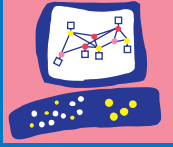


Check Point
SOFTWARE TECHNOLOGIES LTD.



We Secure the Internet.

Letter to Shareholders



Intelligent Security

To Our Shareholders



June 2006 marks Check Point Software Technologies' ten (10) year anniversary as a public company. Over the past decade, Check Point has evolved and grown tremendously as a result of exceptional products and technologies, a talented workforce and a strong commitment to serving the needs of our customers and partners. In 1996, we sold firewall solutions to enterprises, with the leadership position in the firewall market, and employed 49 people. Today, we offer customers a unified security architecture with solutions to address perimeter, internal, Web and endpoint security needs; we sell into the enterprise, medium business, small business and consumer markets; we hold a leadership position in the worldwide enterprise firewall, personal firewall and VPN markets; and we employ over 1,400 people around the world. Customer adoption of our broad portfolio of security solutions is reflected in an average annual revenue growth of fifty percent (50%) from \$10.1 million in 1995 to \$579.4 million in 2005. It is my privilege to be part of leading this organization and representing it to you, our shareholders, over the past decade.

Strong Financial Performance

Although the market for IT products and services remained challenging in 2005, we posted solid financial results for the year. Revenues for 2005 were \$579.4 million, compared to \$515.4 million for 2004. Net income for 2005 was \$319.7 million compared to \$248.4 million for 2004. Earnings per diluted share for 2005 were \$1.27 compared to \$0.95 for 2004. Excluding charges related to the Zone Labs acquisition, for 2005 net income was \$326.9 million compared to \$278.7 million for 2004 and earnings per diluted share were \$1.30 compared to \$1.07 for 2004. The net charges related to the Zone Labs acquisition were \$7.2 million, or \$0.03 per diluted share, for 2005 and \$30.3 million, or \$0.12 per diluted share, for 2004.

During 2005 we have continued to generate strong cash from operating activities. Net cash from operations in fiscal year 2005 was \$358.0

million compared to \$302.0 million in 2004. Broad acceptance of our annuity-based programs has driven growth in both our subscription and deferred revenues. As a result, our subscription revenues grew by twenty-two percent (22%) in 2005 and our deferred revenue balance increased by \$27.9 million to \$169.0 million as of December 31, 2005.

Implementing Our Strategy

Our vision of a unified security architecture started over two years ago as our security solutions expanded beyond the market for enterprise perimeter security. At the end of 2005 approximately thirty percent (30%) of our product revenues were generated from sales of our emerging products, up from thirteen percent (13%) at the end of 2003 when we announced our extended strategy. This growth indicates that our strategy is delivering results. Our strategy implementation continued in 2005 with the unification of our solutions

Intelligent Security Solutions

Perimeter <i>Leading VPN and firewall offerings</i>		
<ul style="list-style-type: none"> • VPN-1® UTM Edge™ Secure connectivity for remote sites and large-scale deployments • VPN-1 UTM Delivers unified threat management to enterprises of all sizes • Safe@Office® Internet security appliances for small businesses 	<ul style="list-style-type: none"> • VPN-1 Power Integrated firewall and VPN gateway for enterprises - FireWall-1® The industry's number one firewall solution • VPN-1 Power VSX™ Virtualized security gateway 	
Internal <i>Security that protects your internal networks</i>	Web <i>Security for the Web environment</i>	Endpoint <i>Security for all endpoints, inside and outside the perimeter</i>
<ul style="list-style-type: none"> • InterSpect™ The world's first internal security gateway • Integrity™ Product Family Security for every PC 	<ul style="list-style-type: none"> • Connectra™ Web security gateway • Web Intelligence™ Integrated Web application firewall technology • SSL Network Extender™ Secure access to the corporate network over SSL VPN • Integrity Clientless Security Web-based remote access protection 	<ul style="list-style-type: none"> • Integrity Product Family Security for every PC • VPN-1 SecureClient™ Secure remote network access • ZoneAlarm® Product Family Security for every home-user and small-business PC
Management and Online Services <i>Centralized management and real-time attack protection services</i>		
<ul style="list-style-type: none"> • SmartCenter™/ SmartCenter Power™ Unified security management • Eventia Reporter™ In-depth reporting on security activity 	<ul style="list-style-type: none"> • Provider-1®/SiteManager-1™ Centralized security management • SmartDefense™ Services Real-time updates and configuration advice 	<ul style="list-style-type: none"> • Eventia Analyzer™ Security event management and correlation

Focused On Customer Needs

Innovation is a core competency for Check Point. Our patented Stateful Inspection technology is the basis for our security solutions as well as the de facto industry standard for enterprise-class network security solutions. Our broad portfolio of security solutions addresses customers' perimeter, internal, Web and endpoint security needs as well as the ability to manage their security architecture from a centralized console.

We recently streamlined our perimeter security solutions with the release of two new product lines, VPN-1 UTM and VPN-1 Power, which are designed to provide customers with security that is proactive, manageable, scalable and easy to use. Our unified threat management (UTM) gateways provide the simplicity of unified security management with the highly evolved security found in Check Point solutions. Going beyond firewall, VPN, intrusion prevention and antivirus, VPN-1 UTM offers SSL VPN, Web application firewall, host checking and more. VPN-1 Power gateways enable companies to accelerate security performance integrating all the capabilities of VPN-1 UTM along with patented SecureXL™ acceleration technologies. This realignment represents a significant overhaul of our perimeter security solutions and initial feedback from both customers and partners has been favorable.

Internal security is designed to protect corporate networks from security threats and attacks that originate from within the network. With our internal security gateway, InterSpect, customers can tighten the enforcement of internal security and preempt damage from internally launched cyber attacks without disrupting the flow of information.

Connectra, our Web security gateway, is the industry's only unified solution for addressing today's Web access and protection challenges. Connectra allows remote users access to the network in a secure, convenient manner from a wide range of devices.

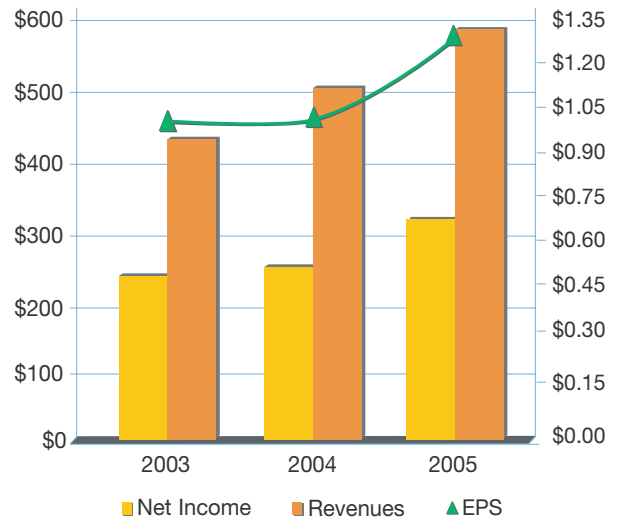
Endpoint security focuses on securing individual computers at both the enterprise and personal level. It addresses the risks that hackers, worms, spyware and other threats pose to internal and remote computers that access the network. Our endpoint solutions provide centralized management for easy control of endpoint security and policy-based enforcement. Our Integrity endpoint security products target the enterprise market. Our award-winning endpoint security solution for consumers, ZoneAlarm, offers the most effective multi-layered protection against spyware, viruses, spam, identity theft and other insidious Internet security threats.

Our unique security management solutions continue to differentiate Check Point in the security market. From a centralized console, Check Point solutions can all be managed with minimal effort, providing ease of use, improved compliance and the lowest total cost of ownership to customers across their network-security deployments.

under a single security architecture, the NGX™ platform. The result is that we offer customers the most comprehensive and integrated set of security solutions with unique centralized management and policy enforcement capabilities. With our most recent version of the NGX platform, we introduced centralized, real-time updateability for all Check Point security solutions to guard against the latest security threats and vulnerabilities.

The implementation of our strategy involves more than products and technology. A strong channel and unique market position creates valuable differentiation and leverage for our customers. Over time, Check Point has assembled and cultivated more than 2,000 technology and channel partners, many of which are the leading solutions providers in their respective countries, territories, vertical markets or technology fields. This expansive and diverse set of partners allows us to leverage the best in talent, resources and market reach in addressing our customers' security needs.

Check Point Financial Results



Recent changes in the security landscape have helped define Check Point's unique market position. Through our "Unified Security Architecture" Check Point is a leading provider of total network security solutions. Check Point remains committed to securing the networks of our customers, but more than that, we have the focus, size and scale to deliver. While this position is desirable, it also carries its own challenges. These challenges include educating our marketplace on the importance of a unified security architecture over point products; evolving our sales model into larger, architectural sales; marketing more products and competing in more market segments. As with any evolution this will take time, determination and resources. However, it is my belief that this is the right strategy. An architecture for securing the Internet is needed now more than ever and having the most viable strategy to solve that challenge is the position we believe we hold.

Leadership Into The Future

While our business performance and portfolio of security solutions have evolved, our commitment to providing customers the most comprehensive, innovative and integrated security solutions has remained constant. With our unified security architecture, we aim to provide our customers with the most secure solutions at the lowest total cost of ownership and a choice of how and where to deploy the technology. In a market awash with solutions that address security through reactive offerings or a string of point products, our value proposition is evident. Our security solutions proactively keep businesses secure in the rapidly changing security threat environment. They are fully integrated to ensure maximum security and centrally managed, updated and monitored for optimal efficiency.

We credit our accomplishments in 2005 to our tightly integrated global business model, our partners' success around the world and the commitment and productivity of our employees. We believe we have the right strategic vision, integrated products and customer focus to drive our continued success in the network security market in 2006 and beyond.

Gil Shwed
Founder, Chairman and Chief Executive Officer
July 2006

Headquarters

Check Point Software Technologies Ltd.
3A Jabotinsky St. 24th Floor
Ramat Gan, Israel 52520
Tel: (972) 3-753-4555
Fax: (972) 3-575-9256

U.S. Headquarters

Check Point Software Technologies, Inc.
800 Bridge Parkway
Redwood City, CA 94065, U.S.A.
Tel: (650) 628-2000
Fax: (650) 654-4233

Outside Legal Counsel

Naschitz, Brandes & Co.
Tel-Aviv, Israel

Wilson Sonsini Goodrich & Rosati
Palo Alto, CA, U.S.A.

Independent Auditors

Kost, Forer, Gabbay & Kasierer
(a member of Ernst & Young Global)

Registrar and Transfer Agent

American Stock Transfer and Trust Company
59 Maiden Lane, Plaza Level
New York, NY 10038, U.S.A.
Tel: (800) 937-5449
Intl.: (718) 921-8124
Email: info@amstock.com

Ordinary Shares

Check Point Software Technologies Ltd. Ordinary Shares
(Common Stock) trade on the NASDAQ Stock MarketSM
under the symbol CHKP.

Annual Report on Form 20-F

To review the company's Annual Report on Form 20-F, as filed
with the U.S. Securities and Exchange Commission, please visit
<http://www.checkpoint.com/ir>.

The report is also available without charge upon request to
Investor Relations.

Investor Relations

Check Point Software Technologies
800 Bridge Parkway
Redwood City, CA 94065, U.S.A.
Tel: (650) 628-2000
Fax: (650) 628-2189
ir@us.checkpoint.com
www.checkpoint.com/ir

Executive Management

Gil Shwed

Founder, Chairman and Chief Executive Officer

Marius Nacht

Founder, Vice Chairman and Senior Vice President

Jerry T. Ungerman

Vice Chairman

Eyal Desheh

Executive Vice President and Chief Financial Officer

About Check Point Software Technologies Ltd.

Check Point Software Technologies Ltd. (www.checkpoint.com) is a leader in securing the Internet. It is a market leader in the worldwide enterprise firewall, consumer Internet security and VPN markets. Through its NGX platform, the company delivers a unified security architecture for a broad range of perimeter, internal, Web, and endpoint security solutions that protect business communications and resources for corporate networks and applications, remote employees, branch offices and partner extranets. The company's ZoneAlarm Internet Security Suite and additional consumer security solutions are among the highest rated in the industry today, proactively protecting millions of people from hackers, spyware, viruses and identity theft. Extending the power of the Check Point solution is its Open Platform for Security (OPSEC), the industry's framework and alliance for integration and interoperability with "best-of-breed" solutions from over 350 leading companies. Check Point solutions are sold, integrated and serviced by a network of more than 2,200 Check Point partners in 88 countries and its customers include 100 percent of Fortune 100 companies and tens of thousands of businesses and organizations of all sizes.

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