, and the amounts in the employee's account will be returned to the employee, and the employee's option to purchase shares under the ESPP will terminate, unless the employee notifies us not to have such amounts distributed, in which case the amounts will remain in the employee's account and available to purchase shares during the applicable offering period under the ESPP.

Purchase Price. Rights to purchase shares of our common stock are deemed granted to participating employees as of the first trading day of each offering period. The purchase price for each share (the "*Purchase Price*") is set by the Compensation Committee, but may not be less than 85% of the fair market value of our common stock on (i) the first trading day of the offering period or (ii) the day on which the shares are purchased (the "*Purchase Date*"), whichever is lower. The Compensation

Committee has approved a Purchase Price equal to 85% of the lower of these two amounts, but may modify this Purchase Price in the future subject to the limitation described in this paragraph.

Purchase Limit. No employee may purchase common stock in any calendar year under the ESPP having an aggregate fair market value in excess of \$25,000, determined as of the first trading date of the offering period. The value of any shares acquired under any other "employee stock purchase plans" that may be adopted by Array or any parent or subsidiary are included in calculating this maximum.

Purchase of Common Stock. On the Purchase Date, a participating employee is credited with the number of whole shares of common stock purchased under the ESPP for the applicable offering period. Common stock purchased under the ESPP is held by a broker we designate. We may require shares be retained with such broker for a designated period of time, and may impose a holding period requirement of up to twelve months from the Purchase Date for shares of common stock purchased by participating employees under the ESPP. We may also establish procedures to permit tracking of disqualifying dispositions of such shares or to restrict transfer of such shares.

If in any purchase or offering period the number of unsold shares that may be made available for purchase under the ESPP is insufficient to permit eligible employees to exercise their rights to purchase shares, a participation adjustment will be made, and the number of shares purchasable by all participating employees will be reduced proportionately. Any funds remaining in a participating employee's account will be refunded.

Termination of Participation. A participating employee will be refunded all monies in his or her account, and his or her participation in the ESPP will be terminated, if, prior to the Purchase Date: (i) the employee ceases to be eligible to participate in the ESPP, (ii) the Board of Directors terminates the ESPP (provided that termination of the ESPP will not impair the vested rights of the participant), or (iii) the participating employee leaves the employ of Array, other than by retirement, or is discharged for cause.

If a participating employee terminates participation in the ESPP because of his or her retirement or death, or because of an involuntary termination of employment without cause, the employee (or his or her representative in the event of death) can choose to either: (i) purchase common stock on the Purchase Date with the amounts then accumulated in the employee's account or (ii) have all monies in the employee's account refunded.

Lay-off, Authorized Leave of Absence or Disability. During any period of absence of the employee from work due to lay-off, authorized leave of absence or disability, the employee can elect (i) to have payroll deductions suspended or (ii) to make periodic payments to the ESPP in cash. If the participating employee returns to active service prior to the Purchase Date, the employee's payroll deductions will be resumed. If the employee did not make periodic cash payments during the employee's period of absence, the employee may elect to either: (x) make up any deficiency in the employee's account resulting from a suspension of payroll deductions by an immediate cash payment; (y) not to make up the deficiency in his or her account, in which event the number of shares to be purchased by the employee will be reduced to the number of whole shares which may be purchased with the amount, if any, credited to the employee's account on the Purchase Date; or (z) withdraw the amount in the employee's account and terminate the employee's option to purchase. If a participating employee's period of lay-off, authorized leave of absence or disability terminates on or before the Purchase Date, and the employee has not resumed active employment with Array or a participating affiliate, the employee will receive a distribution of his or her account.

Assignment. No participating employee may assign his or her rights to purchase shares of common stock under the ESPP, whether voluntarily, by operation of law or otherwise. Any payment of cash or issuance of shares of common stock under the ESPP may be made only to the participating employee (or, in the event of the employee's death, to the employee's estate). Once stock has been

issued to the employee or for his or her account, such stock may be assigned the same as any other stock.

Amendment of Plan. The Board of Directors may, at any time, amend the ESPP in any respect; provided, however, that without approval of our stockholders, no amendment can be made by the Board of Directors (i) increasing the number of shares that may be made available for purchase under the ESPP or (ii) changing the eligibility requirements for participating in the ESPP. In addition, no amendment may be made to the ESPP that impairs the vested rights of participating employees.

Termination of Plan. The Board of Directors may terminate the ESPP at any time and for any reason or for no reason, provided that such termination shall not impair any rights of participants that have vested at the time of termination. The ESPP will, without further action of the Board of Directors, terminate at the earlier of (i) the expiration of the term of the ESPP, which is currently September 8, 2020, and (ii) such time as all shares of common stock that may be made available for purchase under the ESPP have been issued.

Reorganizations. Upon a reorganization in which we are not the surviving corporation or a sale of assets or stock, the ESPP and all rights outstanding shall terminate, except to the extent provision is made in writing in connection with such transaction for the continuation or assumption of the ESPP, or for the substitution of the rights under the ESPP with rights covering the stock of the successor corporation.

No Employment Rights. Neither the ESPP nor any right to purchase common stock under the ESPP confers upon any employee any right to continued employment with Array or a participating affiliate.

Federal Income Tax Consequences

The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code. Amounts withheld from pay under the ESPP are taxable income to participating employees in the year in which the amounts otherwise would have been received, but the participating employees will not be required to recognize additional income for federal income tax purposes either at the time the employee is deemed to have been granted a right to purchase common stock (on the first day of an offering period) or when the right to purchase common stock is exercised (on the last day of the purchase period).

If the participating employee holds the common stock purchased under the ESPP for at least two years after the first day of the offering period in which the common stock was acquired (the "*Grant Date*") and for at least one year after the date the common stock is purchased, when the participating employee disposes of the common stock, he or she will recognize as ordinary income an amount equal to the lesser of:

- (i) the excess of the fair market value of the common stock on the date of disposition over the price paid for the common stock; or
- (ii) the fair market value of the common stock on the Grant Date multiplied by the discount percentage for stock purchases under the ESPP. The discount percentage is currently 15%, although we may use a lesser discount percentage, including a zero discount percentage.

If the participating employee disposes of the common stock within two years after the Grant Date or within one year after the date the common stock is purchased, he or she will recognize ordinary income equal to the fair market value of the common stock on the last day of the purchase period in which the common stock was acquired less the amount paid for the common stock. The ordinary income recognition pertains to any disposition of common stock acquired under the ESPP (such as by sale, exchange or gift).

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Upon disposition of the common stock acquired under the ESPP, any gain realized in excess of the amount reported as ordinary income will be reportable by the participating employee as a capital gain, and any loss will be reportable as a capital loss. Amounts required to be reported as ordinary income on the disposition of the common stock may be added to the purchase price in determining any remaining capital gain or loss. Capital gain or loss will be long-term if the employee has satisfied the two-year holding period requirement described above or, in any event, if the employee has held the common stock for at least one year. Otherwise, the capital gain or loss will be short-term.

If the participating employee satisfies the two-year holding period for common stock purchased under the ESPP, we will not receive any deduction for federal income tax purposes with respect to that common stock or the right under which it was purchased. If the employee does not satisfy the two-year holding period, we will be entitled to a deduction in an amount equal to the amount that is considered ordinary income. Otherwise, the ESPP has no tax effect on Array.

The foregoing tax discussion is a general description of certain expected federal income tax results under current law. No attempt has been made to address any state and local, foreign or estate and gift tax consequences that may arise in connection with participation in the ESPP.

Plan Benefits Under Array BioPharma Inc. Amended and Restated Employee Stock Purchase Plan

The following table sets forth, for our Chief Executive Officer, our Chief Financial Officer and the three other most highly compensated executive officers named in this proxy statement, all current executive officers as a group and all other employees who participated in the ESPP as a group: (a) the number of shares of common stock purchased under the ESPP during the year ended June 30, 2009, and (b) the dollar value of the benefit, which is calculated as the fair market value per share of the common stock on the date of purchase, minus the purchase price per share of common stock under the ESPP:

Name of Individual and Position or Identity of Group	Number of Shares Purchased (#)(1)	Dollar Value of Benefit \$(1)
Robert E. Conway, Chief Executive Officer	1,456	\$ 885
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	767	466
John R. Moore, Vice President and General Counsel	3,298	2,004
All current executive officers as a group (5 persons)	5,521	3,355
All other employees as a group	379,752	230,699

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- (1) Consists of shares purchased under the ESPP as of December 31, 2008 and does not include shares for which purchase rights have accumulated under the ESPP for the offering period that began January 1, 2009 as the number of shares to be purchased and the dollar value of those shares are not determinable.

Equity Compensation Plan Information

The following table provides information as of June 30, 2009 about the shares of common stock that may be issued upon the exercise of options, under our existing equity compensation plans, which include the Amended and Restated Array BioPharma Inc. Stock Option and Incentive Plan and the Array BioPharma Inc. Amended and Restated Employee Stock Purchase Plan. Array has no equity compensation plans that have not been approved by our stockholders.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-Average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a)
Equity compensation plans approved by stockholders:			
Amended and Restated Array BioPharma Inc. Stock Option and Incentive Plan(1)	9,263,265	\$ 7.06	5,110,750
Array BioPharma Inc. Amended and Restated Employee Stock Purchase Plan(2)			423,885
Equity compensation plans not approved by stockholders			
Total	9,263,265		5,354,635

- (1) The shares available for issuance under the Amended and Restated Array BioPharma Inc. Stock Option and Incentive Plan is increased automatically by an amount equal to the difference between (a) 25% of our issued and outstanding shares of capital stock (on a fully diluted, as converted basis), and (b) the sum of the shares relating to outstanding option grants plus the shares available for future grants under such Stock Option and Incentive Plan.
- (2) The number of securities remaining available for future issuance does not include the additional 600,000 shares proposed to be authorized for issuance under the Employee Stock Purchase Plan for which stockholder approval is being sought at the 2009 Annual Meeting.

Required Vote

The approval by the affirmative vote of the holders of a majority of the shares of common stock present or represented and entitled to vote at the Annual Meeting is required to approve the amendment to the ESPP. Abstentions will have the same effect as a negative vote. Broker "non-votes" will not be counted for purposes of approving Proposal 2.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE IN FAVOR OF THE AMENDMENT TO THE EMPLOYEE STOCK PURCHASE PLAN CONTAINED IN PROPOSAL 2.

PROPOSAL 3
RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

We are asking the stockholders to ratify the Audit Committee's selection of KPMG LLP as our independent registered public accountants for the fiscal year ending June 30, 2010. If the stockholders do not ratify the selection, the Audit Committee will reconsider its selection. Even if the selection is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee feels that such a change would be in the best interests of Array and our stockholders.

Representatives of KPMG LLP are expected to be present at the Annual Meeting, and will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Required Vote

The approval by the affirmative vote of the holders of a majority of the shares of common stock present or represented and entitled to vote at the Annual Meeting is required to ratify the selection of KPMG LLP. Abstentions will have the same effect as a negative vote. Broker "non-votes" will not be counted for purposes of approving Proposal 3.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE IN FAVOR OF THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR THE FISCAL YEAR ENDING JUNE 30, 2010.

AUDIT COMMITTEE REPORT

The information in this report is not soliciting material, is not deemed filed with the SEC and is not incorporated by reference in any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date of this proxy statement and irrespective of any general incorporation language in any such filings.

The Audit Committee reviewed and discussed the audited financial statements for the fiscal year ended June 30, 2009, with our management and with our independent registered public accountants, KPMG LLP. In addition, the Audit Committee discussed with KPMG LLP the matters required to be discussed by the statement on Auditing Standards No. 114, as amended, relating to the conduct of the audit. The Audit Committee also discussed with KPMG LLP the written disclosures and the letter from KPMG LLP required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and considered the compatibility of the non-audit services provided by the independent registered public accountants with their independence.

Based on the Audit Committee's review of the audited financial statements and the review and discussions described in the preceding paragraph, the Audit Committee recommended to the Board of Directors that the audited financial statements for the fiscal year ended June 30, 2009 be included in the Annual Report on Form 10-K for the fiscal year ended June 30, 2009, for filing with the Securities and Exchange Commission.

Respectfully submitted,

Audit Committee
 Gil J. Van Lunsen
 Kyle A. Lefkoff
 John L. Zabriskie, Ph.D.

Fees Billed by the Principal Accountant

We were billed the following fees by our independent registered public accountants for the fiscal years ended June 30, 2009 and 2008:

	Years Ended June 30,	
	2009	2008
Audit Fees(1)	\$684,101	\$507,933
Audit-Related Fees(2)	26,129	11,020
Tax Fees(3)	0	0
All Other Fees(4)	0	0

- (1) Audit fees consist of fees for services necessary to perform the audit of our financial statements for fiscal years 2009 and 2008, statutory audits, attest services and consents and assistance with, and review of, documents filed with the SEC.
- (2) Audit-related fees consist of fees for assurance and related services reasonably related to the performance of the audit or review.
- (3) Tax fees consist of fees for tax compliance, tax advice and tax planning services.
- (4) All other fees include the aggregate of the fees billed in each of the last two fiscal years for products and services provided by the principal accountant other than the products and services disclosed as Audit Fees, Audit-Related Fees and Tax Fees.

Pre-Approval of Services

The Audit Committee pre-approves all audit and non-audit services rendered by our independent auditor. The Audit Committee has not adopted a formal written policy or procedures for the pre-approval of audit and non-audit services rendered by our independent auditor. The Audit Committee generally pre-approves specified services in the defined categories of audit services, audit-related services, and tax services up to specified amounts. Pre-approval may also be given as part of the Audit Committee's approval of the scope of the engagement of the independent auditor or on an individual explicit case-by-case basis before the independent auditor is engaged to provide each service. The Audit Committee approved all audit fees for fiscal year 2009.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our common stock as of September 1, 2009, by:

each of our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers, whom we collectively refer to as our named executive officers;

each of our directors;

all of our directors and executive officers as a group; and

each person (or group of affiliated persons) known by us to beneficially own more than 5% of our outstanding common stock.

Name	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned(a)
Named Executive Officers		
Robert E. Conway(b)	1,329,654	2.7%
R. Michael Carruthers(c)	272,794	*
Kevin Koch, Ph.D.(d)	1,284,804	2.6%
David L. Snitman, Ph.D.(e)	1,939,893	4.0%
John R. Moore(f)	136,755	*
Directors		
Kyle A. Lefkoff(g)	125,585	*
Francis J. Bullock, Ph.D.(h)	115,000	*
Marvin H. Caruthers, Ph.D.(i)	525,884	1.1%
Douglas E. Williams, Ph.D.(j)	52,500	*
Gil J. Van Lunsen(k)	56,260	*
John L. Zabriskie, Ph.D.(l)	155,000	*
All directors and executive officers as a group (11 persons)(m)	5,994,129	11.8%
Five Percent Shareholders		
FMR LLC(n)	4,761,670	9.9%
Deerfield Management Company, LP(o)	4,803,950	9.9%
Columbia Wanger Asset Management, LP(p)	4,596,846	8.4%
Capital Research Global Investors(q)	3,615,000	7.5%
Barclays Global Investors, NA(r)	2,717,752	5.6%

*

Less than 1%.