



HOME OF DIGITAL POWER PROCESSING (DPP®)



FINANCIAL HIGHLIGHTS

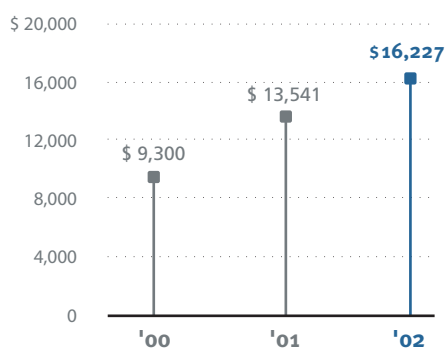
For the years ended December 31,

(in thousands, except per share data)

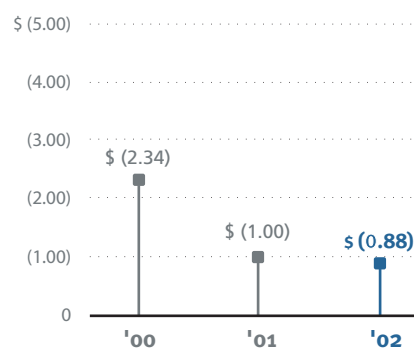
	2002	2001	2000
Results of Operations:			
Revenue	\$ 16,227	\$ 13,541	\$ 9,300
Research and development	11,650	19,913	26,074
Loss from operations	(19,474)	(27,668)	(42,893)
Net Loss, before accretion on preferred stock *	(19,314)	(26,981)	(41,267)
Net Loss applicable to common stockholders	(34,266)	(26,981)	(41,267)
Basic and diluted net loss per share	(0.88)	(1.00)	(2.34)

* See Note 6 – Common Stock, to the Consolidated Financial Statements for further discussion.

Annual Revenue
(in thousands)



Diluted Net Loss Per Share



LEADING EDGE AMPLIFIER TECHNOLOGY

Amplifier technology is ubiquitous and is broadly applicable across multiple market segments in consumer electronics, computing and communications. With its 33 patents issued and 84 patents pending, Tripath has utilized its intellectual property position to create the best combination of low distortion and high efficiency digital amplifiers available in the semiconductor industry today. Tripath's vision is to complete the digital revolution by fundamentally changing the way power is processed in virtually every electronic product across all applicable markets.



ABOUT US

Based in San Jose, California, Tripath Technology is a fabless semiconductor company that focuses on providing highly efficient power amplification to the consumer electronics and communications markets. Tripath owns the proprietary technology called Digital Power Processing (DPP®), which combines modern advances in digital signal processing and power processing. Tripath's current customers include consumer electronic and computer companies, such as Aiwa, APEX, Apple Computer, Denon, Hitachi, Motorola, Onkyo, Samsung, Sharp and Sony as well as DSL communications equipment provider, Alcatel, who uses Tripath's power efficient line drivers for central office applications.

Tripath's advanced Class-T 1-bit digital audio amplifiers rely on a fundamentally new approach to amplifier design utilizing semiconductor-based amplifiers that provide significant performance, power efficiency, size and weight advantages over traditional amplifier technology.

LETTER TO OUR STOCKHOLDERS

Fiscal year 2002 marked a year of significant revenue growth, challenge and continued design wins for Tripath despite an overall market slowdown in the second half of the year. We expanded our customer base, introduced new cost-effective products, improved our management team, implemented and made progress towards reducing our manufacturing costs and thereby improving our gross margins and reduced our operating expenses to better position ourselves to achieve profitability in the near term. While the market conditions remain challenging thus far in early 2003, we continue to make progress in securing design wins, reducing our manufacturing and operating expenses and improving our margins.

► results

Here are some key results we achieved during 2002:

- Revenues increased by 20% from \$13.5 million in 2001 to \$16.2 million in 2002.
- We expanded our customer base from 35 to 66 customers.
- We expanded our design win base from 26 to 46, respectively, from 2001 to 2002.

We announced a number of key design wins including:

5.1 CHANNEL HOME ENTERTAINMENT SYSTEMS

- APEX Digital's HT-100, DVD/CD/AM/FM, CD-RW, MP3, home theater system
- Denon's DHT-1000DV-S, DVD/CD, home theater system
- Aiwa's HT-DV1 all-in-one DVD, MP3 with DTS®/Dolby Digital®, home theater system
- Kenwood's DVT-8100, DVD/MP3 with DTS®/Dolby Digital®, home theater system

AUTOMOTIVE

- Zandiant's high performance mobile entertainment systems
- Sony's MEX-5DI, 4 x 70Watt, car audio head unit

PLASMA & FLAT PANEL TVS

- Toshiba's, 35-inch Plasma Display TVs
- Aiwa's, 15 and 20-inch LCD, TV/DVD combination system
- Sanyo's "Vision" series TVs, including next generation 32 and 42-inch Plasma Display TVs
- Fujitsu's, 61-inch, high resolution Plasma Display TVs
- Hitachi's, 32, 37, 42 and 50-inch Plasma Display TVs and 20-inch LCD TVs

RECEIVERS & MINI/MICRO COMPONENT SYSTEMS

- JVC's PS-A2004D, 800 Watt, 4-channel professional amplifier
- Sony's CMT-EX5, 30 Watt, CD-R/RW, FM/AM, high fidelity micro component system
- Panasonic's WP-D204, 800 Watt, 4-channel professional amplifier
- TEAC's AG-L800, 50 Watt, 5 channel surround sound receiver

PERSONAL COMPUTERS

- Apple's ultra compact iMAC®
- Apple's all-in-one eMAC®

These design wins highlight significant progress made in the 5.1 Channel DVD Home Entertainment Systems, Automotive, Plasma and Flat Panel TV, Receivers and Mini/Micro Component System and Personal Computer market segments.

Tripath continues to pave the road with leading edge technology in the digital audio market and introduced the following new cost effective products over the past fiscal year:

- In January 2002, we announced the availability of the TK2050 chipset, which provides 2 channels of 50 watts of continuous power. This new chipset is ideal for compact designs for consumer audio applications such as 5.1 channel DVD receivers and home entertainment systems, car audio, mini/micro components systems and cable set-top boxes.
- In August 2002, we announced the availability of our new TK2150 and TK2350 chipsets. The TK2150 is a mid-range performance solution targeted towards applications requiring 100-200 watts. The TK2350 chipset is a higher performance solution, well suited for requirements of 100-350 watts. These new chipsets are ideal for compact designs for consumer audio applications, such as DVD home theater systems, multi-channel A/V receivers, active speaker and sub-woofers, mini/micro component systems and automotive trunk amplifiers.
- In September 2002, we announced the world's first four channel, 70-watt single package, digital audio amplifier, the TA2041, our first product in the car audio head unit market. Our product delivers high power, high efficiency, as well as high quality sound. With a digital amplifier like Tripath's TA2041, a car audio head unit can incorporate more functions such as CD, MD and various memory player, hard disk, navigator and DVD multi-channel audio and theater.
- In early January 2003, at the Consumer Electronics Show, we announced the TC6000 6-channel digital input Class-T controller. Its 6-channel digital input and I²C volume control makes it ideally suitable for today's powered DVD home theater systems, multi-channel AV receivers, automotive audio electronics and other multi-channel audio systems.



Adya S. Tripathi
President and Chief Executive Officer
Chairman of the Board

In addition:

- We identified gross margin improvement opportunities and have begun implementing various manufacturing cost reduction efforts including conversion from custom to standard packages, yield enhancement initiatives, test cost reductions and lower wafer costs through use of alternative manufacturing vendors. We are now beginning to reap the fruits of our efforts. We are working on other initiatives within our operations group to further reduce our manufacturing costs and are currently working on changing our product design, which, if successful, could significantly reduce our product costs during the latter part of 2003 and in early 2004.
- We reduced operating expenses by 41%, and our operating loss by 30% while maintaining our core competencies.
- We raised \$21 million in equity financing in January 2002, which enabled us to grow as well as sustain our business during this challenging time. While we have incurred losses in the past, we believe that we have sufficient cash resources available to meet our operating, working capital and financing needs in 2003 and perhaps beyond.

► focus

In audio, we will continue to offer leading edge digital products for a variety of consumer audio applications. It is clear to us that the customer prefers our low distortion, high efficiency solutions at competitive prices. Now we intend to drive those prices even lower. Our goal is to accelerate our market penetration by offering the most attractive price/performance products in the market. Although we have numerous design wins with premier customers, we feel there is a tremendous opportunity to expand in multiple product offerings with our existing customers.



The consumer electronics market is quickly moving towards a digital era and the market for semiconductors in digital media is expected to grow from \$11.4 billion in 2002 to \$13.5 billion in 2005 according to IDC, Dataquest and Forward Concepts.

Our focus this year will be to pursue high volume business in multiple market segments, particularly the home entertainment system and automotive electronic markets. We feel that new products, such as our TA2041 – the world's first 4 X 70 watt digital amplifier and our TC6000 – our new 6-channel single package digital amplifier controller, will have a tremendous impact on next generation products from consumer electronic OEMs.

In DSL, we continue to develop lower power and multi-port line drivers to provide the industry with increased line card densities for central office equipment. Our strategic partnership with Alcatel places us in a unique position to capitalize on the anticipated turnaround of the DSL marketplace, whenever it occurs.

In the wireless marketplace, we are focusing our efforts on demonstrating that our technology can improve the efficiency in base stations and handsets.

We continue to explore various strategic alliances with a number of companies where we feel that partnership or relationship can best utilize each other's technology and help us increase our revenues and further reduce our costs. We are hopeful that these arrangements could accelerate growth of our business with major OEMs and raise additional capital to grow our business and achieve profitability.

Our financial strategy is to improve our gross margins through further manufacturing and engineering design cost reductions, improve our operational efficiencies and thereby achieve profitability during the latter part of 2003.

► summary

Last year presented a difficult business environment for many companies, including Tripath. We believe that we are taking the necessary steps to position Tripath for growth and profitability in 2003. The key to our success in 2003 will be to remain focused on improving our business fundamentals. We will remain aggressive in pursuing design wins with top tier consumer electronic and communication companies while continuing to drive our manufacturing costs down and improve our overall operating efficiencies.

Our primary focus is to drive our company to profitability during the latter part of 2003. With a strong focus on improving gross margins and continued revenue growth, we feel that this year will be a successful one.

I would like to thank our employees, customers, partners and stockholders for their ongoing support, and look forward to a bright future together in 2003 and beyond.

CONSUMER ELECTRONICS



With the advent of Dolby Digital®, DTS®, THX® and SRS® Surround Sound, and the increase in digital media, consumer electronics companies have found the need for an amplifier technology that provides significant performance, power efficiency, size and weight advantages over the traditional analog amplifier technology. The increasing demand for a higher standard in the audio market has propelled Tripath's patented Digital Power Processing (DPP®) technology to emerge as the technology of choice in the digital audio amplifier space. Tripath's Class T 1-bit digital audio amplifiers are widely demanded in the following markets: the 5.1 channel home entertainment system, automotive, plasma and flat panel TV, receiver and mini/micro component system, personal computer and set top box.

According to a recent market research report by InStat/MDR, in 2002, over 50 million DVD players were sold worldwide and that number is expected to increase to 84 million DVD players and 32 million DVD recorders in 2006. More and more households are finding that a DVD player is necessary to complete their home entertainment systems. In addition, gaming consoles such as Sony's Playstation 2® and Microsoft's XBox® are now capable of playing DVD movies with 5.1 channel surround sound in addition to their DVD-based games.

Set-top boxes are also increasing functionality by combining DVD players and audio amplifiers into a new class of set-top boxes called convergence boxes. Tripath is currently providing amplifiers to Motorola for their award winning Digital Convergence System. Major cable companies have chosen to deploy Motorola's Digital Convergence Platform, a new line of consumer electronic products to their cable subscribers. The convergence boxes will integrate a DVD/CD player, an interactive digital cable receiver and audio/video receiver with 6 channel Dolby® Digital Sound into a single system.

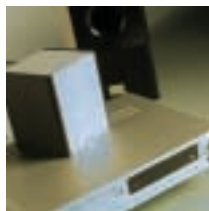
With increasing demand for thinner and sleeker televisions, Tripath offers the technology of choice for the flat panel and plasma television display markets. By eliminating bulky heat sinks and reducing the size of power supplies, Tripath's power saving Class-T digital amplifiers are the ideal solution to power flat panel TV audio designs. With industry leaders such as Fujitsu, Toshiba, Hitachi, Sharp, Sanyo, Samsung and Sony all integrating our amplifier chips into their next-generation flat panel and plasma TV designs, Tripath is positioned to benefit from the growth of the flat panel and plasma display TV markets.

Personal computers (PCs) are evolving into a form of home entertainment system as well. More and more PCs are being manufactured and integrated with DVD/CD players, and downloadable music and gaming software have become extremely popular. PC users are demanding high quality audio from their PCs, but are constantly disappointed in the sound quality produced from today's powered PC speakers. Apple Computer, a leader in innovation and leading edge technology, chose to power their latest iMAC® with Tripath's Class-T digital amplifiers resulting in a top-quality high-power audio system for their customers.

The automotive market has adopted Tripath's Class-T 1-bit digital audio amplifiers to enhance the automotive sound experience. Traditionally, head units were severely limited in power due to heat dissipation concerns. Trunk amplifiers, while providing higher power, were experiencing similar heat problems and had to be encased in bulky metal packages. Class-T technology addressed the space concerns in both these environments. In September 2002, we announced the development and shipment of the world's first 4 x 70 watt digital audio amplifier for the automotive industry to Sony. Sony is the first company to adopt Tripath's revolutionary breakthrough technology by introducing its latest MEX-5DI car audit head unit system with an integrated Class-T TA2041 digital audio amplifier. Tripath amplifiers are also powering the first plastic-encased trunk amplifier introduced by Blaupunkt.

Tripath amplifiers have penetrated the digital media and consumer electronics markets and will continue to provide cutting-edge amplifier technology. Tripath will also expand its product offering and focus on providing significant performance, power efficiency, size and weight advantages over the current amplifier technology available in the market today.

2002 design wins



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DSL NETWORKS

Asymmetric Digital Subscriber Line (ADSL) or DSL is one of the dominant broadband Internet access technologies worldwide. With data rates to the subscriber of up to 8M bits per second, DSL represents a connection more than 150 times faster than the 56kb per second dial up modem. This form of high-speed Internet access is servicing both small businesses and homes not only in the United States, but also around the world.

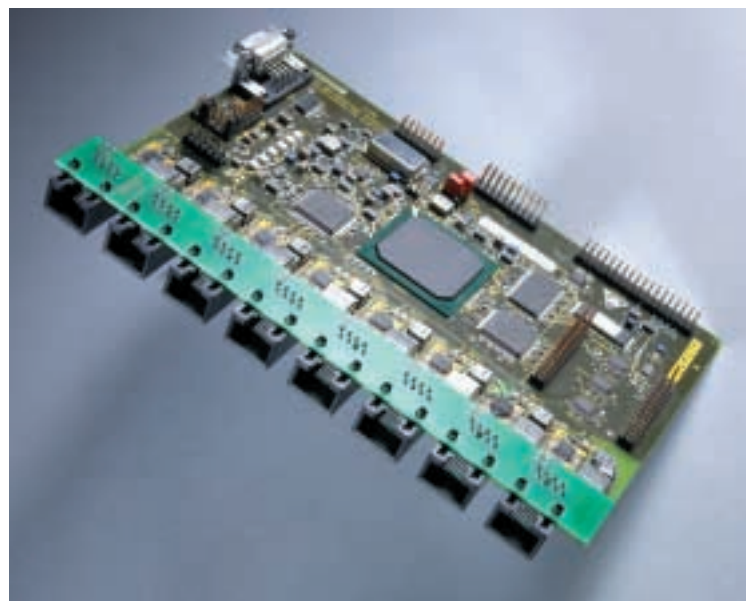
Tripath's family of line drivers have won worldwide recognition in the industry as the lowest power line driver available today. Tripath is currently working with its DSL chipset partner, ST Microelectronics (formerly Alcatel Microelectronics), to secure design wins with major manufacturers of DSL equipment.

Tripath also expects to sample its new dual-channel line driver in early 2003. In addition to reducing size and cost by integrating two drivers on one chip, it will also extend Tripath's power advantage by reducing the power dissipated per port by more than 30 percent.

Tripath will continue to focus on power reduction and increased integration to reduce the size of DSL products. Continued reductions in power and size are necessary to provide our customers the ability to lower costs and increase the speed of DSL deployment.

Tripath's successful application of its technology to DSL has allowed Tripath to diversify its customer base and has propelled Tripath into the communication business. The goal of fundamentally changing the way electronic signals are amplified has been effectively accomplished in audio and DSL.

Tripath will build on its success in these areas and look to other growth opportunities in the communications arena where Tripath can contribute to better performance and lower power.



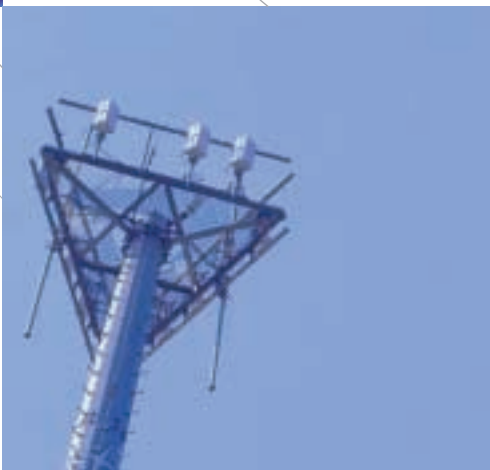
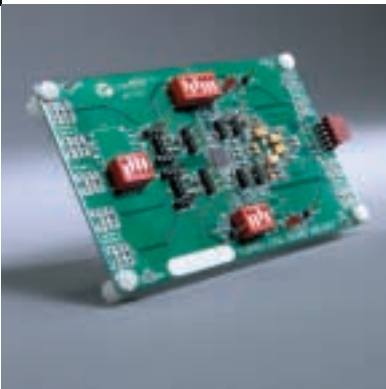
WIRELESS COMMUNICATIONS

Mobile communication through cell phones, PDAs and other wireless equipment has become a necessary technology in the daily lives of many individuals across the world. Personal voice communication networks have broadened into internet-based distribution platforms making wireless communication even more valuable to end-users. One of the key enablers in the wireless market is the Radio Frequency (RF) power amplifier, particularly for base stations and wireless handsets.

In the base station market, Tripath's Digital Power Processing (DPP®) can provide the high efficiency necessary to power a base station, while reducing the amount of power required.

On the handset side, Tripath's Digital Power Processing (DPP®) provides excellent linearity with power efficiencies that could potentially double or triple battery life.

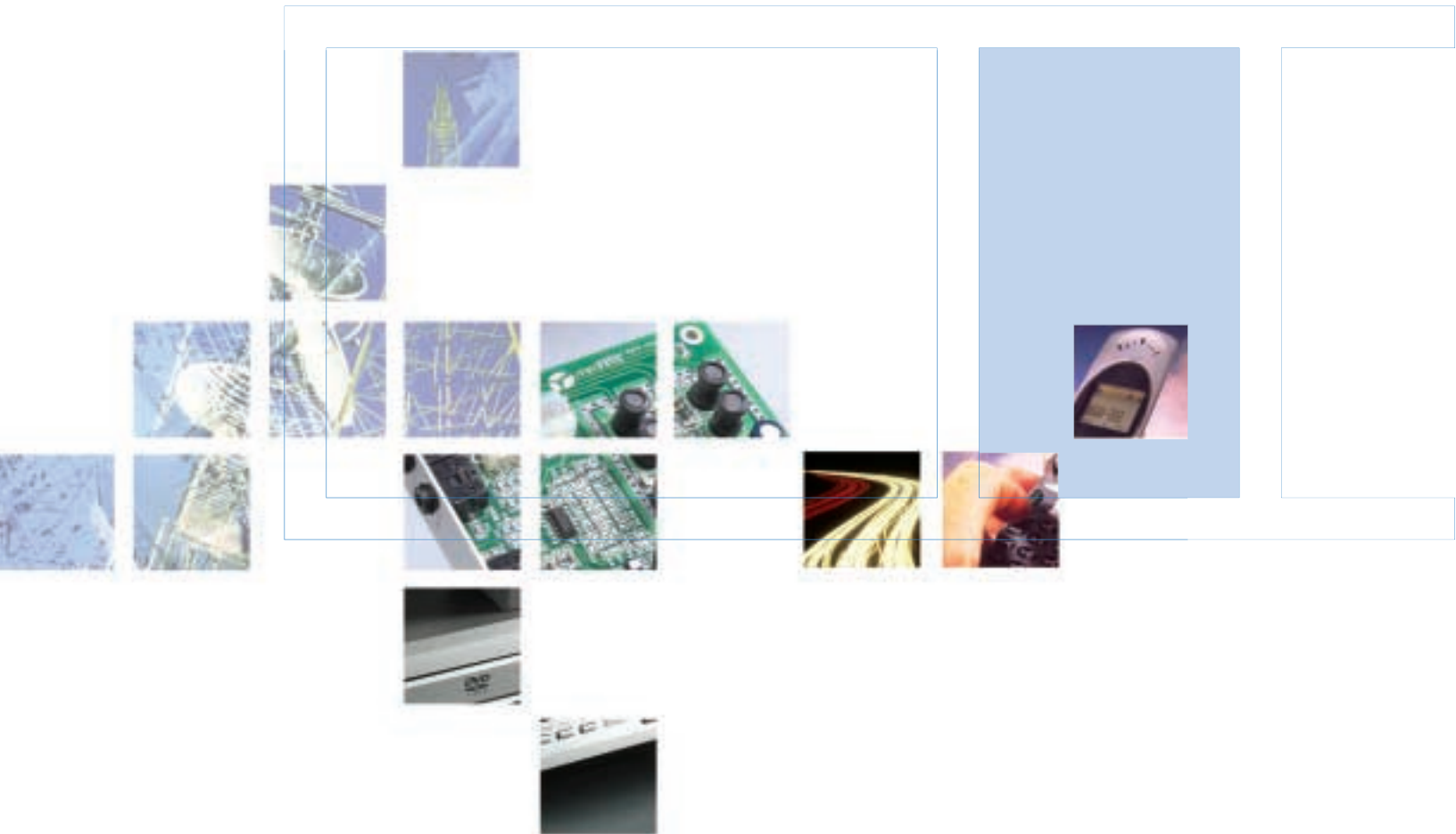
Tripath understands the importance of amplifier technology in the wireless communications market and will continue to research how Digital Power Processing (DPP®) can be applied to create power efficiency. Though we currently do not have products for RF applications, Tripath is focused on meeting this need by developing RF amplifiers for cellular applications with significantly lower power consumption.



TRIPATH TECHNOLOGY DIGITAL AMPLIFIER SOLUTIONS

Tripath's Digital Power Processing (DPP®) amplifier technology has emerged as a leading technology in the consumer electronics and communications markets. Tripath's continuing focus will be to expand its presence in the consumer electronics, DSL and RF/Wireless markets. Within the consumer electronics markets, Tripath will continue to target the consumer, automotive and professional audio market segments. Within each of these market segments, we provide digital amplifiers to manufacturers in a diverse set of applications including: 5.1 channel home entertainment systems, flat panel and plasma display TVs, personal computers, automotive in-dash head units and trunk amplifiers, professional amplifiers, DVD and A/V receivers, mini/micro component stereo systems and cable set-top boxes.

Within the DSL market, we are currently supplying line drivers for use in communication equipment for the central office. In 2003, Tripath will continue to explore various markets that can utilize our amplifier technology and will focus on research and development that will contribute to future growth.





TRIPATH

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