

THE TIMBERLAND COMPANY
RECONCILIATION OF OPERATING INCOME
EXCLUDING RESTRUCTURING AND RELATED COSTS AND
INCLUDING SHARE-BASED EMPLOYEE COMPENSATION COSTS
RELATED TO STOCK OPTION AND EMPLOYEE STOCK PURCHASE PLANS
(Dollars in Thousands)

	For the Twelve Months Ended		
	December 31, 2006	December 31, 2005	Change
Operating income, as reported	\$159,693	\$245,382	
Add: Restructuring and related costs included in reported operating income	3,868	4,251	
Operating income excluding restructuring and related costs	163,561	249,633	
Add: Share-based employee compensation costs included in reported operating income	-	7,054	
Deduct: Total share-based employee compensation costs determined under fair value based method for all awards	-	(19,557)	
Operating income excluding restructuring and related costs and including share-based employee compensation costs related to stock option and employee stock purchase plans	<u>\$163,561</u>	<u>\$237,130</u>	<u>-31%</u>

THE TIMBERLAND COMPANY
RECONCILIATION OF OPERATING EXPENSE
EXCLUDING RESTRUCTURING AND RELATED COSTS AND
INCLUDING SHARE-BASED EMPLOYEE COMPENSATION COSTS
RELATED TO STOCK OPTION AND EMPLOYEE STOCK PURCHASE PLANS
(Dollars in Thousands)

	For the Three Months Ended		
	December 31, 2006	December 31, 2005	Change
Operating expense, as reported	\$169,041	\$154,452	
Deduct: Restructuring and related costs included in reported operating expense	(3,048)	(1,720)	
Operating expense excluding restructuring and related costs	165,993	152,732	
Deduct: Share-based employee compensation costs included in reported operating expense	-	(3,263)	
Add: Total share-based employee compensation costs determined under fair value based method for all awards	-	6,061	
Operating expense excluding restructuring and related costs and including share-based employee compensation costs related to stock option and employee stock purchase plans	<u>\$165,993</u>	<u>\$155,530</u>	<u>7%</u>