UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-16633

Array BioPharma Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**84-1460811**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
3200 Walnut Street, Boulder, CO	**80301**
(Address of Principal Executive Offices)	*(Zip Code)*

(303) 381-6600

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-Accelerated Filer ☐	Smaller Reporting Company ☐
	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 26, 2018, the registrant had 213,072,082 shares of common stock outstanding.

ARRAY BIOPHARMA INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2018
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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ARRAY BIOPHARMA INC.
Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)
(Unaudited)

	September 30, 2018	June 30, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 130,507	$ 114,748
Marketable securities	283,886	297,739
Accounts receivable	44,378	32,084
Prepaid expenses and other current assets	17,439	6,972
Total current assets	476,210	451,543
Non-current assets		
Marketable securities	998	919
Property and equipment, net	6,860	7,128
Other non-current assets	151	774
Total non-current assets	8,009	8,821
Total assets	$ 484,219	$ 460,364
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 14,609	$ 14,059
Accrued outsourcing costs	34,264	31,853
Accrued compensation and benefits	17,194	16,695
Other accrued expenses	6,550	1,868
Deferred rent	724	707
Notes payable at fair value	—	15,899
Deferred revenue	11,425	12,350
Current portion of long-term debt	—	2,500
Total current liabilities	84,766	95,931
Non-current liabilities		
Deferred rent	5,414	5,598
Deferred revenue	42,635	44,470
Long-term debt, net	131,093	93,376
Other non-current liabilities	1,243	1,246
Total non-current liabilities	180,385	144,690
Total liabilities	265,151	240,621
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.001 par value; 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.001 par value; 280,000,000 shares authorized as of September 30, 2018 and June 30, 2018, 213,026,650 and 211,289,922 shares issued and outstanding as of September 30, 2018 and June 30, 2018, respectively	213	211
Additional paid-in capital	1,309,985	1,286,000
Accumulated other comprehensive loss	(312)	(461)
Accumulated deficit	(1,090,818)	(1,066,007)
Total stockholders' equity	219,068	219,743
Total liabilities and stockholders' equity	$ 484,219	$ 460,364

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ARRAY BIOPHARMA INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,	
	2018	**2017**
Revenue		
Product sales, net	$ 13,993	$ —
Collaboration and license revenue	31,028	11,554
Reimbursement revenue	11,889	18,192
Total revenue	56,910	29,746
Operating expenses		
Cost of goods sold	195	—
Research and development	55,550	53,204
Selling, general and administrative	24,890	12,048
Total operating expenses	80,635	65,252
Loss from operations	(23,725)	(35,506)
Other income (expense)		
Realized gain on investments	35	—
Change in fair value of notes payable	(65)	200
Interest income	1,524	525
Interest expense	(2,580)	(3,213)
Total other income (expense), net	(1,086)	(2,488)
Net loss	$ (24,811)	$ (37,994)
Change in unrealized gain on marketable securities	149	34
Comprehensive loss	$ (24,662)	$ (37,960)
Weighted average shares outstanding – basic	212,193	174,772
Weighted average shares outstanding – diluted	212,193	174,772
Net loss per share – basic	$ (0.12)	$ (0.22)
Net loss per share – diluted	$ (0.12)	$ (0.22)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ARRAY BIOPHARMA INC.
Condensed Consolidated Statement of Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amounts				
Balance as of June 30, 2018	211,290	$ 211	$ 1,286,000	$ (461)	$ (1,066,007)	$ 219,743
Shares issued for cash under employee share plans	503	1	2,255	—	—	2,256
Share-based compensation expense	—	—	4,812	—	—	4,812
Issuance of common stock, net of offering costs / At-the-market offering	1,234	1	16,918	—	—	16,919
Change in unrealized loss on marketable securities	—	—	—	149	—	149
Net loss	—	—	—	—	(24,811)	(24,811)
Balance as of September 30, 2018	213,027	$ 213	$ 1,309,985	$ (312)	$ (1,090,818)	$ 219,068

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ARRAY BIOPHARMA INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended September 30,	
	2018	**2017**
Cash flows from operating activities		
Net loss	$ (24,811)	$ (37,994)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	533	577
Non-cash interest expense	1,441	1,961
Share-based compensation expense	4,812	5,583
Realized gain from investments, net	(35)	—
Change in fair value of notes payable	65	(200)
Changes in operating assets and liabilities:		
Accounts receivable	(12,294)	4,678
Prepaid expenses and other assets	(9,844)	886
Accounts payable and other accrued expenses	4,268	1,287
Accrued outsourcing costs	2,411	6,145
Accrued compensation and benefits	1,632	2,013
Deferred rent	(167)	(88)
Deferred revenue	(2,760)	(2,926)
Other long-term liabilities	(51)	34
Net cash used in operating activities	(34,800)	(18,044)
Cash flows from investing activities		
Purchases of property and equipment	(265)	(24)
Proceeds from investment	35	—
Purchases of marketable securities	(87,308)	(104,468)
Proceeds from sales and maturities of marketable securities	101,279	44,746
Net cash provided by (used in) investing activities	13,741	(59,746)
Cash flows from financing activities		
Proceeds from issuance of common stock / Public offering	—	258,750
Offering costs for issuance of common stock / Public offering	—	(15,732)
Proceeds from issuance of common stock / At-the-market offering	17,288	2,917
Offering costs for the issuance of common stock / At-the-market offering	(369)	(87)
Net proceeds from employee stock purchases and options exercised	1,123	1,423
Payment of note payable	(15,000)	—
Proceeds from the modification of long-term debt, net	33,776	—
Net cash provided by financing activities	36,818	247,271
Net increase in cash and cash equivalents	15,759	169,481
Cash and cash equivalents at beginning of period	114,748	125,933
Cash and cash equivalents at end of period	$ 130,507	$ 295,414
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 1,151	$ 89
Change in unrealized loss on marketable securities	$ 149	$ 34

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ARRAY BIOPHARMA INC.
Notes to the Unaudited Condensed Consolidated Financial Statements

NOTE 1 – OVERVIEW, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Array BioPharma Inc. ("Array,","we", "us", "our" or "the Company") is a fully-integrated, biopharmaceutical company focused on the discovery, development and commercialization of transformative and well-tolerated targeted small molecule drugs to treat patients afflicted with cancer and other high-burden diseases. We were incorporated in the State of Delaware in 1998. Since our founding, we have progressed two drugs through clinical development and received regulatory approval. BRAFTOVI and MEKTOVI were approved by the Food and Drug Administration ("FDA") for commercial sales in the United States ("U.S.") in June 2018 and by the European Commission for commercial sales in the European Union through our partner, Pierre Fabre, in September 2018.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim reporting and, as permitted under those rules, do not include all of the disclosures required by U.S. generally accepted accounting principles ("U.S. GAAP") for complete financial statements. The unaudited condensed consolidated financial statements reflect all normal and recurring adjustments that, in the opinion of management, are necessary to present fairly our financial position, results of operations and cash flows for the interim periods presented. Operating results for an interim period are not necessarily indicative of the results that may be expected for a full year. Our management performed an evaluation of our activities through the date of filing of this Quarterly Report on Form 10-Q.

These unaudited condensed consolidated financial statements should be read in conjunction with our audited financial statements and the notes thereto for the fiscal year ended June 30, 2018, included in our Annual Report on Form 10-K filed with the SEC on August 14, 2018, from which we derived our balance sheet data as of June 30, 2018.

We operate in one reportable segment and, accordingly, no segment disclosures have been presented herein. All of our equipment, leasehold improvements and other fixed assets are physically located within the U.S., and the vast majority of our agreements with partners are denominated in U.S. dollars.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on our historical experience and on various other assumptions that we believe are reasonable under the circumstances. Our actual results could differ significantly from these estimates under different assumptions or conditions.

On an ongoing basis, we evaluate our estimates, including our most significant estimates related to revenue recognition, gross-to-net product sales adjustments, and estimating accrued outsourcing costs for clinical trials and preclinical testing.

Liquidity

As of September 30, 2018 and June 30, 2018, we held cash, cash equivalents and marketable securities totaling $415.4 million and $413.4 million, respectively. With the exception of fiscal year 2015, we have incurred operating losses and an accumulated deficit as a result of ongoing research and development spending since inception. As of September 30, 2018, we had an accumulated deficit of $1.1 billion. Our results of operations were net losses of $24.8 million for the three months ended September 30, 2018 and $147.3 million, $116.8 million and $92.8 million for the fiscal years ended June 30, 2018, 2017 and 2016, respectively.

We have historically funded our operations from upfront fees, proceeds from research and development reimbursement arrangements, license and milestone payments received under our drug collaborations and license agreements, and proceeds from the sale of equity securities and debt provided by convertible debt and other credit facilities. We believe that our cash, cash equivalents and marketable securities as of September 30, 2018 will enable us to continue to fund operations in the normal course of business for more than a twelve-month period from the date of filing this Quarterly Report on Form 10-Q. Until we can generate sufficient levels of cash from operations, which we do not expect to achieve in at least the next two years, and because sufficient funds may not be available to us when needed from existing collaborations, we expect that we will be required to continue to fund our operations in part through the sale of debt or equity securities, or through licensing select programs or partial economic rights that include upfront, royalty and/or milestone payments.

Our assessment of our future need for funding and our ability to continue to fund our operations are forward-looking statements that are based on assumptions that may prove to be wrong and that involve substantial risks and uncertainties. Our actual future capital requirements could vary as a result of a number of factors.

Concentration of Business Risks

The following counterparties contributed greater than 10% of our total revenue during at least one of the periods set forth below. The revenue from these counterparties as a percentage of total revenue was as follows:

	Three Months Ended September 30,	
	2018	2017
Novartis Pharmaceutical	20.9%	61.2%
Pierre Fabre	38.2%	13.8%
Loxo Oncology	11.3%	11.3%
Total	70.4%	86.3%

The loss of one or more of our significant partners or collaborators could have a material adverse effect on our business, operating results or financial condition. Although we are impacted by economic conditions in the biotechnology and pharmaceutical sectors, management does not believe significant credit risk exists as of September 30, 2018.

Geographic Information

The following table details revenue by geographic area based on the country in which our partners and Customers are located (in thousands):

	Three Months Ended September 30,	
	2018	2017
Europe	$ 33,688	$ 22,296
North America	22,280	5,501
Asia Pacific	942	1,949
Total	$ 56,910	$ 29,746

Accounts Receivable

Novartis Pharmaceutical Ltd. and Novartis Pharma AG (collectively, "Novartis") accounted for 25% and 52% of our total accounts receivable balance as of September 30, 2018 and June 30, 2018, respectively Loxo Oncology ("Loxo") accounted for 0% and 14% of our total accounts receivable balance as of September 30, 2018 and June 30, 2018, respectively. Pierre Fabre Medicament SAS ("Pierre Fabre") accounted for 43% and 13% of our total accounts receivable balance as of September 30, 2018 and June 30, 2018, respectively.

Summary of Significant Accounting Policies

Our significant accounting policies are described in Note 1 to our audited financial statements for the fiscal year ended June 30, 2018, included in our Annual Report on Form 10-K. Our significant accounting policies for the three

months ended September 30, 2018 also included the policies discussed below related to revenue and cost of goods sold for commercial product sales. With the exception of those noted below, there have been no other material changes in our significant accounting policies as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

Product Sales, Net

We received approval from the FDA on June 27, 2018 to market BRAFTOVI + MEKTOVI in the U.S. for the treatment of patients with unresectable or metastatic melanoma with a $BRAF^{V600E}$ or $BRAF^{V600K}$ mutation. We began selling BRAFTOVI + MEKTOVI in the U.S. in July 2018. We distribute our products principally through a limited number of specialty distributor and specialty pharmacy providers, collectively, our Customers. Our Customers subsequently sell our products to patients and health care providers. Separately, we enter into arrangements with third parties that provide for government-mandated and privately-negotiated rebates, chargebacks and discounts. Revenue is recognized when the Customer obtains control of our product, typically upon delivery to the Customer.

Revenue from product sales are recognized when our performance obligations are satisfied, which is when customers obtain control of our product and occurs at a point in time, typically upon delivery.

Reserves for Variable Consideration

Revenues from product sales are recorded at the net sales price (transaction price), which includes estimates of variable consideration, including rebates, chargebacks, discounts, patient assistance programs, estimated product returns and other allowances that are offered within contracts between us and our Customers. These estimates are based on the amounts earned or to be claimed for related sales and are classified as reductions of accounts receivable if the amount is payable to our customers or a current liability if the amount is payable to a party other than a customer. Where appropriate, these estimates take into consideration a range of possible outcomes which are probability-weighted for relevant factors such as industry data and forecasted customer buying and payment patterns, our historical experience, current contractual and statutory requirements, specific known market events and trends. Overall, these reductions to gross sales reflect our best estimates of the amount of consideration to which we are entitled based on the terms of the contract. Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Actual amounts of consideration ultimately received may differ from our estimates. If actual results in the future vary from our estimates, we adjust these estimates, which would affect product revenue and earnings in the period such variances become known.

Rebates: Rebates include mandated discounts under the Medicaid Drug Rebate Program and the Medicare coverage gap program. Rebates are amounts owed after the final dispensing of products to a benefit plan participant and are based upon contractual agreements or legal requirements with the public-sector benefit providers. These estimates for rebates are recorded in the same period the related gross revenue is recognized, resulting in a reduction of product revenue and the establishment of a current liability which is included in accrued expenses on the consolidated balance sheet. We estimate our Medicaid and Medicare rebates based upon a range of possible outcomes that are probability-weighted for the estimated payor mix. The accrual for rebates is based on statutory discount rates and known sales to specialty pharmacy patients or expected utilization for specialty distributor sales to healthcare providers. As we gain more historical experience, estimates will be based on the expected utilization from historical data we have accumulated since the BRAFTOVI + MEKTOVI product launch. Rebates are generally invoiced and paid quarterly in arrears.

Chargebacks: Chargebacks are discounts that occur when contracted purchasers purchase directly from our specialty distributors at a discounted price. The specialty distributor, in turn, charges back the difference between the price initially paid to us by the specialty distributor and the discounted price paid to the specialty distributor by the contracted purchaser. Amounts for estimated chargebacks are established in the same period that the related gross revenue is recognized, resulting in a reduction of product revenue and accounts receivable. The accrual for specialty distributor chargebacks is estimated based on known chargeback rates, known sales to specialty distributors, and estimated utilization by types of contracted purchasers.

Discounts and Fees: Our payment terms are generally 45 days. Specialty distributors and specialty pharmacies are offered various forms of consideration, including service fees and prompt pay discounts for payment within a specified

period. We expect these customers will earn prompt pay discounts and therefore, we deduct the full amount of these discounts and service fees from product sales when revenue is recognized.

Other Reserves: Patients who have commercial insurance and meet certain eligibility requirements may receive co-pay assistance. We estimate the amount of co-pay assistance provided to eligible patients based on the terms of the program when product is dispensed by specialty pharmacies to patients. These estimates are based on redemption information provided by third-party claims processing organizations and are recorded in accounts payable, accrued expenses and other liabilities on the unaudited condensed consolidated balance sheet.

We are offering a quick start program in the form of vouchers to certain eligible patients. We record amounts for estimated voucher redemptions in the same period that the related gross revenue is recognized, resulting in a reduction of product revenue and these amounts are recorded in accounts payable, accrued expenses and other liabilities on the unaudited condensed consolidated balance sheet. Our accrual for voucher redemptions is estimated based on observed voucher redemption rates.

Cost of goods sold

We capitalize inventory costs associated with the production of our products after regulatory approval or when, based on management's judgment, future commercialization is considered probable and the future economic benefit is expected to be realized. Otherwise, such costs are expensed as research and development. Certain of the costs of BRAFTOVI + MEKTOVI units recognized as revenue during the three months ended September 30, 2018 were expensed prior to FDA approval on June 27, 2018, and a minimal amount is included in cost of goods sold during the current period. We expect our cost of goods sold to remain negligible until the inventory with previously expensed material and production cost is sold. We believe our cost of goods sold for the three months ended September 30, 2018 would have been $0.3 million higher if we had not previously expensed certain material and production costs for with the units sold. As of September 30, 2018, we had approximately $16.2 million of inventory on hand that was previously expensed as research and development expense and will not be reported as cost of goods sold in future periods when sales of BRAFTOVI + MEKTOVI are recognized as revenue.

Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"* ("ASU 2014-09") and has subsequently issued a number of amendments to ASU 2014-09 (collectively, "ASC 606"). The new standard, as amended, requires entities to recognize revenue from the transfer of promised goods or services to customers based on the amount of the consideration to which the entity expects to be entitled to receive in exchange for those goods or services.

Under ASC 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. ASC 606 also impacts certain other areas, such as the accounting for costs to obtain or fulfill a contract. The standard also requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The new standard was effective for us on July 1, 2018, prior to our first commercial product sale, and we elected to adopt it using a modified retrospective transition method applied only to contracts that were not completed as of July 1, 2018. Our adoption of ASU 2014-09 did not require any cumulative effect adjustment to opening retained earnings as of July 1, 2018 and did not have a material impact on our unaudited condensed consolidated financial statements.

We have examined our revenue recognition policies and contracts related to our collaboration, co-development and product revenue streams to determine the impact of the new standard using the five-step process prescribed by ASC 606 and recognize revenue for our categories of revenue as follows:

Product sales: Revenue from product sales is recognized when our performance obligations are satisfied, which is when customers obtain control of our product and occurs at a point in time, typically upon delivery.

Licenses of intellectual property: If the license granted to our intellectual property is determined to be a discrete performance obligation from the other performance obligations identified in the arrangement, we recognize revenue from non-refundable, upfront fees allocated to the license when the license is transferred to the licensee and the recipient of the license is able to use and benefit from the license. For licenses that are determined to not be distinct from other performance obligations, such as development activities, we recognize revenue over time, using an input method as the related performance obligations are satisfied. Upfront payments are recorded as deferred revenue upon receipt and are recognized as revenue during subsequent periods as our performance obligations are met.

Milestone payments: Developmental, regulatory and commercial milestone payments generally relate to performance obligations that have been completed in the past and are recognized as revenue in the period in which the milestone is achieved. We are eligible to receive certain time-based commercial milestones, following regulatory approval, which we expect to recognize as revenue over time once material risk of reversal of revenue has passed. Adoption of ASC 606 will have the effect of accelerating recognition of revenue for certain commercial milestone payments as compared to the legacy accounting guidance.

Product royalty revenues: We have entered into arrangements that include sales-based royalties for which the license is deemed to be the predominant item to which the royalties relate. We will recognize revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty was allocated has been satisfied (or partially satisfied). Although we had no product royalty revenue during the three months ended September 30, 2018, two products for which we have previously granted licenses in exchange for the right to receive sales-based royalties have been granted regulatory approval as of September 30, 2018.

In August 2016, the FASB issued ASU No. 2016-15, " *Statement of Cash Flows (Topic 230)"* ("ASU 2016-15"). This amendment provides guidance on the presentation and classification of specific cash flow items to improve consistency within the statement of cash flows. ASU 2016-15 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. We adopted the new standard on July 1, 2018 and did not have a material impact on our consolidated financial statements.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842)"* ("ASU 2016-02") which supersedes FASB ASC Topic 840, *Leases (Topic 840) and* provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. In July 2018, the FASB issued ASU 2018-11, “Leases (Topic 842): Targeted Improvements” and ASU 2018-10, “Codification Improvements to Topic 842, Leases.” ASU 2016-02 and the subsequent modifications are identified as “ASC 842.” The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. The standard is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted upon issuance. We are currently evaluating the impact that ASU 2016-02 will have on our unaudited condensed consolidated financial statements and related disclosures and plan to adopt the new standard on July 1, 2019.

In May 2017, the FASB issued ASU 2017-09, "*Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting* ("ASU 2017-09"), which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. It is effective prospectively for the annual period ending June 30, 2019 and interim periods within that annual period. Early adoption is permitted. We do not expect ASU 2017-09 to have a material impact on our unaudited condensed consolidated financial statements upon adoption.

In August 2018, the SEC adopted the final rule under SEC Release No. 33-10532, Disclosure Update and Simplification, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. In addition, the amendments expanded the disclosure requirements on the analysis of stockholders' equity for interim financial statements. Under the amendments, an analysis of changes in each caption of stockholders'

equity presented in the balance sheet must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of comprehensive income is required to be filed. This final rule is effective on November 5, 2018. We are evaluating the impact of this guidance on our unaudited condensed consolidated financial statements.

NOTE 2 – MARKETABLE SECURITIES

Marketable securities consisted of the following as of September 30, 2018 and June 30, 2018 (in thousands):

	September 30, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term available-for-sale securities:				
U.S. treasury securities	$ 283,952	$ —	$ (312)	$ 283,640
Mutual fund securities	246	—	—	246
	284,198	—	(312)	283,886
Long-term available-for-sale securities:				
Mutual fund securities	998	—	—	998
	998	—	—	998
Total	$ 285,196	$ —	$ (312)	$ 284,884

	June 30, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term available-for-sale securities:				
U.S. treasury securities	$ 297,965	$ —	$ (461)	$ 297,504
Mutual fund securities	235	—	—	235
	298,200	—	(461)	297,739
Long-term available-for-sale securities:				
Mutual fund securities	919	—	—	919
	919	—	—	919
Total	$ 299,119	$ —	$ (461)	$ 298,658

The mutual fund securities shown in the above tables are securities held under the Array BioPharma Inc. Deferred Compensation Plan.

The fair value of marketable securities is determined using quoted market prices from daily exchange-traded markets based on the closing price as of the balance sheet date and are classified as Level 1, as described in *Note 6 - Fair Value Measurements* to our financial statements included elsewhere in this Quarterly Report on Form 10-Q.

As of September 30, 2018, the amortized cost and estimated fair value of available-for-sale debt securities by contractual maturity were as follows (in thousands):

	Amortized Cost	Fair Value
Due in one year or less	$ 283,952	$ 283,640

NOTE 3 – PRODUCT REVENUE

Our commercial stage products include BRAFTOVI + MEKTOVI, which received FDA approval on June 27, 2018 for the treatment of patients with unresectable or metastatic melanoma with $BRAF^{V600E}$ or $BRAF^{V600K}$ mutation, as detected by an FDA-approved test.

We record gross-to-net sales accruals for rebates, chargebacks, discounts, estimated product returns and other allowances that are offered within contracts between us and our Customers and other indirect customers relating to the sales of our products.

Our provisions for discounts, early payments, rebates, sales returns, distributor service fees and chargebacks, and other incentives are under terms that are customary in the industry and are provided for in the same period in which the related sales are recorded.

Net product revenues by product for the three months ended September 30, 2018 was as follows:

BRAFTOVI	$ 7,015
MEKTOVI	6,978
Total Net Product Sales	$ 13,993

Gross-to-net sales accruals and the balance in the related accounts receivable allowance accounts for the three months ended September 30, 2018 were as follows:

	Returns	Other	Total
Balance as of June 30, 2018	$ —	$ (78)	$ (78)
Allowances for sales during prior periods	—	—	—
Allowances for sales during the current period	50	3,410	3,460
Credits/deductions issued for prior year sales	—	—	—
Credits/deductions issued for sales during the current period	(11)	(798)	(809)
Balance as of September 30, 2018	$ 39	$ 2,534	$ 2,573

The balance as of June 30, 2018 included prepayments for incentives. There were no product sales or gross-to-net accruals during the three months ended September 30, 2017.

NOTE 4 – COLLABORATION AND OTHER AGREEMENTS

The following table summarizes total revenue recognized for the periods indicated (in thousands):

	Three Months Ended September 30,	
	2018	2017
Collaboration and other revenue		
Pierre Fabre	$ 6,029	$ 3,349
Loxo	2,403	2,258
Mirati	994	1,389
Other partners	684	1,012
Total collaboration and other revenue	10,110	8,008
License and milestone revenue		
Pierre Fabre	15,750	750
Loxo	4,000	1,107
Ono	918	918
Other partners	250	771
Total license and milestone revenue	20,918	3,546
Total collaboration and license revenue	$ 31,028	$ 11,554
Reimbursement revenue		
Novartis	$ 11,889	$ 18,192

Collaboration and License Revenue

The terms of our collaboration and license agreements include substantial ongoing collaboration and cost-sharing activities between the companies and may require us to perform future development and commercialization activities. In accordance with the revenue recognition criteria under ASC 606, *Revenue from Contracts with Customers*, we identified the following performance obligations in each of the following collaboration agreements, excluding Loxo: (1) the license rights and (2) clinical development and other services. For each agreement, we determined that the license rights are not distinct from the clinical development and other activities, and as such, are combined with other activities to form one performance obligation. Accordingly, any non-refundable upfront payments received under the agreements have been recorded as deferred revenue and are being recognized over the period during which management expects that substantial development activities will be performed.

Pierre Fabre

On November 10, 2015, we entered into an agreement with Pierre Fabre (the "PF Agreement") pursuant to which we granted Pierre Fabre rights to commercialize encorafenib and binimetinib in all countries except for the U.S., Canada, Japan, Korea and Israel, where we retain our ownership rights (subject to rights granted to Ono under the agreement with Ono).

The PF Agreement closed in December 2015 (the "Effective Date"). All clinical trials involving encorafenib and binimetinib that were ongoing or planned at the Effective Date, including the NEMO and COLUMBUS trials and other then-ongoing Novartis sponsored and investigator sponsored clinical studies, continued to be conducted pursuant to the terms of the Novartis Agreements. Further worldwide development activities are governed by a Global Development Plan ("GDP") with Pierre Fabre. Pierre Fabre will jointly fund worldwide development costs under the GDP, with Array covering 60% and Pierre Fabre covering 40% of such costs.

In connection with the PF Agreement, we received a $30.0 million upfront payment during the year ended June 30, 2016 which has been recorded as deferred revenue and is being recognized through 2025 which is the period through which management expects that substantial development activities will be performed. During the three months ended September 30, 2018, we earned a $15.0 million milestone under the PF Agreement upon regulatory approval in the European Union which was fully recognized as collaboration and license revenue during the period. There were no development expenses reimbursed by us to Pierre Fabre during the comparable period of the prior fiscal year.

The PF Agreement contains additional substantive potential milestone payments of up to $390.0 million for achievement of seven commercialization milestones if certain net sales amounts are achieved for any licensed indications. We are further eligible for multiple tiered double-digit royalties on annual net sales of encorafenib and binimetinib in the PF territory, starting at 20% for annual net sales under €50.0 million and increasing to 35% for annual net sales in excess of €100.0 million subject to certain adjustments.

Ono Pharmaceutical Co., Ltd.

Effective May 31, 2017, we entered into a License, Development and Commercialization Agreement (the “Ono Agreement”) with Ono, pursuant to which we granted Ono exclusive rights to commercialize encorafenib and binimetinib in Japan and the Republic of Korea (the “Ono Territory”), along with the right to develop these products in the Ono Territory. We retain all rights outside the Ono Territory, as well as the right to conduct development and manufacturing activities in the Ono Territory.

All ongoing clinical trials involving encorafenib and binimetinib, including the BEACON CRC and COLUMBUS trials, continued as planned as of the effective date of the Ono Agreement, and Ono is entitled to the data derived from such studies. As part of the Ono Agreement, Ono obtained the right to participate in any future global development of encorafenib and binimetinib by contributing 12% of those future costs. Ono is responsible for seeking, and for any development of encorafenib and binimetinib specifically necessary to obtain, regulatory and marketing approvals for products in the Ono Territory. We will furnish clinical supplies of drug substance to Ono for use in Ono’s development efforts, and Ono may elect to have us provide commercial supplies of drug product to Ono pursuant to a commercial supply agreement to be entered into between Ono and us, in each case the costs of which will be borne by Ono. We have also agreed to discuss and agree on a strategy with Ono to ensure the supply to Ono of companion diagnostics for use with encorafenib and binimetinib in certain indications in the Ono Territory.

Under the terms of the Ono Agreement, we received a non-refundable upfront cash payment of ¥3.5 billion, or $31.2 million, and we retain all rights to conduct, either on our own or through third parties, all clinical studies and file related

regulatory filings with respect to encorafenib and binimetinib and to develop, manufacture and commercialize encorafenib and binimetinib outside the Ono Territory (subject to rights we have granted to Pierre Fabre in certain countries). The upfront payment has been recorded as deferred revenue and is being recognized through 2025 which is the period through which management expects that substantial development activities will be performed. We are entitled to receive potential milestone payments of up to ¥900.0 million for the achievement of two remaining development milestones, ¥5.0 billion for the achievement of eight regulatory milestones relating to certain Marketing Authorization Application filings and approval in Japan for two specified indications, and ¥10.5 billion for the achievement of five commercialization milestones if certain annual net sales targets are achieved. A portion of these milestones is related to the advancement of the Phase 3 BEACON CRC trial in the Ono Territory. We are further eligible for tiered double-digit royalties on annual net sales of encorafenib and binimetinib in the Ono Territory, starting at 22% for annual net sales under ¥10.0 billion and increasing to 25% for annual net sales in excess of ¥10.0 billion subject to certain adjustments. As of September 30, 2018, ¥1.0 billion was the equivalent of approximately $8.8 million.

Loxo

We are party to a Drug Discovery Collaboration Agreement, as amended, with Loxo (the “Loxo Agreement”). Under the terms of the Loxo Agreement, Loxo funded discovery and preclinical programs conducted by us, including LOXO-195, a next generation selective TRK inhibitor, LOXO-292, a RET inhibitor, and FGFR programs (the "Loxo Programs"). The research phase concluded in September 2018. Loxo is responsible for all additional preclinical and clinical development and commercialization.

In accordance with the revenue recognition criteria under ASC Topic 606, *Revenue from Contracts with Customers*, we identified the following performance obligations: (1) the conduct of the research activities under the discovery program, including related technology transfer (the "research services deliverable"), (2) an exclusive worldwide license granted to Loxo to certain of our technology and our interest in collaboration technology, as well as exclusive worldwide marketing rights (the "license deliverable") and (3) participation on the Joint Research Committee ("JRC"). The Loxo Agreement provides for no general right of return for any non-contingent performance obligation. All the identified non-contingent performance obligations were considered distinct; therefore they are treated as separate performance obligations. Delivery of the research services and JRC participation obligations were completed throughout the research discovery program term. The license deliverable was complete as of September 30, 2013.

During the three months ended September 30, 2018, we earned a $4.0 million milestone under the Loxo Agreement for the initiation of a registration enabling study for LOXO-292 which was fully recognized as collaboration and license revenue during the period.

The Drug Discovery Collaboration Agreement with Loxo contains substantive potential milestone payments of up to $7.0 million for two remaining development milestones and up to $635.0 million for the achievement of twenty-three commercialization milestones if certain net sales amounts are achieved for any licensed drug candidates in the U.S., the European Union and Japan plus royalties on sales of any resulting drugs.

Mirati

We are party to agreements with Mirati Therapeutics, Inc. (the "Mirati Agreements"). During April 2018, Mirati elected to exercise an option to take an exclusive, worldwide license to an active compound under the second agreement for which we received $2.0 million and will receive additional fees as reimbursement for research and development services. The option exercise fee, received in the three months ended June 30, 2018, was recorded as deferred revenue and is being recognized as revenue over two years, the period during which we expect that substantial development activities will be performed.

The Mirati Agreements contain substantive potential milestone payments of up to $18.3 million for seven remaining developmental milestones and up to $674.0 million for the achievement of fourteen commercialization milestones if certain net sales amounts are achieved in the U.S., the European Union and Japan.

Dr. Charles Baum, a current member of our Board of Directors, is the President and Chief Executive Officer of Mirati.

Other Collaboration Arrangements

In addition to the collaboration arrangements described above, we have entered into a number of additional collaborative arrangements that include the potential for us to receive future milestone payments of up to $62.5 million for development milestones, up to $73.0 million for regulatory milestones, up to $299.5 million for sales milestones over a period of several years in addition to royalties on potential future product sales. Our ability to receive payments under these collaborations is contingent upon both our and our collaboration partners' continued involvement in the programs and the lack of any adverse events which could cause the discontinuance of the programs.

Deferred Revenue

Deferred revenue balances were as follows for the dates indicated (in thousands):

	September 30, 2018	June 30, 2018
Ono	$ 26,636	$ 27,555
Pierre Fabre (1)	24,229	22,394
Mirati	1,695	2,468
Loxo	—	2,403
Other	1,500	2,000
Total deferred revenue	54,060	56,820
Less: Current portion	(11,425)	(12,350)
Deferred revenue, long-term portion	$ 42,635	$ 44,470

(1) Balance as of September 30, 2018 includes a $2.6 million prepayment for commercial drug supply of BRAFTOVI and MEKTOVI

Reimbursement Revenue

On March 2, 2015 (the "Effective Date"), we regained development and commercialization rights to binimetinib under the Termination and Asset Transfer Agreement with Novartis and to encorafenib under the Asset Transfer Agreement with Novartis (which we collectively refer to as the “Novartis Agreements”). Along with global ownership of both assets, the Novartis Agreements transferred to us a 2% royalty obligation offset by certain expenses; which is payable based on net sales of encorafenib and is expensed as costs of goods sold as incurred.

Amounts provided by Novartis related to the development and commercialization of binimetinib and encorafenib are reported as Reimbursement Revenue on our unaudited condensed consolidated statements of operations. See Note 3 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018 for additional details related to our agreements with Novartis related to encorafenib and binimetinib.

NOTE 5 – DEBT

Outstanding debt consists of the following (in thousands):

	September 30, 2018	June 30, 2018
Notes payable at fair value	$ —	$ 15,899
2024 convertible senior notes	$ 126,060	$ 126,060
Silicon Valley Bank term loan (1)	53,500	16,200
Long-term debt, gross	179,560	142,260
Less: Unamortized debt discount and fees	(48,467)	(46,384)
Long-term debt, net	131,093	95,876
Less: Current portion	—	(2,500)
Long-term debt, non-current portion	$ 131,093	$ 93,376

(1) Outstanding debt owed to Silicon Valley Bank includes a final payment fee of $3.5 million and $1.2 million as of

September 30, 2018 and June 30, 2018, respectively.

Redmile Notes Payable

On August 6, 2018, the Redmile Notes Payable matured and became payable pursuant to the Note Purchase Agreement dated September 2, 2016, as amended. On that date, we repaid $16.0 million to the Note holders, which included the $10.0 million principal, a $5.0 million exit fee and approximately $1.0 million accrued interest. Following the repayment of the Redmile Notes Payable, we had no notes payable recorded at fair value.

Silicon Valley Bank Term Loan

On August 10, 2018 (the “Amended Effective Date”), we entered into an Amended and Restated Loan and Security Agreement (the “Amended Loan Agreement”) with Silicon Valley Bank ("SVB") providing for a term loan in the original principal amount of $50.0 million and maintaining our existing letters of credit with SVB. The Amended Loan Agreement amends and restates our prior Loan and Security Agreement (the "Loan Agreement") with SVB. We utilized the proceeds from the term loan for repayment in full all outstanding obligations under our prior Loan Agreement with SVB, repayment in full of our obligations under the Redmile Notes Payable, and as working capital to fund general business requirements. The entire term loan amount was borrowed on the Amended Effective Date.

The outstanding principal amount under the term loan bears interest at a floating per annum rate equal to the Prime Rate minus 2.0% (but not less than 0.0%) and was 3.25% as of September 30, 2018. We must make monthly payments of interest under the term loan commencing with the first month after the Amended Effective Date until maturity and, commencing on September 1, 2020 and monthly thereafter, we must make payments of principal under the term loan based on a thirty-six-month amortization schedule. A final payment of principal, accrued interest on the term loan and on any outstanding advances, as well as the final payment fee associated with the Amended Loan Agreement of $3.5 million are due on the maturity date of August 1, 2023. The resulting debt discount is being recognized using the effective interest method over the term of the loan. In accordance with ASC 470-50, we accounted for the exchange as a debt modification and the issuance costs associated with the Amended Loan Agreement were recorded as debt discount and were added to the remaining unamortized debt discount associated with prior Loan Agreement.

We granted SVB a first priority security interest in all of our assets other than our intellectual property, provided that accounts and proceeds of our intellectual property constitutes collateral and we have agreed not to encumber our intellectual property without SVB’s consent. The Amended Loan Agreement contains customary covenants, including restrictions on changes in control of Array, the incurrence of additional indebtedness, future encumbrances on our assets, the payment of dividends or distributions on our common stock and the sale, lease, transfer or disposition of encorafenib and binimetinib outside of certain markets if our cash and cash equivalents maintained with SVB fall below certain levels. In addition, we must maintain a liquidity ratio, defined as (i) our unrestricted cash and cash equivalents divided by (ii) all of our outstanding obligations owed to SVB, of at least 2.00 to 1.00, measured monthly.

2.625% Convertible Senior Notes Due 2024

On December 1, 2017, we issued and sold $126.1 million aggregate principal amount of 2.625% convertible senior notes due 2024 (the "2024 Notes") in exchange for our now retired 2020 Notes. The 2024 Notes are our direct unsecured obligations and rank equal in right of payment with all of our other existing and future unsecured and unsubordinated indebtedness. The 2024 Notes are effectively subordinated to any of our existing and future secured indebtedness, including our indebtedness under the Amended Loan Agreement with SVB, to the extent of the value of our assets that secure such indebtedness.

The 2024 Notes will mature on December 1, 2024 and bear interest at a rate of 2.625%, payable semiannually in arrears on June 1 and December 1 of each year, beginning on June 1, 2018.

In accordance with ASC 470-20, we used an effective interest rate of 9.75% to determine the liability component of the 2024 Notes. This resulted in the recognition of $80.4 million as the liability component of the 2024 Notes and the recognition of the residual $45.7 million as the debt discount with a corresponding increase to additional paid-in capital for the equity component of the 2024 Notes. The underwriting discount and estimated offering expenses of $4.3 million were allocated between the debt and equity issuance costs in proportion to the allocation of the liability and equity components of the 2024 Notes. Equity issuance costs of $1.6 million were recorded as an offset to additional paid-in capital. Total debt issuance costs of $2.7 million were recorded on the issuance date and are r

eflected in our unaudited condensed consolidated balance sheets for all periods presented on a consistent basis with the debt discount, or as a direct deduction from the carrying value of the associated debt liability. The debt discount and debt issuance costs will be amortized as non-cash interest expense through December 1, 2024. The balance of unamortized debt issuance costs was $2.5 million and $2.6 million as of September 30, 2018 and June 30, 2018, respectively.

The fair value of the 2024 Notes was approximately $158.4 million and $169.0 million at September 30, 2018 and June 30, 2018, respectively, and was determined using Level 2 inputs based on their quoted market values.

Summary of Interest Expense

The following table shows the details of our interest expense for all of our debt arrangements outstanding during the periods presented, including contractual interest, and amortization of debt discount, debt issuance costs and loan transaction fees that were charged to interest expense (in thousands):

	Three Months Ended September 30,	
	2018	2017
Silicon Valley Bank Term Loan		
Simple interest	$ 282	$ 90
Amortization of prepaid fees for line of credit	171	44
Amortization of debt discount	14	80
Total interest expense on the Silicon Valley Bank term loan	467	214
Convertible Senior Notes (1)		
Contractual interest	835	992
Amortization of debt discount	1,198	1,780
Amortization of debt issuance costs	73	101
Total interest expense on convertible senior notes	2,106	2,873
Other Debt		
Simple interest	7	126
Total interest expense on other debt	7	126
Total interest expense	$ 2,580	$ 3,213

(1) Includes the 2024 Notes and 2020 Notes (retired)

NOTE 6 – FAIR VALUE MEASUREMENTS

We use the following three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs to value our financial instruments:

- Level 1: Observable inputs such as unadjusted quoted prices in active markets for identical instruments.
- Level 2: Quoted prices for similar instruments that are directly or indirectly observable in the marketplace.
- Level 3: Significant unobservable inputs which are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

Financial instruments measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires us to make judgments and consider factors specific to the asset or liability. The use of different assumptions and/or estimation methodologies may have a material effect on estimated fair values. Accordingly, the fair value estimates disclosed or initial amounts recorded may not be indicative of the amount that we or holders of the instruments could realize in a current market exchange.

The following tables show the fair value of our financial instruments classified into the fair value hierarchy and measured on a recurring basis on the unaudited condensed consolidated balance sheets as of September 30, 2018 and June 30, 2018 (in thousands):

	Fair Value Measurement as of September 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Current Assets				
U.S. treasury securities	$ 283,640	$ —	$ —	$ 283,640
Mutual fund securities	246	—	—	246
Long-term Assets				
Mutual fund securities	998	—	—	998
Total assets	$ 284,884	$ —	$ —	$ 284,884

	Fair Value Measurement as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Current Assets				
U.S. treasury securities	$ 297,504	$ —	$ —	$ 297,504
Mutual fund securities	235	—	—	235
Long-term Assets				
Mutual fund securities	919	—	—	919
Total assets	$ 298,658	$ —	$ —	$ 298,658
Liabilities				
Notes payable, at fair value	$ —	$ —	$ 15,899	$ 15,899

The fair value of marketable securities are determined using quoted market prices from daily exchange-traded markets based on the closing price as of the balance sheet date and are classified as Level 1.

The table below provides a rollforward of the changes in fair value of Level 3 financial instruments for the three months ended September 30, 2018, comprised of the Redmile Notes (in thousands):

	Notes Payable at Fair Value
Balance at June 30, 2018	$ 15,899
Change in fair value	65
Settlement upon maturity	(15,964)
Balance at September 30, 2018	$ —

NOTE 7 – STOCKHOLDERS' EQUITY

Common Stock Offering

On September 19, 2017, the Company closed an underwritten public offering of 24.1 million shares of its common stock, which included 3.1 million shares of common stock issued upon the exercise in full of the option to purchase additional shares granted to the underwriters in the offering. The shares were sold to the public at an offering price of $10.75 per share. The total net proceeds from the offering were $243.0 million, after underwriting discounts and commissions and offering expenses of approximately $15.7 million. The Company intends to use the net proceeds from this offering to fund research and development efforts, including clinical trials for its proprietary candidates, build and scale its commercial capabilities, and for general working capital and corporate purposes.

At-the-Market Equity Offering

We entered into a Sales Agreement with Cantor Fitzgerald & Co. ("Cantor") dated March 27, 2013, which has been subsequently amended to permit the sale by Cantor, acting as our sales agent, to sell shares of our common stock from time to time in an at-the-market offering ("ATM Offering). All sales of shares have been made pursuant to an effective shelf registration statement on Form S-3 filed with the SEC.

On May 9, 2018, we entered into our current Sales Agreement with Cantor Fitzgerald & Co., pursuant to which we may, from time to time, sell up to $125.0 million in shares of our common stock through Cantor, acting as our sales agent and/or principal, in an ATM Offering. We are not required to sell shares under the Sales Agreement. We will pay Cantor a commission of up to 3% of the aggregate gross proceeds we receive from all sales of our common stock under the Sales Agreement. Unless otherwise terminated, the Sales Agreement continues until the earlier of selling all shares available under the Sales Agreement or May 9, 2021. We received net proceeds on sales under the Sales Agreement of approximately $16.9 million at a weighted average price of $14.01 (excluding commissions) during the three months ended September 30, 2018.

NOTE 8 – SHARE-BASED COMPENSATION

Share-based compensation expense for all equity awards issued pursuant to the Array BioPharma Amended and Restated Stock Option and Incentive Plan (the "Option and Incentive Plan") and for estimated shares to be issued under the Employee Stock Purchase Plan ("ESPP") for the current purchase period was approximately $4.8 million and $5.6 million for the three months ended September 30, 2018 and 2017, respectively, including a $2.5 million charge in during the three months ended September 30, 2017 for accelerated vesting of stock options and restricted stock units ("RSUs") to a departing executive.

We use the Black-Scholes option pricing model to estimate the fair value of our share-based awards. In applying this model, we use the following assumptions:

- Risk-free interest rate - We determine the risk-free interest rate by using a weighted average assumption equivalent to the expected term based on the U.S. Treasury constant maturity rate.
- Expected term - We estimate the expected term of our options based upon historical exercises and post-vesting termination behavior.
- Expected volatility - We estimate expected volatility using daily historical trading data of our common stock.
- Dividend yield - We have never paid dividends and currently have no plans to do so; therefore, no dividend yield is applied.

Option Awards

The fair values of our employee option awards were estimated using the assumptions below, which yielded the following weighted average grant date fair values for the periods presented:

	Three Months Ended September 30, 2018	
	2018	2017
Risk-free interest rate	2.7% - 2.8%	1.6% - 1.8%
Expected option term in years	3.8	4.1
Expected volatility	66.6% - 67.0%	66.1% - 66.5%
Dividend yield	0%	0%
Weighted average grant date fair value	$7.90	$4.67

The following table summarizes our stock option activity under the Option and Incentive Plan for the three months ended September 30, 2018:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding balance at June 30, 2018	15,326,350	$ 7.68		
Granted	194,800	$ 15.39		
Exercised	(437,321)	$ 5.41		
Forfeited	(237,011)	$ 9.37		
Expired	(6,000)	$ 6.22		
Outstanding balance at September 30, 2018	14,840,818	$ 7.82	7.5	$ 110,609
Vested and expected to vest at September 30, 2018	14,818,596	$ 7.82	7.5	$ 110,416
Exercisable at September 30, 2018	5,932,793	$ 5.01	5.9	$ 60,466

The aggregate intrinsic value in the above table is calculated as the difference between the closing price of our common stock at September 30, 2018, of $15.20 per share and the exercise price of the stock options that had strike prices below the closing price. The total intrinsic value of all options exercised was $4.6 million during the three months ended September 30, 2018. The total intrinsic value of all options exercised during the three months ended September 30, 2017 was $2.5 million. The grant date fair value of options that vested during the three months ended September 30, 2018 and 2017 was $1.4 million and $2.6 million, respectively.

As of September 30, 2018, we had approximately $35.6 million of total unrecognized compensation expense related to the unvested stock options shown in the table above, which is expected to be recognized over a weighted average period of 2.9 years.

Restricted Stock Units

The Option and Incentive Plan provides for the issuance of RSUs that each represent the right to receive one share of our common stock, cash or a combination of cash and stock, typically following achievement of time- or performance-based vesting conditions. Our RSU grants that vest subject to continued service over a defined period of time, will typically vest between one to four years, with a percentage vesting on each anniversary date of the grant, or they may be vested in full on the date of grant. Vested RSUs will be settled in shares of common stock upon the vesting date, upon a predetermined delivery date, upon a change in control of Array, or upon the employee leaving Array. All outstanding RSUs may only be settled through the issuance of common stock to recipients, and we intend to continue to grant RSUs that may only be settled in stock. RSUs are assigned the value of our common stock at date of grant, and the grant date fair value is amortized over the applicable vesting period.

The following table summarizes the status of our unvested RSUs under the Option and Incentive Plan as of September 30, 2018 and changes during the three months ended September 30, 2018:

	Number of RSUs	Weighted Average Grant Date Fair Value
Unvested at June 30, 2018	959,730	$ 9.28
Granted	20,000	15.34
Vested	(4,252)	5.88
Forfeited	(15,839)	9.72
Unvested at September 30, 2018	959,639	$ 9.41

As of September 30, 2018, we had $6.6 million of total unrecognized compensation cost related to unvested RSUs granted under the Option and Incentive Plan. The cost is expected to be recognized over a weighted-average period of approximately 2.7 years. The fair market value for RSUs that vested during the three months ended September 30, 2018 and 2017 was $25 thousand and $0.9 million, respectively. RSUs granted during the three months ended September 30, 2018 had a fair value of $0.3 million. No RSUs were granted during the three months ended September 30, 2017.

Employee Stock Purchase Plan

The ESPP allows qualified employees (as defined in the ESPP) to purchase shares of our common stock at a price equal to 85% of the lower of (i) the closing price at the beginning of the offering period or (ii) the closing price at the end of the offering period. Effective each January 1, a new 12-month offering period begins that will end on December 31 of that year. However, if the closing stock price on July 1 is lower than the closing stock price on the preceding 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 that begins July 1 and ends on December 31. As of September 30, 2018, we had 0.9 million shares available for issuance under the ESPP.

NOTE 9 - RELATED PARTY TRANSACTIONS

We are party to Drug Discovery Collaboration Option Agreements, as amended, with Mirati pursuant to which we provide certain drug discovery and research activities to Mirati from which we have received upfront payments, license fees, milestone payments and reimbursement for research and development services and under which we are entitled to receive additional milestone payments based on achievement of certain milestones, as described in *Note 4 - Collaboration and Other Agreements*. Dr. Charles Baum, a current member of our Board of Directors, is the President and Chief Executive Officer of Mirati.

We are also a party to a Master Collaboration Agreement with ArcherDX for project-specific collaborations in the field of development and commercialization of in vitro diagnostics and companion diagnostics for Array Compounds. Pursuant to this agreement, we will make future payments to ArcherDX for contract milestones, ongoing costs and pass-through expenses for project work plans. Kyle Lefkoff, a current member of our Board of Directors, is also a Director of ArcherDX. We have not yet made any payments to ArcherDX.

NOTE 10 - NET LOSS PER SHARE

Basic and diluted loss per common share are computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share includes the determinants of basic net income per share and, in addition, gives effect to the potential dilution that would occur if securities or other contracts to issue common stock were exercised, vested or converted into common stock, unless they are anti-dilutive.

The following table summarizes the net loss per share calculation (in thousands, except per share amount):

	Three Months Ended September 30,	
	2018	2017
Net loss - basic and diluted	$ (24,811)	$ (37,994)
Weighted average shares outstanding - basic and diluted	212,193	174,772
Per share data:		
Basic and diluted	$ (0.12)	$ (0.22)

For the periods presented, all common stock equivalents are excluded from the computation of diluted loss per share, as the result would be anti-dilutive. Common stock equivalents are not included in the calculations of diluted loss per share because to do so would have been anti-dilutive, include the following (amounts in thousands):

	September 30,	
	2018	2017
2.625% convertible senior notes	8,156	—
3.00% convertible senior notes	—	18,762
Stock options	14,841	14,224
Unvested RSUs	960	885
Total anti-dilutive common stock equivalents excluded from diluted loss per share calculation	23,957	33,871

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by the use of terms such as "may," "will," "expects," "intends," "plans," "anticipates," "estimates," "potential," or "continue," or the negative thereof or other comparable terms. These statements are based on current expectations, projections and assumptions made by management and are not guarantees of future performance. Although we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, these expectations or any of the forward-looking statements could prove to be incorrect and actual results could differ materially from those projected or assumed in the forward-looking statements. Our future financial condition, as well as any forward-looking statements are subject to significant risks and uncertainties including, but not limited to the factors set forth under the heading "Item 1A." Risk Factors" under Part II of this Quarterly Report on Form 10-Q and under "Forward Looking Statements" and "Item 1A. Risk Factors" under Part I of our Annual Report on Form 10-K for the fiscal year ended June 30, 2018, and in other reports we file with the SEC. All forward-looking statements are made as of the date of this report and, unless required by law, we undertake no obligation to update any forward-looking statements.

The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes to those statements included elsewhere in this Quarterly Report on Form 10-Q, our audited consolidated financial statements and related notes to those statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018, and with the information under the heading "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018. The terms "we," "us," "our," "the Company," or "Array" refer to Array BioPharma Inc.

Our fiscal year ends on June 30. When we refer to a fiscal year or quarter, we are referring to the year in which the fiscal year ends and the quarters during that fiscal year. Therefore, fiscal 2019 refers to the fiscal year ending June 30, 2019, and the first or current quarter refers to the three months ended September 30, 2018.

Overview

We are a fully-integrated, biopharmaceutical company focused on the discovery, development and commercialization of transformative and well-tolerated targeted small molecule drugs to treat patients afflicted with cancer and other high-burden diseases. In the United States ("U.S."), we market BRAFTOVI® (encorafenib) capsules in combination with MEKTOVI® (binimetinib) tablets for the treatment of patients with unresectable or metastatic melanoma with a *BRAF*^{V600E} or *BRAF*^{V600K} mutation. Our European partner, Pierre Fabre, received approval from the European Commission for commercial sales of BRAFTOVI and MEKTOVI in the European Union in September 2018. Our lead clinical programs, encorafenib and binimetinib, are being investigated in over 30 clinical trials across a number of solid tumor indications, including a Phase 3 trial in *BRAF*-mutant colorectal cancer ("CRC"). Our pipeline includes several additional programs being advanced by us or current license-holders, including the following programs currently in registration trials: including selumetinib (partnered with AstraZeneca), larotrectinib and LOXO-292 (partnered with Loxo Oncology), ipatasertib (partnered with Genentech), tucatinib (partnered with Seattle Genetics) and ARRY-797. Ganovo® (danoprevir, partnered with Roche and licensed by Roche to Ascletis Pharmaceuticals Co., Ltd. in China) was recently approved in China for the treatment of viral hepatitis C.

Our most significant clinical stage drugs include:

Drug Candidate	Target/Disease State	Partner	Clinical Status
BRAFTOVI + MEKTOVI	BRAF and MEK inhibitors for advanced *BRAF*-mutant melanoma	Pierre Fabre Medicament SAS and Ono Pharmaceutical Co., Ltd.	Approved in US and EU
Encorafenib	BRAF inhibitor for *BRAF*-mutant CRC	Pierre Fabre Medicament SAS and Ono Pharmaceutical Co., Ltd.	Phase 3
Binimetinib	MEK inhibitor for *BRAF*-mutant CRC and other cancers	Pierre Fabre Medicament SAS and Ono Pharmaceutical Co., Ltd.	Phase 3
Selumetinib (1)	MEK inhibitor for cancer and NF1 (2)	AstraZeneca, PLC	Phase 2 / Registration Trial
Ganovo/Danoprevir (1)	Protease inhibitor for Hepatitis C virus	Roche Holding AG	Approved in China
Larotrectinib / LOXO-101 (1)	PanTrk inhibitor for cancer	Loxo Oncology, Inc.	Phase 2 / Registration Trial / NDA (3)
ARRY-797	p38 inhibitor for Lamin A/C-related dilated cardiomyopathy	Wholly-owned by Array	Phase 3
Ipatasertib / GDC-0068 (1)	AKT inhibitor for cancer	Genentech, Inc.	Phase 3
Tucatinib / ONT-380 (1)	HER2 inhibitor for breast cancer	Seattle Genetics, Inc.	Phase 2 / Registration Trial
Varlitinib / ASLAN001 (1)	Pan-HER2 inhibitor for gastric or breast cancer	ASLAN Pharmaceuticals Pte Ltd.	Phase 2 / 3
LOXO-292 (1)	Ret inhibitor for cancer	Loxo Oncology, Inc.	Phase 2 / Registration Trial
ARRY-382	CSF1R inhibitor for cancer	Wholly-owned by Array	Phase 2
Motolimod / VTX-2337 (1)	Toll-like receptor for cancer	Celgene Corp. / VentiRx Pharmaceuticals, Inc.	Phase 2
Prexasertib / LY2606368 (1)	CHK-1 inhibitor for cancer	Eli Lilly and Company	Phase 2
LOXO-195 (1)	Trk inhibitor for cancer	Loxo Oncology, Inc.	Phase 1 / 2
AK-1830 (1)	TrkA selective inhibitor for inflammation	Asahi Kasei Pharma Corporation	Phase 1

(1) Compound is being advanced by the current license holder. We are entitled to receive future potential milestone and/or potential royalty payments contingent upon successful development and commercialization.
(2) As we have previously disclosed, we have informed AstraZeneca of our position that the NF1 development program is outside of the permitted field for this license.
(3) Prescription Drug User Fee Act date November 26, 2018.

BRAFTOVI and MEKTOVI

In the U.S., BRAFTOVI capsules in combination with MEKTOVI tablets are approved for the treatment of patients with unresectable or metastatic melanoma with a *BRAF*^{V600E} or *BRAF*^{V600K} mutation, as detected by an FDA-approved test. BRAFTOVI is not indicated for the treatment of patients with wild-type *BRAF* melanoma.

BRAFTOVI + MEKTOVI were available for sale beginning on July 2, 2018, and patients began receiving the combination therapy that same week.

Net product sales for the first quarter was $14.0 million. Array has seen strong demand for BRAFTOVI + MEKTOVI and continues to receive positive feedback from healthcare providers, payers and the melanoma community regarding the combination.

On September 20, 2018, the European Commission approved BRAFTOVI in combination with MEKTOVI for the treatment of adult patients with unresectable or metastatic melanoma with a *BRAF*^{V600} mutation, as detected by a validated test. This approval is applicable to all 28 European Union member states, as well as Liechtenstein, Iceland and Norway.

We have exclusive rights to BRAFTOVI and MEKTOVI in the U.S. and Canada. Array has granted Ono Pharmaceutical Co., Ltd. exclusive rights to commercialize both products in Japan and South Korea, Medison exclusive rights to commercialize both products in Israel and Pierre Fabre exclusive rights to commercialize both products in all other countries, including those in Europe, Latin America and Asia (excluding Japan and South Korea).

The Swiss Medicines Agency ("Swissmedic") and the Australian Therapeutic Goods Administration ("TGA") are currently reviewing the Marketing Authorization Applications for BRAFTOVI and MEKTOVI submitted by Pierre Fabre, and Japan's Pharmaceuticals and Medical Devices Agency ("PMDA") is currently reviewing the Manufacturing and Marketing Approval applications submitted by Ono Pharmaceutical Co., Ltd.

BRAFTOVI® and MEKTOVI® are registered trademarks of Array BioPharma Inc. in the U.S. and various other countries.

Encorafenib and Binimetinib

On March 2, 2015 (the "Effective Date"), we regained development and commercialization rights to binimetinib under the Termination and Asset Transfer Agreement with Novartis Pharmaceutical Ltd. and Novartis Pharma AG (collectively, "Novartis") and to encorafenib under the Asset Transfer Agreement with Novartis Pharma AG (which we collectively refer to as the "Novartis Agreements"). Along with global ownership of both assets, the Novartis Agreements transferred to Array a low single digit royalty obligation payable based on net sales of encorafenib and we received an upfront payment of $85.0 million from Novartis. We believe these programs present significant opportunity to Array in the area of oncology.

Novartis continues to fund ongoing trials with encorafenib and binimetinib that were active or planned as of the close of the Novartis Agreements in 2015. As of September 30, 2018, the level of spend associated with these studies continues to decrease as the studies progress through their later life cycle. As patients have continued to receive treatment under certain trials for longer than initially anticipated, we have reached certain reimbursement limits for select trials, including the COLUMBUS Phase 3 trial. Reimbursement revenue from Novartis was approximately $74.7 million for the 12 months ended September 30, 2018, of which $11.9 million was recorded in the three months ended September 30, 2018.

PIERRE FABRE AGREEMENT

We entered into a Development and Commercialization Agreement (the "PF Agreement") with Pierre Fabre in 2015 pursuant to which we granted Pierre Fabre rights to commercialize encorafenib and binimetinib in all countries except for the U.S., Canada, Japan, the Republic of Korea and Israel. The PF Agreement satisfied our commitment to secure a development and commercialization partner for the European market for both encorafenib and binimetinib acceptable to European Commission regulatory agencies made in connection with the Novartis Agreements.

The PF Agreement closed in December 2015. All clinical trials involving encorafenib and binimetinib that were ongoing or planned at the Effective Date, including the COLUMBUS trial and other then active Novartis sponsored and investigator sponsored clinical studies, continue to be conducted pursuant to the terms of the Novartis Agreements. Additional worldwide development activities of encorafenib and binimetinib will be governed by a Global Development Plan ("GDP") with Pierre Fabre. Pierre Fabre and Array jointly fund worldwide development costs under the GDP, with Array covering 60% and Pierre Fabre covering 40% of such costs. The initial GDP includes multiple trials, including the BEACON CRC trial. We and Pierre Fabre have agreed to commit at least €100 million in combined funds for these studies in CRC and melanoma.

Pierre Fabre is responsible for seeking regulatory and pricing and reimbursement approvals in the European Economic Area and its other licensed territories. We have also entered into a Clinical Supply Agreement and a Commercial Supply Agreement with Pierre Fabre pursuant to which we will supply or procure the supply of clinical and commercial supplies of drug substance and drug product for Pierre Fabre, the costs of which will be borne by Pierre Fabre. We have also agreed to cooperate with Pierre Fabre to ensure the supply of companion diagnostics for use with encorafenib and binimetinib in indications as needed.

Each party has agreed not to distribute, sell or promote competing products in each party's respective markets during a period of exclusivity. Each party has also agreed to indemnify the other party from certain liabilities specified in the Agreement.

In connection with the PF Agreement, we received $30.0 million as a non-refundable up-front payment during the year ended June 30, 2016 and we earned a $15.0 million milestone during the quarter ended September 30, 2018 which was recognized at that time as collaboration and license revenue. The PF Agreement contains future substantive potential milestone payments of up to $390.0 million for achievement of seven commercialization milestones if certain net sales amounts are achieved for any licensed indications. We are also entitled to double-digit royalties based on net sales under the agreement.

ONO AGREEMENT

Effective May 31, 2017, we entered into a License, Development and Commercialization Agreement (the "Ono Agreement") with Ono, a company duly organized and existing under the laws of Japan, pursuant to which we granted Ono exclusive rights to commercialize encorafenib and binimetinib in Japan and the Republic of Korea (the "Ono Territory"), along with the right to develop these products in the Ono Territory. We retain all rights outside the Ono Territory as well as the right to conduct development and manufacturing activities in the Ono Territory, except for rights we have granted to Pierre Fabre under the PF Agreement.

Under the terms of the Ono Agreement, we received a non-refundable upfront cash payment of ¥3.5 billion, or $31.2 million. We are entitled to receive potential milestone payments of up to ¥900.0 million for the achievement of two remaining development milestones, ¥5.0 billion for the achievement of eight regulatory milestones and ¥10.5 billion for the achievement of five commercialization milestones if certain annual net sales targets are achieved. A portion of these milestones is related to the advancement the Phase 3 BEACON CRC trial in the Ono Territory. We are further eligible for tiered double-digit royalties on annual net sales of encorafenib and binimetinib in the Ono Territory, starting at 22.0% for annual net sales under ¥10.0 billion and increasing to 25.0% for annual net sales in excess of ¥10.0 billion subject to certain adjustments. As of September 30, 2018, ¥1.0 billion was the equivalent of approximately $8.8 million.

All ongoing clinical trials involving encorafenib and binimetinib, including the BEACON CRC and COLUMBUS trials, continued as planned as of the effective date of the Ono Agreement, and Ono is entitled to the data derived from such studies. As part of the Ono Agreement, Ono obtained the right to participate in any future global development of encorafenib and binimetinib by contributing 12.0% of the future costs of such development. Ono is responsible for seeking regulatory and marketing approvals for products in the Ono Territory and for any development of

encorafenib and binimetinib specifically necessary to obtain such approvals. We will furnish clinical supplies of drug substance to Ono for use in Ono's development efforts, and Ono may elect to have us provide commercial supplies of drug product to Ono pursuant to a commercial supply agreement to be entered into by us and Ono, in each case the costs of which will be borne by Ono. We have also agreed to discuss and agree with Ono on a strategy to ensure the supply of companion diagnostics to Ono for use with encorafenib and binimetinib in certain indications in the Ono Territory. Each party has agreed not to distribute, sell or promote competing MEK or RAF products in the Ono Territory during the term of the Ono Agreement.

The Ono Agreement will continue in effect on a product-by-product, country-by-country basis for a period that expires ten years after the later of expiration of patent protection or marketing exclusivity for the applicable product. The Ono Agreement may be terminated by either party for breach of the Agreement by the other party, in the event of the insolvency or bankruptcy of the other party, by Ono with 180 days' prior notice after the fifth year after first commercial sale of either encorafenib or binimetinib in the Ono Territory, or by Ono on a product-by-product basis for certain safety reasons.

COLUMBUS PHASE 3 TRIAL

The COLUMBUS trial is a two-part, international, randomized, open-label Phase 3 trial evaluating the efficacy and safety of BRAFTOVI (encorafenib) in combination with MEKTOVI (binimetinib) compared to vemurafenib and encorafenib monotherapy in 921 patients with locally advanced, unresectable or metastatic melanoma with *BRAF*^{V600} mutation. The primary endpoint of the trial was progression free survival; all secondary efficacy analyses, including overall survival ("OS"), are descriptive in nature. Over 200 sites across North America, Europe, South America, Africa, Asia and Australia participated in the trial.

COLUMBUS Median Overall Survival Results Published in The Lancet Oncology

Detailed OS results of the pivotal COLUMBUS trial were published online on September 12, 2018 by *The Lancet Oncology*. The median OS was 33.6 months for patients treated with BRAFTOVI + MEKTOVI, compared to 16.9 months for patients treated with vemurafenib as a monotherapy. The combination reduced the risk of death compared to treatment with vemurafenib [hazard ratio (HR) of 0.61, (95% CI 0.47-0.79, p <0.0001)] in the planned analysis of OS. Observed grade 3 or 4 adverse events seen in more than 5% of patients with BRAFTOVI + MEKTOVI were increased gamma-glutamyltransferase (9%), increased blood creatine phosphokinase (7%) and hypertension (6%). Additional safety information for COLUMBUS was published in the manuscript and in the Important Safety Information and the full Prescribing Information for BRAFTOVI and MEKTOVI.

Melanoma develops when unrepaired DNA damage to skin cells triggers mutations that may lead them to multiply and form malignant tumors. Metastatic melanoma is the most serious and life-threatening type of skin cancer and is associated with low survival rates. There are a variety of gene mutations that can lead to metastatic melanoma. The most common genetic mutation in metastatic melanoma is *BRAF*. There are about 200,000 new cases of melanoma diagnosed worldwide each year, approximately half of which have *BRAF* mutations, a key target in the treatment of metastatic melanoma.

BEACON CRC PHASE 3 TRIAL

BEACON CRC is a randomized, open-label, global trial evaluating the efficacy and safety of BRAFTOVI, MEKTOVI and cetuximab in patients with *BRAF*^{V600E}-mutant metastatic CRC whose disease has progressed after one or two prior regimens. BEACON CRC is the first and only Phase 3 trial designed to test a BRAF/MEK combo targeted therapy in *BRAF*^{V600E}-mutant advanced CRC. Thirty patients were treated in the safety lead-in and received the triplet combination (BRAFTOVI 300 mg daily, MEKTOVI 45 mg twice daily and cetuximab, an anti-EGFR antibody, per label). Of the 30 patients, 29 had a *BRAF*^{V600E} mutation. MSI-H, resulting from defective DNA mismatch repair, was detected in only one patient. As previously announced, the triplet combination demonstrated good tolerability, supporting initiation of the randomized portion of the trial.

The randomized portion of the BEACON CRC trial is designed to assess the efficacy of BRAFTOVI in combination with cetuximab with or without MEKTOVI compared to cetuximab and irinotecan-based therapy. Approximately 615 patients are expected to be randomized 1:1:1 to receive triplet combination, doublet combination (BRAFTOVI and cetuximab) or the control arm (irinotecan-based therapy and cetuximab). The study has been amended to include

an interim analysis of endpoints including ORR. The primary overall survival endpoint is a comparison of the triplet combination to the control arm. Other secondary endpoints include PFS, duration of response, safety and tolerability. Health related quality of life data will also be assessed. The trial is being conducted at over 200 investigational sites in North America, South America, Europe and the Asia Pacific region. The BEACON CRC trial is being conducted with support from Ono Pharmaceutical Co., Pierre Fabre and Merck KGaA, Darmstadt, Germany (support is for sites outside of North America).

We announced updated safety and efficacy results, including OS, from the safety lead-in of the BEACON CRC trial evaluating the triplet combination of encorafenib, binimetinib and cetuximab, in 29 patients with *BRAF*^{V600E}-mutant metastatic CRC during an oral presentation at ESMO World GI on June 23, 2018. At the time of analysis, the OS data were fully mature through 12.6 months and the median OS had not yet been reached. The observed one-year OS rate for this cohort was 62%. The mPFS for patients treated with the triplet was 8 months [95% CI 5.6-9.3] and is similar between patients receiving one prior line of therapy and patients receiving two prior lines of therapy. The triple combination was generally well-tolerated with no unexpected toxicities. The most common grade 3 or 4 adverse events seen in at least 10% of patients were fatigue (13%), anemia (10%), increased blood creatine kinase (10%) and increased aspartate aminotransferase (10%).

On August 7, 2018, the FDA granted Breakthrough Therapy Designation to BRAFTOVI in combination with MEKTOVI and cetuximab for the treatment of patients with *BRAF*^{V600E}-mutant metastatic CRC as detected by an FDA-approved test, after failure of one to two prior lines of therapy for metastatic disease. *BRAF*^{V600E}-mutant mCRC patients have a mortality risk more than double that of mCRC patients without the mutation, and currently there are no therapies specifically approved for this high unmet need population.

Following consultation with the FDA and EMA, we have initiated an amendment to the BEACON CRC protocol to allow for an interim analysis of trial endpoints. Should a planned analysis based primarily on confirmed overall response rate ("ORR") and durability of response be supportive, we plan to use it to seek accelerated approval in the U.S. The interim analysis may also support regulatory submissions in other regions. We anticipate topline results from this analysis in the first half of 2019. This timing allows for the subset of patients required for the interim analysis of ORR to achieve a response and for the durability of responses to be appropriately evaluated.

The BEACON CRC trial continues to enroll well and we expect to complete enrollment of the trial around the end of 2018.

Worldwide, colorectal cancer is the third most common type of cancer in men and the second most common in women, with approximately 1.4 million new diagnoses in 2012. Globally in 2012, approximately 694,000 deaths were attributed to colorectal cancer. In the U.S. alone, an estimated 140,250 patients will be diagnosed with cancer of the colon or rectum in 2018, and approximately 50,000 are estimated to die of their disease. In the U.S., *BRAF* mutations are estimated to occur in 10% to 15% of patients with colorectal cancer and represent a poor prognosis for these patients. The risk of mortality in CRC patients with the *BRAF*^{V600E} mutation is more than two times higher than for those with wild-type *BRAF*. Several irinotecan and cetuximab-containing regimens, similar to the BEACON CRC control arm, have established clinical activity benchmarks in *BRAF*^{V600E}-mutant mCRC patients, whose disease has progressed after one or two prior lines of therapy. These benchmarks include ORR of 4% to 8%, mPFS of 1.8 to 2.5 months and median OS of 4 to 6 months.

ANCHOR CRC TRIAL

In October 2018, ANCHOR CRC, an international trial designed to assess the efficacy and safety of the combination of encorafenib, binimetinib and cetuximab in patients with *BRAF*^{V600E}-mutant mCRC in the first-line setting, was posted to clinicaltrials.gov. The trial was designed in partnership with top global key opinion leaders and we are excited by the potential of this combination therapy to benefit patients in the first-line setting. The ANCHOR CRC trial is being conducted in collaboration with Pierre Fabre and Ono Pharmaceutical Co., Ltd., and with support from Merck KGaA, Darmstadt, Germany.

IMMUNO-ONCOLOGY COLLABORATIONS WITH BRISTOL-MYERS SQUIBB, MERCK AND PFIZER

We are also developing binimetinib in combination with PD-1/PD-L1 checkpoint inhibitors and previously announced separate, strategic collaborations with Bristol-Myers Squibb, Merck and Pfizer. Each collaboration is pursuing a different rationally designed clinical approach.

BRISTOL-MYERS SQUIBB COLLABORATION

The clinical trial has completed enrollment. It is designed to investigate the safety, tolerability and efficacy of binimetinib in combination with nivolumab (anti-PD-1 therapy), with and without ipilimumab (CTLA-4 antibody), in patients with advanced metastatic microsatellite stable (MSS) CRC and the presence of a *RAS* mutation who have received one or two prior regimens. The trial is jointly supported by Array and Bristol-Myers Squibb and sponsored by Array.

MERCK COLLABORATION

The clinical trial continues to advance and is designed to investigate the safety, tolerability and efficacy of binimetinib in combination with pembrolizumab (anti-PD-1 therapy), with and without FOLFOX or FOLFIRI (chemotherapy), in first or second-line patients with CRC whose tumors are not microsatellite instability-high (MSI-H). The trial is sponsored and funded by Merck, with Array providing binimetinib supply.

PFIZER COLLABORATION

The clinical trial was initiated last quarter and is designed to investigate the safety, tolerability and efficacy of several novel anti-cancer combinations, including binimetinib, avelumab (anti-PD-L1 therapy) and talazoparib (PARP inhibitor) across various tumor types and is expected to begin during the third quarter of 2018. Initially, the focus will be on non-small cell lung cancer and pancreatic cancer, with additional indications being explored at a later stage. The trial is sponsored and funded by Pfizer, with Array providing binimetinib supply.

ARRY-382

ARRY-382 is a wholly-owned, highly selective and potent, small molecule inhibitor of CSF1R kinase activity. We are advancing a Phase 2 trial of ARRY-382 in combination with pembrolizumab, an anti-PD-1 therapy, in patients with advanced solid tumors. The trial includes three cohorts: patients with pancreatic cancer with one prior line of therapy and no prior treatment with immune checkpoint inhibitors, patients with ovarian cancer who are platinum refractory and no prior treatment with immune checkpoint inhibitors, and patients with solid tumors who have progressed on prior PD1/PD-L1 inhibitors.

ARRY-797

ARRY-797 is an oral, selective p38 MAPK inhibitor that is currently advancing in a Phase 3 trial in patients with LMNA-related DCM a rare, degenerative cardiovascular disease caused by mutations in the LMNA gene and characterized by poor prognosis.

Business Development and Partner Concentrations

We currently license or partner certain of our compounds and/or programs and enter into collaborations directly with pharmaceutical and biotechnology companies through opportunities identified by our business development group, senior management, scientists and customer referrals. In general, our partners may terminate their agreements with us with 60 to 180 days' prior notice. Specifics regarding termination provisions under our material collaboration or partnering agreements can be found in *Note 4 – Collaboration and Other Agreements* to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

Additional information related to the concentration of revenue among our partners is reported in *Note 1 – Overview, Basis of Presentation and Summary of Significant Accounting Policies – Concentration of Business Risks* to our unaudited consolidated condensed financial statements included elsewhere in this Quarterly Report on Form 10-Q.

All of our collaboration and license agreements are denominated in U.S. dollars, except our agreement with Ono, which is denominated in Japanese Yen.

Results of Operations

Revenue

Below is a summary of our total revenue (dollars in thousands):

	Three Months Ended September 30,		Change 2018 vs. 2017	
	2018	2017	$	%
Product sales, net	$ 13,993	$ —	$ 13,993	(a)
Collaboration and license revenue	31,028	11,554	19,474	169 %
Reimbursement revenue	11,889	18,192	(6,303)	(35)%
Total revenue	$ 56,910	$ 29,746	$ 27,164	91 %

(a) There were no product sales during the prior year period.

Product Sales, net

Product sales and product royalties, net consists of commercial revenue from sales of BRAFTOVI + MEKTOVI which commenced during the three months ended September 30, 2018. See Note 3 of the Notes to the unaudited
condensed consolidated financial statements contained elsewhere in this report for additional details related to Product sales, net.

Collaboration and License Revenue

Collaboration and license revenue consists of revenue for our performance of drug discovery and development activities in collaboration with partners, which includes research and development of proprietary drug candidates we out-license, as well as up-front and milestone fees and ongoing milestone payments from partners and collaborators.

The increase in collaboration and license revenue during the three months ended September 30, 2018 compared with the same period in the prior year was primarily due to milestones earned from Pierre Fabre for the European marketing approval of commercial sales of BRAFTOVI + MEKTOVI in the amount of $15.0 million and a $4.0 million milestone for the initiation of a registration enabling study for LOXO-292 under our collaboration with Loxo Oncology.

Reimbursement Revenue

Reimbursement revenue consists of amounts received for reimbursement of costs we incur under the Novartis Agreements where we act as a principal, control the research and development activities, bear credit risk and may perform a portion of the required services.

As discussed in *Note 4 - Collaboration and Other Agreements* to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, we regained all development and commercialization rights to binimetinib, and obtained all development and commercialization rights to encorafenib from Novartis on March 2, 2015. In connection with the closing of these transactions, we and Novartis entered into two Transition Agreements dated March 2, 2015, one associated with binimetinib and the other associated with encorafenib. Novartis provides substantial financial support to us under the Transition Agreements for clinical trials involving encorafenib and binimetinib in the form of reimbursement to Array for substantially all associated out-of-pocket costs and for one-half of our fully-burdened full-time equivalent ("FTE") costs based on an annual FTE rate, with certain activities subject to a maximum reimbursement limit. As of June 30, 2016, Novartis had transitioned responsibility for all previously Novartis-conducted trials and will provide this continuing financial support to Array for completing the trials. Novartis continues to fund ongoing trials with encorafenib and binimetinib that were active or planned as of the close of the Novartis Agreements in 2015. As of September 30, 2018, the level of spend associated with these studies continues to decrease as the studies progress through their later life cycle. As patients have continued to receive treatment under certain trials for longer than initially anticipated, we have reached certain reimbursement limits for select trials, including the COLUMBUS Phase 3 trial.

The decrease in reimbursement revenue for the three months ended September 30, 2018 compared with the same period in the prior year is attributable to the certain categories of expenses having reached reimbursement limits

and the advancement of the transitioned studies, some of which have begun to wind down, resulting in lower reimbursable expenses.

Operating Expenses

Below is a summary of our total operating expenses (dollars in thousands):

	Three Months Ended September 30,		Change 2018 vs. 2017	
	2018	2017	$	%
Cost of goods sold	$ 195	$ —	$ 195	(a)
Research and development	55,550	53,204	2,346	4%
Selling, general and administrative	24,890	12,048	12,842	107%
Total operating expenses	$ 80,635	$ 65,252	$ 15,383	24%

(a) There were no product sales during the prior year period.

Cost of Goods Sold

Certain of the costs of BRAFTOVI + MEKTOVI units recognized as revenue during the three months ended September 30, 2018 were expensed prior to the June 27, 2018 FDA approval, and a minimal amount is included in cost of goods sold during the current period. We expect our cost of goods sold to remain negligible until the inventory with previously expensed production costs is sold. We believe our cost of goods sold for the three months ended September 30, 2018 would have been $0.3 million higher if we had not previously expensed certain material and production costs for with the units sold. As of September 30, 2018, we had approximately $16.2 million of inventory on hand that was previously expensed as research and development expense and will not be reported as cost of goods sold in future periods when sales of BRAFTOVI + MEKTOVI are recognized as revenue.

Research and Development Expense

Research and development expense includes costs associated with our proprietary and partnered drug programs, which primarily consist of personnel related expenses, payments made to third party contract research organizations for preclinical and clinical studies, investigative sites for clinical trials and consultants, manufacturing materials for use in clinical trials or in pre-approval commercial launch inventory of BRAFTOVI and MEKTOVI, costs associated with regulatory filings and patents, and other costs to support our research and development operations. We manage our programs based on scientific data and achievement of research plan goals. As many of our activities and costs benefit multiple projects, the allocation of costs to specific projects is not meaningful. As a result, we do not report costs on a program basis.

Research and development expense increased during the three months ended September 30, 2018 over the same period in the prior year primarily due to increased costs to advance BEACON and other proprietary programs to later stages of development. This increase was partially offset by Novartis transitioned studies as the underlying activity and associated outsourced services and consulting costs continued to decline. Partially offsetting this decrease are increased costs to advance ARRY-797 and other proprietary programs into later stages of development.

Overall, outsourced services and consulting costs represented approximately 80% and 74% of research and development expense for the three months ended September 30, 2018 and 2017, respectively.

Reimbursed expenses for the Novartis transitioned studies were $11.9 million for the three months ended September 30, 2018 and $18.2 million for the three months ended September 30, 2017, which represented approximately 21% and 34% of total research and development expense during each respective period.

Selling, General and Administrative Expense

Selling, general and administrative expenses consist mainly of expenses associated with our sales, marketing, finance, legal and administrative organizations, including personnel costs, costs associated with the commercialization of BRAFTOVI and MEKTOVI, patent filing and prosecution, consulting and professional services, facilities, depreciation and other office expenses.

The increase in selling, general and administrative expense during the periods presented are primarily driven by costs associated with our commercial and sales activities in support of BRAFTOVI + MEKTOVI commercialization.

Other Income (Expense), Net

Other income (expense), net is summarized in the following table (dollars in thousands):

	Three Months Ended September 30,		Change 2018 vs. 2017	
	2018	2017	$	%
Realized gain on investments	$ 35	$ —	$ 35	(a)
Change in fair value of notes payable	(65)	200	(265)	(133)%
Interest income	1,524	525	999	190 %
Interest expense	(2,580)	(3,213)	633	(20)%
Total other income (expense), net	$ (1,086)	$ (2,488)	$ 1,402	(56)%

(a) Percentage change is not meaningful.

Interest income is earned from our investments in available-for-sale marketable securities, which has increased significantly from the previous year due to a higher balance of marketable securities.

Interest expense is primarily related to our 3.00% and 2.625% convertible senior notes but also includes interest expense related to Convertible Promissory Notes we issued to Redmile and interest on our term loan with Silicon Valley Bank. The decrease in interest expense for the three months ended September 30, 2018 as compared to the prior year is primarily the result of exchanging the 2020 Notes which bore interest at 3.00% for the 2024 Notes which bear interest at 2.625%. Details of our interest expense for all of our debt arrangements outstanding during the periods presented, including actual interest paid and amortization of debt and loan transaction fees, are presented in *Note 5 – Debt* to our unaudited condensed financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Liquidity and Capital Resources

As of September 30, 2018 and June 30, 2018, we held cash, cash equivalents and marketable securities totaling $415.4 million and $413.4 million, respectively. With the exception of fiscal year 2015, we have incurred operating losses and an accumulated deficit as a result of ongoing research and development spending since inception. As of September 30, 2018, we had an accumulated deficit of approximately $1.1 billion. Our results of operations were net losses of $24.8 million for the three months ended September 30, 2018 and of $147.3 million, $116.8 million and $92.8 million for the fiscal years ended June 30, 2018, 2017 and 2016, respectively.

We have historically funded our operations from upfront fees, proceeds from research and development reimbursement arrangements, license and milestone payments received under our drug collaborations and license agreements, and proceeds from the sale of equity securities and debt provided by convertible debt and other credit facilities. We believe that our cash, cash equivalents and marketable securities as of September 30, 2018 will enable us to continue to fund operations in the normal course of business for more than a twelve-month period from the date of filing this Quarterly Report on Form 10-Q. Until we can generate sufficient levels of cash from operations, which we do not expect to achieve in at least the next two years, and because sufficient funds may not be available to us when needed from existing collaborations, we expect that we will be required to continue to fund our operations in part through the sale of debt or equity securities, or through licensing select programs or partial economic rights that include upfront, royalty and/or milestone payments.

Our ability to successfully raise sufficient funds through the sale of debt or equity securities or from debt financing from lenders when needed is subject to many risks and uncertainties and, even if we were successful, future equity issuances would result in dilution to our existing stockholders and any future debt or debt securities may contain covenants that limit our operations or ability to enter into certain transactions. We also may not successfully consummate new collaboration and license agreements that provide for upfront fees or milestone payments, we may not earn milestone payments or such payments on favorable terms to us, or we may not earn milestone payments under such agreements when anticipated, or at all. Our ability to realize milestone or royalty payments under existing agreements and to enter into new arrangements that generate additional revenue through upfront fees and milestone or royalty payments is subject to a number of risks, many of which are beyond our control.

Our assessment of our future need for funding and our ability to continue to fund our operations are forward-looking statements that are based on assumptions that may prove to be wrong and that involve substantial risks and uncertainties. Our actual future capital requirements could vary as a result of a number of factors.

If we are unable to generate enough revenue from sales of commercial product or through existing or new collaboration and license agreements when needed or to secure additional sources of funding and receive related full and timely collections of amounts due, it may be necessary to significantly reduce the current rate of spending through reductions in staff and delaying, scaling back, or stopping certain research and development programs, including more costly late phase clinical trials on its wholly-owned or co-development programs as these programs progress into later stage development. Insufficient liquidity may also require us to relinquish greater rights to product candidates at an earlier stage of development or on less favorable terms to us and our stockholders than we would otherwise choose in order to obtain upfront license fees needed to fund operations.

Cash, Cash Equivalents, Marketable Securities

Cash equivalents are short-term, highly-liquid financial instruments that are readily convertible to cash and have maturities of 90 days or less from the date of purchase.

Marketable securities - current consist mainly of U.S. government agency obligations with maturities of greater than 90 days when purchased. Marketable securities - non-current are primarily securities held under our deferred compensation plan.

Below is a summary of our cash, cash equivalents and marketable securities (in thousands):

	September 30, 2018	June 30, 2018	$ Change
Cash and cash equivalents	$ 130,507	$ 114,748	$ 15,759
Marketable securities – current	283,886	297,739	(13,853)
Marketable securities – non-current	998	919	79
Total	$ 415,391	$ 413,406	$ 1,985

The increase in cash and cash equivalents is primarily due to $33.8 million net proceeds from the exchange of the Silicon Valley Bank term loans and $16.9 million net proceeds for shares of our common stock sold under the ATM, which were partially offset by $16.0 million paid to settle the Redmile notes with interest upon maturity, cash used in operations as well as the timing of our investment in marketable securities. The decreases in marketable securities are also the result of the timing of investing cash and cash equivalents in marketable securities.

Cash Flow Activities

Below is a summary of our cash flow activities (in thousands):

	Three Months Ended September 30,		
	2018	2017	$ Change
Cash flows provided by (used in):			
Operating activities	$ (34,800)	$ (18,044)	$ (16,756)
Investing activities	13,741	(59,746)	73,487
Financing activities	36,818	247,271	(210,453)
Total	$ 15,759	$ 169,481	$ (153,722)

The increase in net cash used in operating activities was mainly due to an increase in working capital items of approximately $28.8 million, primarily related to milestone payments receivable and prepayments for commercial product, as well as a $1.1 million decrease in non-cash adjustments, partly offset by a $13.2 million decrease in net loss for the three months ended September 30, 2018 compared to the three months ended September 30, 2017.

Net cash provided by (used in) investing activities increased primarily due to net maturities of marketable securities of $14.0 million during the three months ended September 30, 2018 compared with net purchases of marketable securities of $59.7 million following our public offering of shares of common stock during the three months ended September 30, 2017.

Net cash provided by financing activities during the three months ended September 30, 2018 consisted primarily of $33.8 million net proceeds from the exchange of the Silicon Valley Bank term loans and $16.9 million net proceeds for shares of our common stock sold under the ATM, which were partially offset by $15.0 million paid to settle the Redmile notes upon maturity. Net cash provided by financing activities during the three months ended September 30, 2017 primarily related to $243.0 million in net proceeds from a follow-on offering of our common stock in September 2017.

Recent Accounting Pronouncements

Our discussion of recently adopted accounting pronouncements and other recent accounting pronouncements is set forth in *Note 1 - Overview, Basis of Presentation and Summary of Significant Accounting Policies* to the accompanying unaudited condensed financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations are based upon our accompanying unaudited condensed financial statements, which have been prepared in conformity with U.S. generally accepted accounting principles, or U.S. GAAP, and which requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. These estimates are the basis for our judgments about the carrying values of assets and liabilities, which in turn may impact our reported revenue and expenses. Our actual results could differ significantly from these estimates under different assumptions or conditions.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimate that are reasonably likely to occur periodically, could materially impact the unaudited condensed consolidated financial statements. Our critical accounting estimates are disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the fiscal period ended June 30, 2018. During the three-months ended September 30, 2018, we began selling commercial product and consider reserves for variable consideration related to product sales to be a critical accounting estimate. See Note 1 of the Notes to our Unaudited Consolidated Financial Statements contained elsewhere in this report for a description of our accounting policies and estimates for reserves for variable consideration related to product sales.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in financial and commodity market prices and fluctuations in interest rates. All of our collaboration and other agreements and nearly all purchase orders are denominated in U.S. dollars, except our agreement with Ono Pharmaceuticals entered into in May 2017, which is denominated in Japanese Yen. Future payments from Ono will be due on payment terms of net 30 days and will not represent a significant component of our overall cash balance. As a result, historically and as of September 30, 2018, we have had little or no exposure to market risk from changes in foreign currency or exchange rates and a 10% hypothetical change in foreign exchange rates during the periods presented would not have had a material effect on our financial results.

Our investment portfolio is comprised primarily of readily marketable, high-quality securities that are diversified and structured to minimize market risks. We target an average portfolio maturity of one year or less. Our exposure to market risk for changes in interest rates relates primarily to our investments in marketable securities. A significant change in market interest rates could have a material impact on interest income earned from our investment portfolio. We model interest rate exposure by a sensitivity analysis that assumes a theoretical 100 basis point (1%) change in interest rates. If the yield curve were to change by 100 basis points from the level that existed at September 30, 2018, we would expect future interest income to increase or decrease by approximately $2.8 million over the next 12 months based on the balance as of September 30, 2018 of $283.6 million of investments classified as U.S. treasury securities. Changes in interest rates may affect the fair value of our investment portfolio; however, we will not recognize such gains or losses in our consolidated condensed statement of operations and comprehensive income (loss) unless the investments are sold.

Our term loan with Silicon Valley Bank of $50.0 million is our only variable rate debt. Assuming constant debt levels, a theoretical change of 100 basis points (1%) on our current interest rate of 3.25% on the Silicon Valley Bank debt as of September 30, 2018 would result in a change in our annual interest expense of $0.5 million.

Historically, and as of September 30, 2018, we have not used foreign currency derivative instruments or engaged in hedging activities.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer, Chief Financial Officer and other senior management personnel, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective

as of September 30, 2018 to provide a reasonable level of assurance that the information we are required to disclose in reports that we submit or file under the Securities Exchange Act of 1934: (i) is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms; and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our disclosure controls and procedures are designed to provide reasonable assurance that such information is accumulated and communicated to management. Management's assessment of the effectiveness of our disclosure controls and procedures is expressed at a reasonable level of assurance because an internal control system, no matter how well designed and operated, can provide only reasonable, but not absolute, assurance that the internal control system's objectives will be met.

Changes in Internal Control over Financial Reporting

During the fiscal quarter ended September 30, 2018, we implemented certain internal controls over financial reporting in connection with our adoption of ASC 606, *Revenue from Contracts with Customers*. We also implemented certain internal controls over financial reporting in connection with commercialization for product sales and inventory during the quarter. There were no other changes in our internal control over financial reporting during the quarter ended September 30, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On November 20, 2017, we were notified that a complaint was filed against us and our Chief Executive Officer, former interim Chief Financial Officer, and current Chief Financial Officer in the capacities as officers of Array, in the United States District Court for the District of Colorado by Wendell Rose, individually and on behalf of all others similarly situated (the "Rose Action"). A second complaint was filed on November 28, 2017 also in the United States District Court for the District of Colorado by Robert Nauman, individually and on behalf of all others similarly situated (the "Nauman Action"). The complaints in both actions contain substantially similar allegations of violations of the federal securities laws by us and the defendant executive officers in connection with certain disclosures made, or omitted, by us regarding our NRAS-mutant melanoma program and seek to establish a class of investors who purchased our common stock between December 16, 2015 and March 17, 2017, inclusive, affected by the allegations in the Complaints. The complaints seek unspecified remedies under the Securities Exchange Act of 1934. On March 12, 2018, the Court granted Peter Voulgaris's motion seeking appointment as lead plaintiff and their respective law firm. The Court also consolidated the Rose Action and the Nauman Action into one proceeding. Array filed a Motion to Dismiss the complaint on June 11, 2018. We will continue to evaluate the allegations set forth in the Complaint and intend to vigorously defend against all such allegations.

On July 28, 2017, AstraZeneca and Merck announced that they entered into an agreement to share the development and commercialization costs for selumetinib monotherapy and non-PD-L1/PD-1 combination therapy opportunities. Array remains eligible to receive from AstraZeneca milestones and royalties on all future selumetinib sales and now expects to receive a portion of certain consideration paid by Merck to AstraZeneca under this agreement. Array has informed AstraZeneca, however, that it is disputing the consideration that AstraZeneca has paid Array related to both upfront and potential future milestones under AstraZeneca's agreement with Merck. Array commenced legal proceedings against AstraZeneca on December 7, 2017, naming AstraZeneca as the defendant in New York State Court in Manhattan regarding this dispute. On February 1, 2018, we filed a second action against AstraZeneca AB in New York State Court. The two cases have now been consolidated into one case. We are seeking damages and a declaratory judgment in both actions. AstraZeneca has filed a motion to dismiss the case.

ITEM 1A. RISK FACTORS

Investing in our common stock is subject to a number of risks and uncertainties. You should carefully consider the risk factors described under the heading “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018, and in other reports we file with the SEC. There have been no changes to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018 that we believe are material. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial also may negatively impact our business.

ITEM 5. OTHER INFORMATION

At the 2018 Annual Meeting of Stockholders held in Boulder, Colorado on October 25, 2018, our stockholders voted to amend our Amended and Restated Certificate of Incorporation to increase the authorized shares of common stock from 280,000,000 to 340,000,000.

ITEM 6. EXHIBITS

(a) Exhibits

The following exhibits are filed or incorporated by reference as part of this Quarterly Report on Form 10-Q.

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EXHIBITS

Exhibit Number	Description of Exhibit	Incorporated by Reference		
		Form	File No.	Date Filed
3.1	Amended and Restated Certificate of Incorporation of Array BioPharma Inc., as amended		Filed herewith	
3.2	Bylaws of Array Biopharma Inc., as amended and restated on February 1, 2018	10-Q	001-16633	2/6/2018
4.1	Specimen certificate representing the common stock	S-1/A	333-45922	10/27/2000
4.2	Indenture, dated as of December 1, 2017, by and between registrant and The Bank of New York Mellon Trust Company, N.A.	8-K	001-16633	12/4/2017
4.3	Form of 2.625% Convertible Senior Notes due 2024	8-K	001-16633	12/4/2017
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended		Filed herewith	
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended		Filed herewith	
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		Furnished	
101.INS	XBRL Instance Document		Filed herewith	
101.SCH	XBRL Taxonomy Extension Schema Document		Filed herewith	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document		Filed herewith	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document		Filed herewith	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document		Filed herewith	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document		Filed herewith	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boulder, State of Colorado, on this 30th day of October 2018.

ARRAY BIOPHARMA INC.

By: /s/ RON SQUARER
Ron Squarer
Chief Executive Officer

By: /s/ JASON HADDOCK
Jason Haddock
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 3.1

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS FILED FROM AND INCLUDING THE RESTATED CERTIFICATE OR A MERGER WITH A RESTATED CERTIFICATE ATTACHED OF "ARRAY BIOPHARMA INC." AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED: RESTATED CERTIFICATE, FILED THE TWENTY-FIRST DAY OF NOVEMBER, A.D. 2000, AT 9 O`CLOCK A.M.

CERTIFICATE OF DESIGNATION, FILED THE THIRD DAY OF AUGUST, A.D. 2001, AT 4:30 O`CLOCK P.M.

CERTIFICATE OF CORRECTION, FILED THE TWENTY-SECOND DAY OF NOVEMBER, A.D. 2004, AT 3:21 O`CLOCK P.M.

CERTIFICATE OF AMENDMENT, FILED THE FIFTH DAY OF NOVEMBER, A.D. 2007, AT 2:41 O`CLOCK P.M.

CERTIFICATE OF CHANGE OF REGISTERED AGENT, FILED THE FIRST DAY OF DECEMBER, A.D. 2009, AT 10:45 O`CLOCK A.M.

Delaware

The First State

CERTIFICATE OF DESIGNATION, FILED THE SECOND DAY OF MAY, A.D. 2011, AT 6:36 O`CLOCK P.M.

CERTIFICATE OF AMENDMENT, FILED THE TWENTY-FOURTH DAY OF OCTOBER, A.D. 2012, AT 6:15 O`CLOCK P.M.

CERTIFICATE OF AMENDMENT, FILED THE TWENTY-NINTH DAY OF OCTOBER, A.D. 2015, AT 5:51 O`CLOCK P.M.

CERTIFICATE OF AMENDMENT TO THE

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
ARRAY BIOPHARMA INC.
(PURSUANT TO SECTION 242)

Array BioPharma Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify as follows for the purpose of amending its Certificate of Incorporation:

FIRST: That the Board of Directors of the Corporation duly adopted resolutions containing the amendment to the Amended and Restated Certificate of Incorporation of the Corporation as set forth below, declaring such amendment to be advisable and called for the approval of the stockholders of the Corporation to such amendment.

SECOND: That the holders of at least a majority of the outstanding shares of Preferred Stock and Common Stock voting as a single class, as well as at least 66.67% of Series A Preferred Stock voting as a single class, at least 66.67% of Series B Preferred Stock voting as a single class and at least 66.67% of Series C Preferred Stock voting as a single class, in each case acting by means of written consent in lieu of a meeting pursuant to Section 228(a) of the General Corporation Law of the State of Delaware, adopted and approved this Certificate of Amendment to the Amended and Restated Certificate of Incorporation in accordance with Section 242 of the General Corporation Law of the State of Delaware.

THIRD: That the certain definition of "Qualifying IPO" found in Section 4.2(b)(i) of the Amended and Restated Certificate of Incorporation of the Company shall be deleted in its entirety and the following shall be inserted in lieu thereof:

"Qualifying IPO" shall mean an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933 of shares of Common Stock, at a price per share of at least $7.00, and the aggregate gross proceeds of which equal or exceed $20,000,000 (before underwriting discounts and commissions).

FOURTH: That except as amended hereby, the provisions of the Amended and Restated Certificate of Incorporation shall remain in full force and effect.

IN WITNESS WHEREOF, this Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation has been signed this 17th day of November, 2000.

ARRAY BIOPHARMA, INC.
By: /s/ ROBERT E. CONWAY
Robert E. Conway,
Chief Executive Officer

CERTIFICATE OF DESIGNATION, PREFERENCES AND
RIGHTS OF
SERIES A JUNIOR PARTICIPATING PREFERRED STOCK
OF
ARRAY BIOPHARMA INC.

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

I, Robert E. Conway, Chief Executive Officer of Array BioPharma Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 103 thereof, DOES HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Amended and Restated Certificate of Incorporation of the said Corporation, the said Board of Directors on August 2, 2001 adopted the following resolution creating a series of 500,000 shares of Preferred Stock designated as Series A Junior Participating Preferred Stock:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (the "Board"), in accordance with the provisions of its Amended and Restated Certificate of Incorporation a series of Preferred Stock of the Corporation be and it hereby is created, and that the designation and amount thereof and the voting rights or powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series, par value $0.001 per share, shall be designated as "Series A Junior Participating Preferred Stock" and the number of shares constituting such series shall be 500,000. Such number of shares may be increased or decreased by resolution of the Board; provided that no decrease shall reduce the number of shares of Series A Junior Participating Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Junior Participating Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A Junior Participating Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the 15th day of January, April, July and October, in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $10.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of common stock, par value $0.001 per share, of the Corporation (the "Common Stock"), or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time after August 2, 2001 (the "Rights Declaration Date") (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $10.00 per share on the Series A Junior Participating Preferred Stock shall nevertheless

be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date set for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which event such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 50 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided by law, the holders of shares of Series A Junior Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are not paid, thereafter and until such dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, or make any other
distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock; or

(ii) declare or pay dividends on, or make any other distributions on, any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable in proportion to the total amounts to which the holders of all such shares are then entitled; or

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Junior Participating Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Junior Participating

Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Junior
Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up.

(A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made (i) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received one hundred dollars ($100.00) per share, plus any unpaid dividends and distributions payable thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Junior Participating Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (ii) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except distributions made ratably on the Series A Junior Participating Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up.

(B) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the aggregate amount to which holders of shares of Series A Junior Participating Preferred Stock are entitled to receive pursuant to Section 6(A)(i) above shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The Series A Junior Participating Preferred Stock shall not be redeemable.

Section 9. Ranking. Notwithstanding anything contained herein to the contrary, the Series A Junior Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to voting rights, the payment of dividends and the distribution of assets in liquidation, unless the terms of any such series shall provide otherwise.

Section 10. Amendment. The Amended and Restated Certificate of Incorporation of the Corporation shall not be

further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least a majority of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

Section 11. Fractional Shares. Series A Junior Participating Preferred Stock may be issued in fractions of a share which shall entitle the holders, in proportion to such holders fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

IN WITNESS WHEREOF, this Certificate of Designation is executed on behalf of the Corporation by its Chief Executive Officer and attested to by its Secretary, who affirm the foregoing as true under the penalties of perjury this 2nd day of August, 2001.

ARRAY BIOPHARMA INC.

By: /s/ Robert E. Conway

Robert E. Conway
Chief Executive Officer

ATTEST:

/s/ R. M. Carruthers
By: ---
R.M. Carruthers
Secretary

CERTIFICATE OF CORRECTION FILED TO CORRECT

A CERTAIN ERROR IN THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
ARRAY BIOPHARMA INC.
FILED IN THE OFFICE OF THE SECRETARY OF STATE
OF DELAWARE ON NOVEMBER 21, 2000.

Array Biopharma Inc., corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

1. The name of the corporation is Array BioPharma Inc.

2. An Amended and Restated Certificate of Incorporation was filed by the Secretary of State of Delaware on November 21, 2000, and that said Amended and Restated Certificate of Incorporation requires correction as permitted by Section 103 of the General Corporation Law of the State of Delaware.

3. The inaccuracy or defect of said Amended and Restated Certificate of Incorporation to be corrected is as follows:

The last sentence of Article II contains an incomplete sentence.

4. The last sentence of Article II of the Amended and Restated Certificate of Incorporation is corrected to read as follows:

With respect to action to be taken by the stockholders to amend Sections 4.3 and 4.4, and Articles 5, 6, 7, 9, 10 and 11 of this Amended and Restated Certificate of Incorporation, such sections and articles may be amended, altered, changed or repealed upon the affirmative vote of the holders of at least two-thirds of the outstanding stock entitled to vote thereon, voting together as a single class.

IN WITNESSWHEREOF, Array BioPharma Inc. has caused this Certificate of Correction to be· signed by John R. Moore, its Vice President and General Counsel and corporate Secretary, this 19th day of November 2004.

ARRAY BIOPHARMA INC.
By: /s/ John R. Moore
John R. Moore
Vice President, General Counsel and Secretary

CERTIFICATE OF AMENDMENT

TO

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

ARRAY BIOPHARMA INC.

(Pursuant to Section 242)

Array BioPharma Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "**DGCL**"), does hereby certify as follows for the purpose of amending its Amended and Restated Certificate of Incorporation:

FIRST: The name of the corporation is Array BioPharma Inc. (the "**Corporation**"). The Corporation was originally incorporated on February 6, 1998 pursuant to the DGCL. An Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on or about November 21, 2000 (the "**Certificate of Incorporation**"). A Certificate of Correction to the Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on or about November 19, 2004.

SECOND: That the board of directors of the Corporation duly adopted resolutions approving the following amendment to the Certificate of Incorporation (the "**Amendment**") in accordance with the provisions of Section 242 of the DGCL, declaring such Amendment to be advisable and calling for the approval of the stockholders of the Corporation to such Amendment.

THIRD: The Amendment was duly adopted and approved in accordance with the provisions of Section 211 of the DGCL by the required vote of the stockholders of the Corporation at the Annual Meeting of the stockholders of the Corporation.

FOURTH: That the Corporation's Certificate of Incorporation is hereby amended as provided herein. Section 4.1 shall be deleted in its entirety and replaced with the following:

4.1 Authorized Shares. The total number of shares of all classes of stock that the Corporation shall have the authority to issue is 130,000,000, of which 120,000,000 shall be Common Stock, all of one class, having a par value of $.001 per share (the "**Common Stock**"), and 10,000,000 of such shares shall be Preferred Stock, having a par value of $.001 per share (the "**Preferred Stock**").

FIFTH: Except as expressly amended by this Amendment, the provisions of the Certificate of Incorporation shall remain in full force and effect.

* * * * * * *

IN WITNESS WHEREOF, this Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation has been executed this first day of November 2007.

ARRAY BIOPHARMA INC.

By: /s/ R. Michael Carruthers

R. Michael Carruthers

Chief Financial Officer

CERTIFICATE OF CHANGE OF LOCATION OF REGISTERED OFFICE

AND OF REGISTERED AGENT
OF
ARRAY BIOPHARMA INC.

It is hereby certified that:

1. The name of the corporation (hereinafter called the "corporation") is:

ARRAY BIOPHARMA INC.

2. The registered office of the corporation within the State of Delaware is hereby changed to 2711 Centerville Road, Suite 400, City of Wilmington 19808, County of New Castle.

3. The registered agent of the corporation within the State of Delaware is hereby changed to Corporation Service Company, the business office of which is identical with the registered office of the corporation as hereby changed.

4. The corporation has authorized the changes hereinbefore set forth by resolution of its Board of Directors.

Signed on November 19, 2009

/s/ John R. Moore
Name: John R. Moore
Title: Vice President

ARRAY BIOPHARMA INC.

**CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES B CONVERTIBLE PREFERRED STOCK**

PURSUANT TO SECTION 151 OF THE
DELAWARE GENERAL CORPORATION LAW

ARRAY BIOPHARMA, INC., a Delaware corporation (the "**Corporation**"), in accordance with the provisions of Section 103 of the Delaware General Corporation Law (the "**DGCL**") does hereby certify that, in accordance with Sections 141(c) and 151 of the DGCL, the following resolution was duly adopted by the Board of Directors of the Corporation as of May 2, 2011:

RESOLVED, that the Board of Directors of the Corporation pursuant to authority expressly vesting in it by the provisions of the Amended and Restated Certificate of Incorporation, as amended, of the Corporation, hereby authorizes the issuance of a series of Preferred Stock designated as the Series B Convertible Preferred Stock, par value $0.001 per share, of the Corporation and hereby fixes the designation, number of shares, powers, preferences, rights, qualifications, limitations and restrictions thereof (in addition to any provisions set forth in the Amended and Restated Certificate of Incorporation, as amended, of the Corporation which are applicable to the Preferred Stock of all classes and series) as follows:

SERIES B CONVERTIBLE PREFERRED STOCK

Section 1.

Definitions. For the purposes hereof, the following terms shall have the following meanings:

"**Affiliate**" means any person or entity that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a person or entity, as such terms are used in and construed under Rule 144 under the Securities Act . With respect to a Holder, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Holder will be deemed to be an Affiliate of such Holder.

"**Beneficial Ownership Limitation**" shall have the meaning set forth in Section 6(c).

"**Business Day**" means any day except Saturday, Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"**Buy-In**" shall have the meaning set forth in Section 6(d)(iii).

"**Closing Sale Price**" means, for any security as of any date, the last closing trade price for such security prior to 4:00 p.m., New York City time, on the principal securities exchange or trading market where such security is listed or traded, as reported by Bloomberg, L.P. (or an equivalent, reliable reporting service mutually acceptable to and hereafter designated by Holders of a majority of the then-outstanding Series B Preferred Stock and the Corporation), or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, L.P., or, if no last trade price is reported for such security by Bloomberg, L.P., the average of the bid prices of any market makers for such security as reported on the OTC Pink Market by OTC Markets Group, Inc. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as determined in good faith by the Board of Directors of the Corporation.

"**Commission**" means the Securities and Exchange Commission.

"**Common Stock**" means the Corporation's common stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed into.

"**Common Stock Equivalents**" means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"**Conversion Date**" shall have the meaning set forth in Section 6(a).

"**Conversion Price**" shall mean $_____, as adjusted pursuant to paragraph 7 hereof.

"**Conversion Ratio**" shall have the meaning set forth in Section 6(b).

"**Conversion Shares**" means, collectively, the shares of Common Stock issuable upon conversion of the shares of Series B Preferred Stock in accordance with the terms hereof.

"**Daily Failure Amount**" means the product of (x) .005 multiplied by (y) the Closing Sale Price of the Common Stock on the applicable Share Delivery Date.

"**DGCL**" shall mean the Delaware General Corporation Law.

"**Distributions**" shall have the meaning set forth in Section 5(a).

"**DWAC Delivery**" shall have the meaning set forth in Section 6(a).

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Fundamental Transaction**" shall have the meaning set forth in Section 7(b).

"**Group**" shall have the meaning set forth in Section 6(c).

"**Holder**" means any holder of Series B Preferred Stock.

"**Issuance Date**" means the date of the "Closing" as defined in that certain Securities Purchase Agreement, dated May 2, 2011, by and among the Corporation and the "Investors" named therein (the "**Securities Purchase Agreement**").

"**Investors**" shall have the meaning given to such term in the Securities Purchase Agreement.

"**Junior Securities**" shall have the meaning set forth in Section 5(a).

"**Notice of Conversion**" shall have the meaning set forth in Section 6(a).

"**Parity Securities**" shall have the meaning set forth in Section 5(a).

"**Person**" means any individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Senior Securities**" shall have the meaning set forth in Section 5(a).

"**Series B Preferred Stock Register**" shall have the meaning set forth in Section 2(b).

"**Share Delivery Date**" shall have the meaning set forth in Section 6(d).

"**Stated Value**" shall mean $_____.

"**Successor Entity**" shall have the meaning set forth in Section 7(b).

"**Successor Stock**" shall have the meaning set forth in Section 7(b).

"**Trading Day**" means a day on which the Common Stock is traded for any period on the principal securities exchange or if the Common Stock is not traded on a principal securities exchange, on a day that the Common Stock is traded on another securities market on which the Common Stock is then being traded.

Section 2. Designation, Amount and Par Value; Assignment.

a) The series of preferred stock designated by this Certificate of Designation shall be designated as the Corporation's Series B Convertible Preferred Stock (the "**Series B Preferred Stock**") and the number of shares so designated shall be _____ (which shall not be subject to increase without the written consent of the Holders of not less than a majority of the issued and outstanding Series B Preferred Stock). Each share of Series B Preferred Stock shall have a par value of $0.001 per share.

b) The Corporation shall register shares of the Series B Preferred Stock, upon records to be maintained by the Corporation for that purpose (the "**Series B Preferred Stock Register**"), in the name of the Holders thereof from time to time. The Corporation may deem and treat the registered Holder of shares of Series B Preferred Stock as the absolute owner thereof for the purpose of any conversion thereof and for all other purposes. The Corporation shall register or cause the Corporation's transfer agent to register the transfer of any shares of Series B Preferred Stock in the Series B Preferred Stock Register, upon surrender of the certificates evidencing such shares to be transferred, duly endorsed by the Holder thereof, to the Corporation at its principal place of business. Upon any such registration or transfer, a new certificate evidencing the shares of Series B Preferred Stock so transferred shall be issued to the transferee and a new certificate evidencing the remaining portion of the shares not so transferred, if any, shall be issued to the transferring Holder, in each case, within five Business Days.

Section 3. Dividends. Holders shall not be entitled to receive any dividends in respect of the Series B Preferred Stock, unless and until specifically declared by the Board of Directors of the Corporation to be payable to the Holders of the Series B Preferred Stock.

Section 4. Voting Rights. Except as otherwise provided herein or as otherwise required by the DGCL, the Series B Preferred Stock shall have no voting rights. However, as long as any shares of Series B Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Series B Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Series B Preferred Stock or alter or amend this Certificate of Designation, (b) increase the number of authorized shares of Series B Preferred Stock, or (c) enter into any agreement with respect to any of the foregoing.

Section 5. Rank; Liquidation.

a) The Series B Preferred Stock shall rank (i) senior to all of the Common Stock; (ii) senior to any class or series of capital stock of the Corporation hereafter created specifically ranking by its terms junior to any Series B Preferred Stock ("**Junior Securities**"); (iii) on parity with any class or series of capital stock of the Corporation hereafter created specifically ranking by its terms on parity with the Series B Preferred Stock ("**Parity Securities**"); and (iv) junior to any class or series of capital stock of the Corporation hereafter created specifically ranking by its terms senior to any Series B Preferred Stock ("**Senior Securities**"), in each case, as to distributions of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntarily or involuntarily (all such distributions being referred to collectively as "**Distributions**").

b) Subject to the prior and superior rights of the holders of any Senior Securities of the Corporation, upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, each holder of shares of Series B Preferred Stock shall be entitled to receive, in preference to any distributions of any of the assets or surplus funds of the Corporation legally available for distribution to the holders of the Common Stock and Junior Securities and pari passu with any distribution to the holders of Parity Securities, an amount equal to $0.001 per share of Series B Preferred Stock, plus an additional amount equal to any dividends declared but unpaid on such shares, before any payments shall be made or any assets distributed to holders of any class of Common Stock or Junior Securities. If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be insufficient to pay the holders of shares of the Series B Preferred Stock the amount required under the preceding sentence, then all remaining assets of the Corporation legally available for distribution to the Corporation's stockholders shall be distributed ratably to holders of the shares of the Series B Preferred Stock and Parity Securities.

Section 6. Conversion.

a) Conversions at Option of Holder. Each share of Series B Preferred Stock shall be convertible, at any time and from time to time from and after the Issuance Date, at the option of the Holder thereof, into a number of shares of Common Stock equal to the Conversion Ratio in effect at the time of such conversion. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as **Annex A** (a "**Notice of Conversion**"), duly completed and executed. Other than a conversion following a Fundamental Transaction or following a notice provided for under Section 7(d)(ii) hereof, the Notice of Conversion must specify at least a number of shares of Series B Preferred Stock to be converted equal to the lesser of (x) 50 shares (such number subject to appropriate adjustment following the occurrence of an event specified in Section 7(a) hereof) and (y) the number of shares of Series B Preferred Stock then held by the Holder. Provided the Corporation's transfer agent is participating in the Depository Trust Company ("**DTC**") Fast Automated Securities Transfer program, the Notice of Conversion may specify, at the Holder's election, whether the applicable Conversion Shares shall be credited to the account of the Holder's prime broker with DTC through its Deposit Withdrawal Agent Commission system (a "**DWAC Delivery**"). The "**Conversion Date**", or the date on which a conversion shall be deemed effective, shall be defined as the Trading Day that the Notice of Conversion, properly completed and executed, is received by facsimile or tangible delivery during regular business hours by, the Corporation (or the first Trading Day after receipt of the Notice of Conversion if received on a day that is not a Trading Day); provided that the original certificate(s) representing such shares of Series B Preferred Stock being converted, duly endorsed, and the accompanying Notice of Conversion, are received by the Corporation within two (2) Trading Days thereafter. In all other cases, the Conversion Date shall be defined as the Trading Day on which the original stock certificate(s) representing the Series B Preferred Stock being converted, duly endorsed, and the properly completed and executed Notice of Conversion are received by the Corporation (or the first Trading Day after receipt of such stock certificate(s) and the Notice of Conversion if received on a day that is not a Trading Day). The calculations set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error.

b) Conversion Ratio. The "Conversion Ratio" for each share of Series B Preferred Stock shall be equal to the Stated Value divided by the Conversion Price.

c) Beneficial Ownership Limitation. Notwithstanding anything herein to the contrary, the Corporation shall not effect any conversion of the Series B Preferred Stock, and a Holder shall not have the right to convert any portion of the Series B Preferred Stock, to the extent that, after giving effect to an attempted conversion set forth on an applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any other Person whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act and the applicable regulations of the Commission, including any "group" (a "**Group**") of which the Holder is a member) would beneficially own a number of shares of Common Stock in excess of the Beneficial Ownership Limitation (as defined below); provided, however, that the Beneficial Ownership Limitation shall not apply with respect to the issuance of shares of Common Stock upon conversion of Series B Preferred Stock in connection with, and immediately prior to the consummation of, a Fundamental Transaction in which the Corporation is not the Surviving Entity to the extent that the number of shares beneficially owned in the Successor Entity by the Holder, its Affiliates and any Group of which the Holder is a member immediately following consummation of such Fundamental Transaction would not exceed 9.985% of any class of equity securities of the Successor Entity. For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of the Series B Preferred Stock subject to the Notice of Conversion with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted Series B Preferred Stock beneficially owned by such Holder or any of its Affiliates, and (B) exercise or conversion of the unexercised or unconverted portion of any other Common Stock Equivalents beneficially owned by such Holder or any of its Affiliates that are subject to a limitation on conversion or exercise similar to the limitation contained herein. Except as set forth in the preceding sentence, for purposes of this Section 6(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the applicable regulations of the Commission. For purposes of this Section 6(c), it is understood that the number of shares of Common Stock beneficially owned by each Investor shall be aggregated with each other Investor for purposes of Section 13(d) of the Exchange Act. For purposes of this Section 6(c), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (A) the Corporation's most recent periodic or annual filing with the Commission, as the case may be, (B) a more recent public announcement by the Corporation that is filed with the Commission or (C) a more recent notice by the Corporation or the Corporation's transfer agent to the Holder setting forth the number of shares of Common Stock

then outstanding. Upon the written request of a Holder (which may be by electronic mail), the Corporation shall, within three (3) Trading Days thereof, confirm in writing to such Holder (which may be by electronic mail) the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to any actual conversion or exercise of securities of the Corporation, including shares of Series B Preferred Stock, by such Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was last publicly reported or confirmed to the Holder. The "**Beneficial Ownership Limitation**" shall be 9.985% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock pursuant to such Notice of Conversion (to the extent permitted pursuant to this Section 6(c)). The Corporation shall be entitled to rely on representations made to it by a Holder in any Notice of Conversion regarding its Beneficial Ownership Limitation.

d) Mechanics of Conversion

i. Delivery of Certificate or Electronic Issuance Upon Conversion. In the case of a DWAC Delivery of Conversion Shares, the Corporation shall electronically transfer such Conversion Shares by crediting the account of the Holder's prime broker with DTC through its DWAC system not later than three Trading Days after the applicable Conversion Date, and, if the Holder requests the issuance of physical certificate(s), the Corporation shall deliver, or cause to be delivered, to the converting Holder a physical certificate or certificates representing the number of Conversion Shares being acquired upon the conversion of shares of Series B Preferred Stock not later than two Trading Days after the applicable Conversion Date (such date, as applicable, being the "**Share Delivery Date**"). If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by or, in the case of a DWAC Delivery, such shares are not electronically delivered to or as directed by, the applicable Holder by the Share Delivery Date, the applicable Holder shall be entitled to elect to rescind such Conversion Notice, in whole or in part (but only in whole Series B Preferred Stock increments), by written notice ("**Notice of Rescission**") to the Corporation at any time on or before its receipt of such certificate or certificates for Conversion Shares or electronic receipt of such shares stated in the Notice of Conversion, as applicable, in which event the Corporation shall promptly return to such Holder any original Series B Preferred Stock certificate delivered to the Corporation, or in the case of a partial rescission, a Series B Preferred Stock certificate, which represents the shares of Series B Preferred Stock equal to the number of shares of Series B Preferred Stock rescinded by the Holder pursuant to the Notice of Rescission, and such Holder shall promptly return to the Corporation any Conversion Shares or otherwise direct the return of any Conversion Shares delivered to the Holder through the DWAC system, representing the shares of Series B Preferred Stock equal to the number of shares of Series B Preferred Stock rescinded by the Holder pursuant to the Notice of Rescission.

ii. Obligation Absolute. Subject to Section 6(c) hereof and subject to Holder's right to rescind a Conversion Notice pursuant to Section 6(d)(i) above, the Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Series B Preferred Stock effected in accordance with Section 6(a) and the other terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares. Subject to Section 6(c) hereof and subject to Holder's right to rescind a Conversion Notice pursuant to Section 6(d)(i) above, in the event a Holder shall elect to convert any or all of its Series B Preferred Stock, the Corporation may not refuse conversion based on any claim that such Holder or anyone associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless (i) an injunction from a court, issued only after Holder shall have received notice and an opportunity to appear in the relevant proceeding, restraining and/or enjoining conversion of all or part of the Series B Preferred Stock of such Holder shall have been sought and obtained, and (ii) the Corporation posts a surety bond for the benefit of such Holder in the amount of 150% of the value of the Conversion Shares into which would be converted the Series B Preferred Stock which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute. In the absence of such injunction, the Corporation shall, subject to Section 6(c) hereof and subject to Holder's right to rescind a Conversion Notice pursuant to Section 6(d)(i) above, issue Conversion Shares upon an election by a Holder to convert properly made pursuant to Section 6(a) hereof. If the Corporation fails to deliver to such Holder such certificate or certificates, or electronically deliver (or cause its transfer agent to electronically deliver) such shares in the case of a DWAC Delivery, pursuant to Section 6(d)(i) on or prior to the fifth (5th) Trading Day after the Share Delivery Date applicable to such conversion (other than a failure caused by incorrect or incomplete information provided by Holder to the Corporation), then, unless the Holder has rescinded the applicable Conversion Notice in whole

pursuant to Section 6(d)(i) above, the Corporation shall pay (as liquidated damages and not as a penalty) to such Holder an amount payable, at the Corporation's option, either (a) in cash or (b) in shares of Common Stock that are valued for these purposes at the Closing Sale Price on fifth (5th) Trading Day after the Share Delivery Date, in each case equal to the product of (x) the number of Conversion Shares less any shares of Series B Preferred Stock subject to a partial rescission pursuant to Section 6(d)(i) required to have been issued by the Corporation on such Share Delivery Date, (y) an amount equal to the Daily Failure Amount and (z) the number of Trading Days actually lapsed after such fifth (5th) Trading Day after the Share Delivery Date during which such certificates have not been delivered, or, in the case of a DWAC Delivery, such shares have not been electronically delivered; provided, however, the Corporation may pay Holder in shares of Common Stock only up to such amount of shares of Common Stock such that Holder and any other persons or entities whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act (including shares held by any Group of which the Holder is a member, but excluding shares beneficially owned by virtue of the ownership of securities or rights to acquire securities that have limitations on the right to convert, exercise or purchase similar to the limitation set forth herein) shall not collectively beneficially own greater than the Beneficial Ownership Limitation. Nothing herein shall limit a Holder's right to pursue actual damages for the Corporation's failure to deliver Conversion Shares less any shares of Series B Preferred Stock subject to a partial rescission pursuant to Section 6(d)(i) within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

iii. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. If the Corporation fails to deliver to a Holder the applicable certificate or certificates or to effect a DWAC Delivery, as applicable, by the Share Delivery Date pursuant to Section 6(d)(i) (other than a failure caused by incorrect or incomplete information provided by Holder to the Corporation), and if after such Share Delivery Date such Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by such Holder of the Conversion Shares less any shares of Series B Preferred Stock subject to a partial rescission pursuant to Section 6(d)(i) which such Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "**Buy-In**"), then the Corporation shall (A) pay in cash to such Holder (in addition to any other remedies available to or elected by such Holder) the amount by which (x) such Holder's total purchase price (including any brokerage commissions) for the shares of Common Stock so purchased pursuant to such Buy-In exceeds (y) the product of (1) the number of shares of Common Stock subject to such Buy-In multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of such Holder, either reissue (if surrendered) the shares of Series B Preferred Stock equal to the number of shares of Series B Preferred Stock submitted for conversion or deliver to such Holder the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 6(d)(i). For example, if a Holder purchases shares of Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted conversion of shares of Series B Preferred Stock with respect to which the actual sale price (including any brokerage commissions) giving rise to such purchase obligation was a total of $10,000 under clause (A) of the immediately preceding sentence, the Corporation shall be required to pay such Holder $1,000. The Holder shall provide the Corporation written notice, within four (4) Trading Days after the occurrence of a Buy-In, indicating the amounts payable to such Holder in respect of such Buy-In together with applicable confirmations and other evidence reasonably requested by the Corporation. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver certificates representing shares of Common Stock upon conversion of the shares of Series B Preferred Stock as required pursuant to the terms hereof; provided, however, that the Holder shall not be entitled to both (i) require the reissuance of the shares of Series B Preferred Stock submitted for conversion for which such conversion was not timely honored and (ii) receive the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 6(d)(i).

iv. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Series B Preferred Stock, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders of the Series B Preferred Stock, not less than such aggregate number of shares of the Common Stock as shall be issuable upon the conversion of all outstanding shares of Series B Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of the then outstanding shares of Series B Preferred Stock (including as a result of any adjustments pursuant to Section

7 hereof), the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

v. Fractional Shares. No fractional shares or scrip representing fractional shares of Common Stock shall be issued upon the conversion of the Series B Preferred Stock. As to any fraction of a share which a Holder would otherwise be entitled to receive upon such conversion, the Corporation shall, in lieu of exercising a fractional share, pay cash equal to the product of such fraction multiplied by the Conversion Price.

vi. Transfer Taxes. The issuance of certificates for shares of the Common Stock upon conversion of the Series B Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the registered Holder(s) of such shares of Series B Preferred Stock and the Corporation shall not be required to issue or deliver such certificates unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

e) Status as Stockholder. Effective as of each Conversion Date, (i) the shares of Series B Preferred Stock being converted shall be deemed converted into shares of Common Stock and (ii) the Holder's rights as a holder of such converted shares of Series B Preferred Stock shall cease and terminate, excepting only the right to receive certificates evidencing such shares of Common Stock, or electronic delivery of such shares in the case of DWAC Delivery, and to any remedies provided herein or otherwise available at law or in equity to such Holder because of a failure by the Corporation to comply with the terms of this Certificate of Designation. In all cases, the Holder shall retain all of its rights and remedies for the Corporation's failure to convert Series B Preferred Stock.

Section 7. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Series B Preferred Stock is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of this Series B Preferred Stock) with respect to the then outstanding shares of Common Stock; (B) subdivides outstanding shares of Common Stock into a larger number of shares; or (C) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, then the Conversion Price then in effect shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event (excluding any treasury shares of the Corporation). Any adjustment made pursuant to this Section 7(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination.

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b) Fundamental Transaction. The term "**Fundamental Transaction**" shall mean the occurrence of any of the following at any time while this Series B Preferred Stock is outstanding: (A) the Corporation, directly or indirectly, in one or more related transactions, effects any merger or consolidation of the Corporation with or into another Person, (B) the Corporation, directly or indirectly, in one or more related transactions, effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, (C) any tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which all of the Common Stock is exchanged for or converted into other securities, cash or property or (D) the Corporation, directly or indirectly, in one or more related transactions, effects any reclassification of the Common Stock or any compulsory share exchange (other than as a result of a dividend, subdivision or combination covered by Section 7(a) above) pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property. Upon or following the occurrence of any Fundamental Transaction, each share of Series B Preferred Stock shall thereafter be convertible into the kind and amount of securities, cash or other property which a Holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Series B Preferred Stock immediately prior to such Fundamental Transaction would have been entitled to receive pursuant to such Fundamental Transaction (without regard to any limitation in Section 6(c) on the conversion of Series B Preferred Stock). The Corporation shall make an appropriate adjustment to the Conversion Price following a

Fundamental Transaction based on a reasonable determination of the amount and relative value of the securities, cash or other property issuable in respect of one share of Common Stock in such Fundamental Transaction. If holders of Common Stock are given any choice as to the securities, cash or other property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the securities, cash or other property it receives upon any conversion of this Series B Preferred Stock following such Fundamental Transaction. Except as provided in Section 7(c), to the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation designating a class of preferred stock ("**Successor Stock**") with substantially same terms and conditions as the Series B Preferred Stock, and the Series B Preferred Stock shall be exchanged for or converted into shares of Successor Stock at a rate such that each share of Series B Preferred Stock will be entitled to receive, upon conversion of the Successor Stock issued with respect thereto (without regard to any limitations on the conversion of such shares of Successor Stock), the number or amount of securities, cash or other property as is consistent with the provisions of this Section 7(b). Except as provided in Section 7(c), the Corporation shall cause any successor entity (as well as its parent) in a Fundamental Transaction in which the Corporation is not the survivor (the "**Successor Entity**") to assume in writing all of the obligations of the Corporation under this Certificate of Designation in accordance with the provisions of this Section 7(b) pursuant to written agreements in form and substance approved by Holders of not less than a majority of the then outstanding Series B Preferred Stock (which approval may not be unreasonably withheld or delayed) prior to such Fundamental Transaction. The Corporation shall cause to be delivered to each Holder, at its last address as it shall appear upon the stock books of the Corporation, written notice of any Fundamental Transaction at least 10 calendar days prior to the date on which such Fundamental Transaction is expected to become effective or close.

c) Notwithstanding the provisions of Section 7(b), a Successor Entity shall not be required to (A) issue shares of its preferred stock to any Holder or (B) assume the obligations of the Corporation under this Certificate of Designation, if no Holder, its Affiliates and any Group of which a Holder is a member would, following consummation of a Fundamental Transaction with such Successor Entity and assuming conversion of all Series B Preferred Stock beneficially owned by them, beneficially own more than 9.985% of any class of equity securities of such Successor Entity.

d) Calculations. All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

i. Notice to the Holders.

ii. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 7, the Corporation shall promptly deliver to each Holder a notice setting forth the Conversion Ratio after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

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iii. Other Notices. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock (other than a dividend covered by Section 7(a)), (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock (other than repurchases of Common Stock from employees, directors or consultants of the Corporation pursuant to the terms of stock option, restricted stock or similar agreements governing the grant of equity to any such Persons or any redemptions effected pursuant to the terms of any Warrants issued by the Corporation), (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be delivered to each Holder at its last address as shall appear upon the stock books of the Corporation, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of

record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice.

Section 8. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by confirmed electronic mail or facsimile, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at its principal place of business, to the attention of the Chief Executive Officer of the Corporation, or such other electronic mail address, facsimile number or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by confirmed electronic mail or facsimile, or sent by a nationally recognized overnight courier service addressed to each Holder at the electronic mail address, facsimile number or address of such Holder appearing on the books of the Corporation, or if no such facsimile number or address appears on the books of the Corporation, at the principal place of business of such Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via confirmed electronic mail or facsimile prior to 5:30 p.m. (New York City time) on any date, (ii) the date immediately following the date of transmission, if such notice or communication is delivered via confirmed electronic mail or facsimile between 5:30 p.m. and 11:59 p.m. (New York City time) on any date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

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b) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages if and when due pursuant to Section 6(d)(ii) herein on the shares of Series B Preferred Stock at the time, place, and rate, and in the coin or currency, prescribed in Section 6(d)(ii) herein.

c) Lost or Mutilated Series B Preferred Stock Certificate. If a Holder's Series B Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Series B Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership thereof, reasonably satisfactory to the Corporation and, in each case, customary and reasonable indemnity, if requested. Applicants for a new certificate under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Corporation may prescribe.

d) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation. Any waiver by the Corporation or a Holder must be in writing. Notwithstanding any provision in this Certificate of Designation to the contrary, any provision contained herein and any right of the holders of Series B Preferred Stock granted hereunder may be waived as to all shares of Series B Preferred Stock (and the Holders thereof) upon the written consent of the Holders of not less than a majority of the shares of Series B Preferred Stock then outstanding, unless a higher percentage is required by the DGCL, in which case the written consent of the holders of not less than such higher percentage shall be required.

e) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate

of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

f) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

g) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

h) Status of Converted Series B Preferred Stock. If any shares of Series B Preferred Stock shall be converted or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series B Preferred Stock.

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IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designation this 2nd day of May 2011.

/s/ R. Michael Carruthers
Name: R. Michael Carruthers
Title: Chief Financial Officer

ANNEX A

NOTICE OF CONVERSION
(To be Executed by the Registered Holder in order to Convert Shares of SERIES B Preferred Stock OF ARRAY BIOPHARMA INC.)

The undersigned Holder hereby irrevocably elects to convert the number of shares of Series B Convertible Preferred Stock indicated below, represented by stock certificate No(s). _____ (the "Preferred Stock Certificates"), into shares of common stock, par value $0.001 per share (the "Common Stock"), of Array BioPharma Inc., a Delaware corporation (the "Corporation"), as of the Conversion Date. If securities are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. Capitalized terms utilized but not defined herein shall have the meaning ascribed to such terms in that certain Certificate of Designation of Preferences, Rights and Limitations of Series B Convertible Preferred Stock (the "Certificate of Designation") filed by the Corporation on May 2, 2011.

As of the date hereof, the number of shares of Common Stock beneficially owned by the undersigned Holder (together with such Holder's Affiliates, and any other Person whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act and the applicable regulations of the Commission, including any "group" of which the Holder is a member), including the number of shares of Common Stock issuable upon conversion of the Series B Preferred Stock subject to this Notice of Conversion, but excluding the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted Series B Preferred Stock beneficially owned by such Holder or any of its Affiliates, and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation (including any warrants) beneficially owned by such Holder or any of its Affiliates that are subject to a limitation on conversion or exercise similar to the limitation contained in Section 6(c) of the Certificate of Designation, is _____, which amount does not exceed the Beneficial Ownership Limitation as of the Conversion Date. For purposes hereof, except as set forth in the preceding sentence, beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the applicable regulations of the Commission.

Conversion calculations:

Number of shares of Series B Preferred Stock owned prior to Conversion:
_____
Number of shares of Series B Preferred Stock to be Converted:
_____
Number of shares of Common Stock to be Issued:
_____
Address for delivery of physical certificates:
_____

or

for DWAC Delivery:

DWAC Instructions:
Broker no: _____
Account no: _____

[HOLDER]
By:_____
Name:
Title:

Date:

CERTIFICATE OF AMENDMENT

TO

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

ARRAY BIOPHARMA INC.

(Pursuant to Section 242)

Array BioPharma Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "**DGCL**"), does hereby certify as follows for the purpose of amending its Amended and Restated Certificate of Incorporation:

FIRST: The name of the corporation is Array BioPharma Inc. (the "**Corporation**"). The Corporation was originally incorporated on February 6, 1998 pursuant to the DGCL. An Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on or about November 21, 2000 (the "**Certificate of Incorporation**"). A Certificate of Correction to the Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on or about November 19, 2004.

SECOND: That the board of directors of the Corporation duly adopted resolutions approving the following amendment to the Certificate of Incorporation (the "**Amendment**") in accordance with the provisions of Section 242 of the DGCL, declaring such Amendment to be advisable and calling for the approval of the stockholders of the Corporation to such Amendment.

THIRD: The Amendment was duly adopted and approved in accordance with the provisions of Section 211 of the DGCL by the required vote of the stockholders of the Corporation at the Annual Meeting of the stockholders of the Corporation.

FOURTH: That the Corporation's Certificate of Incorporation is hereby amended as provided herein. Section 4.1 shall be deleted in its entirety and replaced with the following:

4.1 Authorized Shares. The total number of shares of all classes of stock that the Corporation shall have the authority to issue is 230,000,000 of which 220,000,000 shall be common stock, all of one class, having a par value of $.001 per share (the "**Common Stock**"), and 10,000,000 of such shares shall be Preferred Stock, having a par value of $.001 per share (the "**Preferred Stock**").

FIFTH: Except as expressly amended by this Amendment, the provisions of the Certificate of Incorporation shall remain in full force and effect.

* * * * * * *

IN WITNESS WHEREOF, this Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation has been executed this 24th day of October 2012.

ARRAY BIOPHARMA INC.

/s/ R. Michael Carruthers
Name: R. Michael Carruthers
Title: Chief Financial Officer

CERTIFICATE OF AMENDMENT

TO

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

ARRAY BIOPHARMA INC.

(Pursuant to Section 242)

Array BioPharma Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "DGCL"), does hereby certify as follows for the purpose of amending its Amended and Restated Certificate of Incorporation:

FIRST: The name of the corporation is Array BioPharma Inc. (the "Corporation"). The Corporation was originally incorporated on February 6, 1998 pursuant to the DGCL. An Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on November 21, 2000 (the "Certificate of Incorporation"). A Certificate of Correction to the Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on November 22, 2004. Certificates of Amendment to the Certificate of Incorporation were filed with the Secretary of State of the State of Delaware on November 5, 2007 and October 24, 2012.

SECOND: That the board of directors of the Corporation duly adopted resolutions approving the following amendment to the Certificate of Incorporation (the "Amendment") in accordance with the provisions of Section 242 of the DGCL, declaring such Amendment to be advisable and calling for the approval of the stockholders of the Corporation to such Amendment.

THIRD: The Amendment was duly adopted and approved in accordance with the provisions of Section 211 of the DGCL by the required vote of the stockholders of the Corporation at the Annual Meeting of the stockholders of the Corporation.

FOURTH: That the Corporation's Certificate of Incorporation is hereby amended as provided herein. Section 4.1 shall be deleted in its entirety and replaced with the following:

4.1 Authorized Shares. The total number of shares of all classes of stock that the Corporation shall have the authority to issue is 290,000,000 of which 280,000,000 shall be common stock, all of one class, having a par value of $.001 per share (the "Common Stock"), and 10,000,000 of such shares shall be Preferred Stock, having a par value of $.001 per share (the "Preferred Stock").

FIFTH: Except as expressly amended by this Amendment, the provisions of the Certificate of Incorporation shall remain in full force and effect.

* * * * * * *

IN WITNESS WHEREOF, this Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation has been executed this 29th day of October 2015.

ARRAY BIOPHARMA INC.

By: /s/ John R. Moore

John R. Moore, Secretary

CERTIFICATE OF AMENDMENT

TO

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

ARRAY BIOPHARMA INC.

(Pursuant to Section 242 of the General Corporation Law of the State of Delaware)

Array BioPharma Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "**DGCL**"), does hereby certify as follows for the purpose of amending its Amended and Restated Certificate of Incorporation:

FIRST: The name of the corporation is Array BioPharma Inc. (the "**Corporation**").

SECOND: That the board of directors of the Corporation duly adopted resolutions approving the following amendment to the Certificate of Incorporation (the "**Amendment**") in accordance with the provisions of Section 242 of the DGCL, declaring such Amendment to be advisable and calling for the approval of the stockholders of the Corporation to such Amendment.

THIRD: The Amendment was duly adopted and approved in accordance with the provisions of Section 242 of the DGCL by the required vote of stockholders of the Corporation at the 2018 Annual Meeting of Stockholders of the Corporation.

FOURTH: That the Corporation's Certificate of Incorporation is hereby amended as provided herein.

Section 4.1 shall be deleted in its entirety and replaced with the following:

> **4.1 Authorized Shares.** The total number of shares of all classes of stock that the Corporation shall have the authority to issue is 350,000,000 of which 340,000,000 shall be common stock, all of one class, having a par value of $.001 per share (the "**Common Stock**"), and 10,000,000 of such shares shall be Preferred Stock, having a par value of $.001 per share (the "**Preferred Stock**").

FIFTH: Except as expressly amended by this Amendment, the provisions of the Certificate of Incorporation shall remain in full force and effect.

* * * * * * *

IN WITNESS WHEREOF, this Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation has been executed this 25th day of October 2018.

ARRAY BIOPHARMA INC.

By: /s/ Curtis Oltmans

Curtis Oltmans,

Secretary

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ron Squarer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Array BioPharma Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within this entity, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2018

By: /s/ RON SQUARER
Ron Squarer
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jason Haddock, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Array BioPharma Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within this entity, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2018

By: /s/ JASON HADDOCK
Jason Haddock
Principal Accounting Officer

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this quarterly report of Array BioPharma Inc. (the "Registrant") on Form 10-Q for the period ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the date indicated below, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: October 30, 2018

/s/ RON SQUARER
Ron Squarer
Chief Executive Officer

/s/ JASON HADDOCK
Jason Haddock
Principal Accounting Officer