

CHECK POINT SOFTWARE TECHNOLOGIES LTD

Form 6-K

October 20, 2010

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934

For the month of October, 2010

Commission File Number 0-28584

CHECK POINT SOFTWARE TECHNOLOGIES LTD.

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(Translation of registrant's name into English)

5 Ha'solelim Street, Tel Aviv, Israel

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form, is also thereby

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furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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|-----------------------------------|-----------------------------------|
| Investor Contact                  | Media Contact                     |
| Kip E. Meintzer                   | Amber Rensen                      |
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CHECK POINT SOFTWARE TECHNOLOGIES REPORTS RECORD  
THIRD QUARTER 2010 FINANCIAL RESULTS

- Revenue: \$273.2 million, representing a 17 percent increase year over year
- Product Revenues: \$106.4 million, representing a 22 percent increase year over year
- Non-GAAP Operating Income: \$156.9 million, representing a 23 percent increase year over year or 57 percent of revenues versus 55 percent a year ago
- Non-GAAP EPS: \$0.63, representing a 21 percent increase year over year

REDWOOD CITY, Calif., -- October 20, 2010 — Check Point® Software Technologies Ltd. (NASDAQ: CHKP), the worldwide leader in securing the Internet, today announced record financial results for the third quarter ended September 30, 2010.

“I am very pleased that we were able to deliver all-time record quarterly results this quarter. We exceeded the high-end of our projections in both revenues and earnings per share,” said Gil Shwed, chairman and chief executive officer at Check Point. “This growth was a result of strong network security product sales across all regions with particular strength coming from the America’s and Asia Pacific.”

Financial Highlights for the Third Quarter of 2010

- Total Revenues: \$273.2 million, an increase of 17 percent, compared to \$233.6 million in the third quarter of 2009.
- GAAP Operating Income: \$135.1 million, an increase of 28 percent, compared to \$105.5 million in the third quarter of 2009. GAAP operating margin was 49 percent, compared to 45 percent in the third quarter of 2009.
- Non-GAAP Operating Income: \$156.9 million, an increase of 23 percent, compared to \$127.5 million in the third quarter of 2009. Non-GAAP operating margin was 57 percent, compared to 55 percent in the third quarter of 2009.
- GAAP Net Income and Earnings per Diluted Share: GAAP net income was \$114.5 million, an increase of 25 percent, compared to \$91.5 million in the third quarter of 2009. GAAP earnings per diluted share were \$0.54, an increase of 26 percent, compared to \$0.43 in the third quarter of 2009.
- Non-GAAP Net Income and Earnings per Diluted Share: Non-GAAP net income was \$132.6 million, an increase of 21 percent, compared to \$109.5 million in the third quarter of 2009. Non-GAAP earnings per diluted share were \$0.63, an increase of 21 percent, compared to \$0.52 in the third quarter of 2009.
- Deferred Revenues: As of September 30, 2010, we had deferred revenues of \$396.3 million, an increase of 10 percent, compared to \$360.1 million as of September 30, 2009.
- Cash Flow: Cash flow from operations was \$144.6 million, an increase of 15 percent, compared to \$126.1 million in the third quarter of 2009.
- Share Repurchase Program: During the third quarter of 2010, we repurchased 1.44 million shares at a total cost of \$50 million.



- Cash Balances and Marketable Securities: \$2,256 million as of September 30, 2010, an increase of \$520 million, compared to \$1,736 million as of September 30, 2009.

Recent Business Highlights Include:

- Introduction of Check Point Application Control Software Blade – Enables Web 2.0 security through a unique combination of technology, user awareness and broad application control from the world’s largest application classification database, the Check Point AppWiki, with over 50,000 Web 2.0 widgets and more than 4,500 Internet applications.
- Security Gateway Virtual Edition (VE) Software Blade – Provides businesses with one-click security protection for private and public clouds with VMsafe integration.
- Series 80 Appliance – Designed for remote and branch offices, the new appliance delivers stronger security at 1.5 gigabit per second for under \$2,500.
- Multi-Domain Management Software Blades – Provides virtual security management to businesses of all sizes and simplifies management by segmenting security into virtual domains based on location, business unit or security functions.
- New Check Point R71 Training and Certification Programs – Interactive programs to teach security professionals how to deploy, maintain and optimize the latest Software Blade Architecture™ protections.

In addition, Check Point validated its commitment to the continual promotion of the open development, evolution and secure use of the Web with the appointment of Check Point Fellow, Robert Hinden, to the Board of Trustees for the Internet Society, the organization that facilitates the creation of standards for the future of Internet infrastructure.

Check Point products also continued to receive awards and certifications from around the world, including:

- Information Security Magazine’s Readers’ Choice Awards:
  - o Gold Medal – Check Point IPS Software Blade and IPS-1 Appliance
  - o Gold Medal – Check Point’s Safe@Office and UTM-1 family of appliances
  - o Silver Medal – Check Point Endpoint Security
- Virus Bulletin’s VB100 Award – ZoneAlarm® Internet Security Suite was recognized in the August comparative review of antivirus solutions. Check Point's Endpoint Security was also ranked highly in Virus Bulletin's RAP (Reactive and Proactive) averages quadrant test based on its superior ability to proactively detect new and unknown malware samples.
  - Common Criteria EAL4+ Certification - Check Point Media Encryption
- Best International Innovation – Check Point Abra at the 2010 Information Security Day (ITBN) Conference in Hungary
  - Readers’ Choice Awards – Check Point Firewall Software Blade from Computerworld Malaysia and Singapore

Mr. Shwed concluded. “It is great to see the success of our strategy reflected in our record all-time-high quarterly results. The Software Blade Architecture combined, with a unique focus on our customers’ security needs, continues to drive Check Point’s industry leadership. ”

Fourth Quarter Investor Conference Participation Schedule:

- Wells Fargo Securities 2010 Technology, Media and Telecom Conference  
November 9, 2010 – New York, NY
- Credit Suisse 2010 Global Technology Conference  
December 1, 2010 – Scottsdale, AZ
- Barclay's 2010 Technology Conference  
December 8, 2010 – San Francisco, CA

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Members of Check Point's management team will present at these conferences and will discuss the latest company strategies and initiatives. Check Point's conference presentations are expected to be available via webcast at the company's web site. To view these presentations and access the most updated information on presenters and the schedule, please visit the Investor Relations section of the company's web site at <http://www.checkpoint.com/ir>. The schedule is subject to change.

#### Conference Call and Webcast Information

Check Point will host a conference call with the investment community on October 20, 2010 at 8:30 AM ET/5:30 AM PT. To listen to the live webcast, please visit Check Point's website at <http://www.checkpoint.com/ir>. A replay of the conference call will be available through October 27, 2010 at the company's website <http://www.checkpoint.com/ir> or by telephone at +1 201.612.7415, passcode # 385515, account # 215.

#### About Check Point Software Technologies Ltd.

Check Point Software Technologies Ltd. ([www.checkpoint.com](http://www.checkpoint.com)), the worldwide leader in securing the Internet, is the only vendor to deliver Total Security for networks, data and endpoints, unified under a single management framework. Check Point provides customers with uncompromising protection against all types of threats, reduces security complexity and lowers total cost of ownership. Check Point first pioneered the industry with FireWall-1 and its patented stateful inspection technology. Today, Check Point continues to innovate with the development of the Software Blade Architecture. The dynamic Software Blade Architecture delivers secure, flexible and simple solutions that can be fully customized to meet the exact security needs of any organization or environment. Check Point customers include tens of thousands of businesses and organizations of all sizes including all Fortune 100 companies. Check Point's award-winning ZoneAlarm solutions protect millions of consumers from hackers, spyware and identity theft.

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#### Use of Non-GAAP Financial Information

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, Check Point uses non-GAAP measures of operating income, operating margin, net income and earnings per share, which are adjusted from results based on GAAP to exclude non-cash equity-based compensation charges, amortization of acquired intangible assets, restructuring and other acquisition related charges and the related tax affects. Management uses both GAAP and non-GAAP information in evaluating and operating the business internally and as such has determined that it is important to provide this information to investors. Check Point's management also believes the non-GAAP financial information provided in this release is useful to investors' understanding and assessment of Check Point's on-going core operations and prospects for the future. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP.

## CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands, except per share amounts)

|   | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|---|-------------------------------------|-------------|------------------------------------|-------------|
|   | 2010                                | 2009        | 2010                               | 2009        |
|   | (unaudited)                         | (unaudited) | (unaudited)                        | (unaudited) |
| <b>Revenues:</b>  |                                     |             |                                    |             |
| Products and licenses   | \$ 106,399                          | \$ 86,883   | \$ 301,341                         | \$ 241,428  |
| Software updates, maintenance and services                      | 166,795                             | 146,759     | 478,021                            | 410,867     |
| Total revenues  | 273,194                             | 233,642     | 779,362                            | 652,295     |
| <b>Operating expenses:</b>                                      |                                     |             |                                    |             |
| Cost of products and licenses                                   | 18,799                              | 17,848      | 51,591                             | 40,579      |
| Cost of software updates, maintenance and services              | 14,910                              | 10,783      | 40,702                             | 31,119      |
| Amortization of technology                                      | 8,311                               | 7,471       | 24,527                             | 20,501      |
| Total cost of revenues  | 42,020                              | 36,102      | 116,820                            | 92,199      |
| Research and development  | 26,165                              | 22,426      | 76,294                             | 65,681      |
| Selling and marketing   | 55,872                              | 56,379      | 169,267                            | 160,390     |
| General and administrative                                      | 14,075                              | 13,190      | 43,357                             | 40,487      |
| Restructuring and other acquisition related costs               | -                                   | 67          | 588                                | 9,101       |
| Total operating expenses  | 138,132                             | 128,164     | 406,326                            | 367,858     |
| Operating income  | 135,062                             | 105,478     | 373,036                            | 284,437     |
| Financial income, net   | 7,243                               | 7,825       | 21,569                             | 24,368      |
| Income before income taxes                                      | 142,305                             | 113,303     | 394,605                            | 308,805     |
| Taxes on income   | 27,790                              | 21,839      | 79,188                             | 60,817      |
| Net income  | \$ 114,515                          | \$ 91,464   | \$ 315,417                         | \$ 247,988  |
| Earnings per share (basic)                                      | \$ 0.55                             | \$ 0.44     | \$ 1.52                            | \$ 1.18     |
| Number of shares used in computing earnings per share (basic)   | 207,239                             | 208,738     | 208,049                            | 209,465     |
| Earnings per share (diluted)                                    | \$ 0.54                             | \$ 0.43     | \$ 1.49                            | \$ 1.17     |
| Number of shares used in computing earnings per share (diluted) | 211,637                             | 211,688     | 211,339                            | 211,790     |



CHECK POINT SOFTWARE TECHNOLOGIES LTD.  
RECONCILIATION OF SELECTED GAAP MEASURES TO NON GAAP MEASURES

(In thousands, except per share amounts)

|  | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|--|-------------------------------------|-------------|------------------------------------|-------------|
|  | 2010                                | 2009        | 2010                               | 2009        |
|  | (unaudited)                         | (unaudited) | (unaudited)                        | (unaudited) |
| GAAP operating income  | \$ 135,062                          | \$ 105,478  | \$ 373,036                         | \$ 284,437  |
| Stock-based compensation (1)   | 8,701                               | 7,695       | 26,714                             | 22,769      |
| Amortization of intangible assets (2)                                    | 13,114                              | 14,301      | 38,770                             | 36,647      |
| Restructuring and other acquisition related costs (3)                    | -                                   | 67          | 588                                | 9,101       |
| Non-GAAP operating income  | 156,877                             | \$ 127,541  | 439,108                            | \$ 352,954  |
| GAAP net income  | \$ 114,515                          | \$ 91,464   | \$ 315,417                         | \$ 247,988  |
| Stock-based compensation (1)   | 8,701                               | 7,695       | 26,714                             | 22,769      |
| Amortization of intangible assets (2)                                    | 13,114                              | 14,301      | 38,770                             | 36,647      |
| Restructuring and other acquisition related costs (3)                    | -                                   | 67          | 588                                | 9,101       |
| Taxes on the above items (4)   | (3,703 )                            | (4,040 )    | (9,676 )                           | (10,662 )   |
| Non-GAAP net income  | \$ 132,627                          | \$ 109,487  | \$ 371,813                         | \$ 305,843  |
| GAAP Earnings per share (diluted)  | \$ 0.54                             | \$ 0.43     | \$ 1.49                            | \$ 1.17     |
| Stock-based compensation (1)   | 0.04                                | 0.04        | 0.13                               | 0.11        |
| Amortization of intangible assets (2)                                    | 0.06                                | 0.07        | 0.18                               | 0.17        |
| Restructuring and other acquisition related costs (3)                    | -                                   | -           | -                                  | 0.04        |
| Taxes on the above items (4)   | (0.01 )                             | (0.02 )     | (0.04 )                            | (0.05 )     |
| Non-GAAP Earnings per share (diluted)                                    | 0.63                                | \$ 0.52     | \$ 1.76                            | \$ 1.44     |
| Number of shares used in computing Non-GAAP earnings per share (diluted) | 211,637                             | 211,688     | 211,339                            | 211,790     |
| (1) Stock-based compensation:  |                                     |             |                                    |             |
| Cost of products and licenses  | \$ 10                               | \$ 14       | \$ 38                              | \$ 35       |
| Cost of software updates, maintenance and services                       | 322                                 | 236         | 780                                | 536         |
| Research and development   | 2,403                               | 1,998       | 5,744                              | 4,771       |
| Selling and marketing  | 1,776                               | 1,769       | 5,572                              | 4,485       |
| General and administrative   | 4,190                               | 3,678       | 14,580                             | 12,942      |
|  | 8,701                               | 7,695       | 26,714                             | 22,769      |
| (2) Amortization of intangible assets:                                   |                                     |             |                                    |             |
| Amortization of technology   | 8,311                               | 7,471       | 24,527                             | 20,501      |
| Research and development   | 685                                 | -           | 2,055                              | -           |
| Selling and marketing  | 4,118                               | 6,830       | 12,188                             | 16,146      |
|  | 13,114                              | 14,301      | 38,770                             | 36,647      |

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|   |          |          |          |           |
|---|----------|----------|----------|-----------|
| (3) Restructuring and other acquisition related costs | -        | 67       | 588      | 9,101     |
| (4) Taxes on the above items                          | (3,703 ) | (4,040 ) | (9,676 ) | (10,662 ) |
| Total, net  | \$18,112 | \$18,023 | \$56,396 | \$57,855  |

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CHECK POINT SOFTWARE TECHNOLOGIES LTD.  
CONDENSED CONSOLIDATED BALANCE SHEET DATA

(In thousands)

ASSETS

|   | September<br>30,<br>2010<br>(unaudited) | December<br>31,<br>2009<br>(audited) |
|---|---|--------------------------------------|
| <b>Current assets:</b>                    |   |                                      |
| Cash and cash equivalents                 | \$438,785                               | \$414,085                            |
| Marketable securities                     | 515,448                                 | 469,913                              |
| Trade receivables, net                    | 165,712                                 | 283,668                              |
| Prepaid expenses and other current assets | 38,265                                  | 34,544                               |
| <b>Total current assets</b>               | <b>1,158,210</b>                        | <b>1,202,210</b>                     |
| <b>Long-term assets:</b>                  |   |                                      |
| Marketable securities                     | 1,302,266                               | 963,001                              |
| Property and equipment, net               | 37,329                                  | 38,936                               |
| Severance pay fund                        | 6,237                                   | 6,314                                |
| Deferred tax asset, net                   | 19,956                                  | 16,307                               |
| Other intangible assets, net              | 79,972                                  | 114,192                              |
| Goodwill                                  | 714,803                                 | 708,458                              |
| Other assets                              | 18,076                                  | 20,176                               |
| <b>Total long-term assets</b>             | <b>2,178,639</b>                        | <b>1,867,384</b>                     |
| <b>Total assets</b>                       | <b>\$3,336,849</b>                      | <b>\$3,069,594</b>                   |

LIABILITIES AND  
SHAREHOLDERS' EQUITY

|  |                |                |
|--|----------------|----------------|
| <b>Current liabilities:</b>                  |                |                |
| Deferred revenues                            | \$362,918      | \$384,255      |
| Trade payables and other accrued liabilities | 195,582        | 169,011        |
| <b>Total current liabilities</b>             | <b>558,500</b> | <b>553,266</b> |
| Long-term deferred revenues                  | 33,430         | 41,005         |
| Income tax accrual                           | 155,137        | 132,908        |
| Deferred tax liability, net                  | 5,687          | 11,636         |
| Accrued severance pay                        | 10,967         | 11,061         |
|  | 205,221        | 196,610        |
| <b>Total liabilities</b>                     | <b>763,721</b> | <b>749,876</b> |
| <b>Shareholders' equity:</b>                 |                |                |
| Share capital                                | 774            | 774            |
| Additional paid-in capital                   | 563,494        | 527,874        |

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|   |             |             |
|---|-------------|-------------|
| Treasury shares at cost                                   | (1,306,030) | (1,199,752) |
| Accumulated other comprehensive income                    | 23,220      | 12,555      |
| Retained earnings   | 3,291,670   | 2,978,267   |
| Total shareholders' equity                                | 2,573,128   | 2,319,718   |
| Total liabilities and shareholders' equity                | \$3,336,849 | \$3,069,594 |
| Total cash and cash equivalents and marketable securities | \$2,256,499 | \$1,846,999 |

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CHECK POINT SOFTWARE TECHNOLOGIES LTD.  
SELECTED CONSOLIDATED CASH FLOW DATA  
(In thousands)

|  | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|--|-------------------------------------|-------------|------------------------------------|-------------|
|  | 2010                                | 2009        | 2010                               | 2009        |
|  | (unaudited)                         | (unaudited) | (unaudited)                        | (unaudited) |
| <b>Cash flow from operating activities:</b>  |                                     |             |                                    |             |
| Net income   | \$114,515                           | \$91,464    | \$315,417                          | \$247,988   |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                                     |             |                                    |             |
| Depreciation and amortization of property, plant and equipment                           | 1,730                               | 2,189       | 5,305                              | 7,225       |
| Decrease (increase) in trade and other receivables, net                                  | (7,939 )                            | (50 )       | 115,714                            | 85,050      |
| Increase in deferred revenues, trade payables and other accrued liabilities              | 19,876                              | 15,494      | 22,025                             | 24,769      |
| Realized loss (gain) on marketable securities  | (781 )                              | -           | (781 )                             | 1,896       |
| Stock-based compensation   | 8,701                               | 7,695       | 26,714                             | 22,768      |
| Amortization of intangible assets  | 13,114                              | 14,301      | 38,770                             | 36,647      |
| Excess tax benefit from stock-based compensation   | (1,082 )                            | (2,474 )    | (4,042 )                           | (6,988 )    |
| Deferred income taxes, net   | (3,558 )                            | (2,487 )    | (7,807 )                           | (8,729 )    |
| Net cash provided by operating activities  | 144,576                             | 126,132     | 511,315                            | 410,626     |
| <b>Cash flow from investing activities:</b>  |                                     |             |                                    |             |
| Cash paid in conjunction with acquisitions, net of acquired cash                         | (333 )                              | -           | (13,957 )                          | (57,540 )   |
| Investment in property and equipment   | (1,441 )                            | (1,043 )    | (3,585 )                           | (3,644 )    |
| Net cash used in investing activities  | (1,774 )                            | (1,043 )    | (17,542 )                          | (61,184 )   |
| <b>Cash flow from financing activities:</b>  |                                     |             |                                    |             |
| Proceeds from issuance of shares upon exercise of options                                | 12,568                              | 20,166      | 46,566                             | 62,469      |
| Purchase of treasury shares  | (50,000 )                           | (50,000 )   | (150,000 )                         | (152,286 )  |
| Excess tax benefit from stock-based compensation   | 1,082                               | 2,474       | 4,042                              | 6,988       |
| Net cash used in financing activities  | (36,350 )                           | (27,360 )   | (99,392 )                          | (82,829 )   |
| Unrealized gain on marketable securities, net  | 9,131                               | 8,255       | 15,119                             | 25,719      |
| Increase in cash and cash equivalents and marketable securities                          | 115,583                             | 105,984     | 409,500                            | 292,332     |
| Cash and cash equivalents and marketable securities at the beginning of the period       | 2,140,916                           | 1,630,180   | 1,846,999                          | 1,443,832   |

|   |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| Cash and cash equivalents, and marketable securities at the end of the period | \$2,256,499 | \$1,736,164 | \$2,256,499 | \$1,736,164 |
|---|-------------|-------------|-------------|-------------|

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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.

CHECK POINT SOFTWARE  
TECHNOLOGIES LTD.

October 20, 2010

By: /s/ Tal Payne  
Tal Payne  
Chief Financial Officer

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