

puresecurity



Check Point[®]
SOFTWARE TECHNOLOGIES LTD.

Letter to Shareholders

pure**security**[™]



To our Shareholders

2006 was a year of building for Check Point. We expanded our business strategy, entered new markets and created a foundation for growth in 2007 and beyond.

Our strategy is focused on offering our customers the architecture, technology and solutions with which they can build the IT security infrastructure of the future. To realize this strategy, earlier this year, we unveiled a new corporate theme: PURE security, centered on our dedication to staying true to this goal.

In the past year, we have demonstrated our commitment to the concept of PURE security by using our internal development expertise to introduce new solutions. In addition, we made two strategic acquisitions that expanded our market presence: the acquisition of Protect Data AB, owner of Pointsec® Mobile Technologies, which marked the first step in our data security strategy, and the acquisition of NFR Security Inc., which significantly enhanced our intrusion detection and prevention capabilities.

As a result, we are now offering advanced solutions across two key security segments—network security and data security—as part of our Unified Security Architecture.

Our direction is clear. Check Point continues to lead the security industry with a dedicated focus on building a unified, integrated security platform that provides consistent security across the network layer—for remote users, data centers, security gateways and endpoints—and expands to the data security layer to minimize the risk of data loss or leakage.

Strong Financial Performance

Our strong financial performance in the first half of 2007 underscores the success of our strategy. Revenues for the first half of 2007 were \$340.2 million, an increase of 25 percent compared to \$272.5 million in the first half of 2006. Earnings per diluted share for the first half of 2007, which include acquisition-related charges and equity-based compensation expenses, were \$0.52, similar to the first half of 2006. Excluding acquisition-related charges and equity-based compensation expenses, earnings per diluted share for the first half of 2007 were \$0.73, an increase of 17 percent compared to \$0.62 in the first half of 2006.

In the first half of 2007, we experienced growth across all reported revenue segments with both our core enterprise network security business and data security business as the primary drivers. The continued success of our annuity-based programs has driven growth in our subscription, support and deferred revenues. These programs include our support programs delivered jointly by Check Point and our partners, and the SmartDefense™ real-time security update subscription service. Our deferred revenue balance increased in 2006 by \$35.2 million to \$204.1 million on December 31, 2006, and has grown an additional \$32.1 million in the first half of 2007 to \$236.2 million on June 30, 2007.

Over the past 18 months, we have also continued to generate strong cash from operating activities. Net cash from operations in fiscal year 2006 was \$367.5 million and \$191.5 million for the first half of 2007.

Security Beyond the Network

Since Check Point's inception in 1993, we have focused on network security. As reliance on the Internet has grown, organizations have become more aware of the risk of Internet attacks and have deployed additional network security solutions to protect their IT resources and confidential information from unauthorized access. In 2003, we expanded our product offering to the individual computer level, enabling protection of every PC connected to the network—internally or remotely—and enforcing the organization's security policy on every PC accessing the network.

However, while network security offers effective solutions, data can still be at risk through common computer use—intentionally or unintentionally.

An example that frequently makes the news is the loss of removable media carrying sensitive corporate data or lost or stolen laptops. Today, corporate data is pushed from corporate local networks to mobile endpoints such as laptops, PDAs, smartphones, USB drives and other removable media. Loss or theft of these devices could expose confidential corporate data to unauthorized parties, risking the breach of sensitive information, damage to the company's reputation and the violation of increasing regulations that require data protection. To address this growing problem, earlier this year we took the first step in our strategy for expanding into data security, offering full-disk encryption and removable media protection solutions, designed to ensure that data residing on laptops or other mobile devices would remain safe and won't be exploited by unauthorized users.

Leadership into the Future

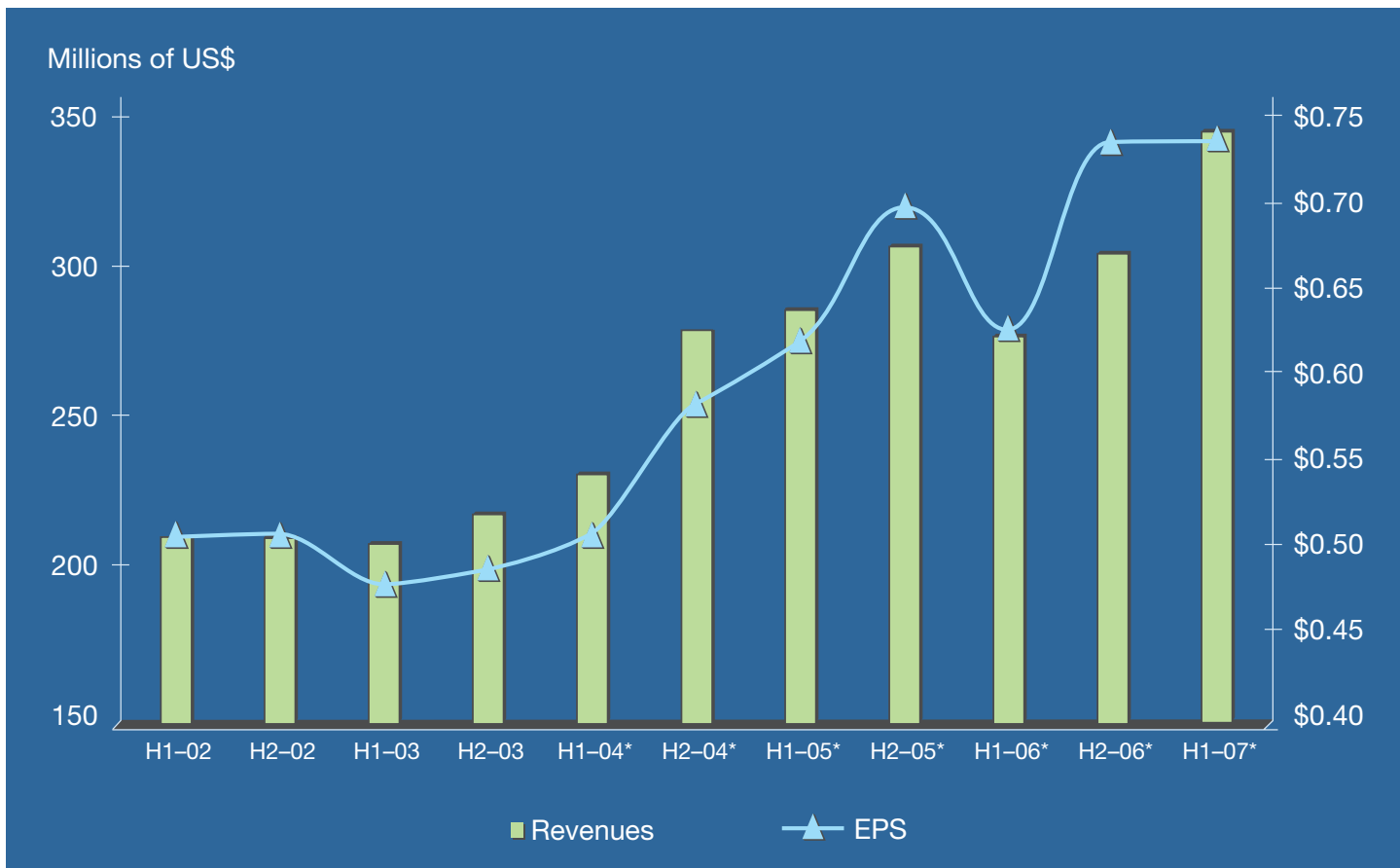
Our PURE focus on security and our customers' needs has enabled Check Point to lead the market since 1993 with the most comprehensive, innovative and integrated security solutions. Today, we continue to be the leading pure-play company in IT security to offer a Unified Security Architecture, and our recent expansion into data security is already showing results. However, as we look forward the future appears even more exciting.

We credit our accomplishments to our global business model, our partners around the world and the commitment and innovation of our employees. We believe our strategic vision and distinguished products and technologies will continue to translate into strong business results and deliver additional value to our shareholders.



Gil Shwed
 Founder, Chairman and Chief Executive Officer
 July 2007

Check Point Semi-Annual Financial Results



*EPS excludes amortization of intangible assets, acquisition-related expenses and stock-based compensation.

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Ordinary Shares

Check Point Software Technologies Ltd. Ordinary Shares (Common Stock) trade on the NASDAQ Stock Market 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/corporate/ir/annual_reports.html

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

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About Check Point Software Technologies Ltd.

Check Point Software Technologies Ltd. (www.checkpoint.com) is a leader in securing the Internet. The company is a market leader in the worldwide enterprise firewall, personal firewall, data security and VPN markets. Check Point's PURE focus is on IT security with its extensive portfolio of network security, data security and security management solutions. Through its NGX platform, Check Point delivers a unified security architecture for a broad range of security solutions to protect business communications and resources for corporate networks and applications, remote employees, branch offices and partner extranets. The company also offers market leading data security solutions through the Pointsec product line, protecting and encrypting sensitive corporate information stored on PCs and other mobile computing devices. Check Point's award-winning ZoneAlarm Internet Security Suite and additional consumer security solutions protect millions of consumer PCs from hackers, spyware and data 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 hundreds of leading companies. Check Point solutions are sold, integrated and serviced by a network of Check Point partners around the world 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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