
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended

April 1, 2006

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 000-11917

THE DAVEY TREE EXPERT COMPANY

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of
incorporation or organization)

34-0176110

(I.R.S. Employer Identification Number)

1500 North Mantua Street

P.O. Box 5193

Kent, Ohio 44240

(Address of principal executive offices) (Zip code)

(330) 673-9511

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large Accelerated Filer ☐ Accelerated Filer ☒ Non-Accelerated Filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 7,495,030 Common Shares outstanding as of May 1, 2006.

The Davey Tree Expert Company
Quarterly Report on Form 10-Q
April 1, 2006

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THE DAVEY TREE EXPERT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands, except per share dollar amounts)

	<u>April 1, 2006</u>	<u>December 31, 2005</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 737	\$ 3,445
Accounts receivable, net	67,283	69,537
Operating supplies	5,183	4,302
Other current assets	<u>8,863</u>	<u>7,978</u>
Total current assets	82,066	85,262
Property and equipment	306,406	290,170
Less accumulated depreciation	<u>203,164</u>	<u>199,402</u>
	103,242	90,768
Other assets	13,792	11,606
Identified intangible assets and goodwill, net	<u>6,170</u>	<u>6,493</u>
	<u>\$ 205,270</u>	<u>\$ 194,129</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 20,952	\$ 21,665
Accrued expenses	16,046	20,515
Other current liabilities	<u>18,316</u>	<u>16,223</u>
Total current liabilities	55,314	58,403
Long-term debt	41,930	29,065
Self-insurance accruals	25,757	23,033
Other noncurrent liabilities	<u>4,207</u>	<u>5,075</u>
	127,208	115,576
Common shareholders' equity:		
Common shares, \$1.00 par value, per share; 24,000 shares authorized; 10,728 shares issued	10,728	10,728
Additional paid-in capital	7,173	6,799
Common shares subscribed, unissued	8,640	8,876
Retained earnings	108,894	110,119
Accumulated other comprehensive income	<u>612</u>	<u>525</u>
	136,047	137,047
Less: Cost of common shares in treasury; 3,192 shares at April 1, 2006 and 3,228 shares at December 31, 2005	53,472	53,753
Common share subscription receivable	<u>4,513</u>	<u>4,741</u>
	<u>78,062</u>	<u>78,553</u>
	<u>\$ 205,270</u>	<u>\$ 194,129</u>

See notes to condensed consolidated financial statements.

THE DAVEY TREE EXPERT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS *(Unaudited)*
(In thousands, except per share dollar amounts)

	Three Months Ended	
	<u>April 1, 2006</u>	<u>April 2, 2005</u>
Revenues	\$ 101,372	\$ 88,149
Costs and expenses:		
Operating	69,975	61,655
Selling	16,208	14,651
General and administrative	8,819	7,968
Depreciation and amortization	6,458	5,869
Gain on sale of assets, net	<u>(121)</u>	<u>(15)</u>
	<u>101,339</u>	<u>90,128</u>
Income (loss) from operations	33	(1,979)
Other income (expense):		
Interest expense	(581)	(424)
Interest income	56	57
Other, net	<u>(516)</u>	<u>(543)</u>
Loss before income taxes	(1,008)	(2,889)
Income tax benefits	<u>(402)</u>	<u>(1,182)</u>
Net loss	<u>\$ (606)</u>	<u>\$ (1,707)</u>
Net loss per share--basic and diluted	<u>\$ (.08)</u>	<u>\$ (.22)</u>
Weighted-average shares outstanding--basic and diluted	<u>7,689</u>	<u>7,853</u>
Dividends declared per share	<u>\$.075</u>	<u>\$.07</u>

See notes to condensed consolidated financial statements.

THE DAVEY TREE EXPERT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS *(Unaudited)*
(In thousands)

	Three Months Ended	
	<u>April 1, 2006</u>	<u>April 2, 2005</u>
Operating activities		
Net loss	\$ (606)	\$ (1,707)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,458	5,869
Other	40	(29)
Changes in operating assets and liabilities:		
Accounts receivable	2,254	4,659
Operating liabilities	(2,769)	(8,278)
Other	<u>(3,857)</u>	<u>(2,816)</u>
	2,126	(595)
Net cash provided by (used in) operating activities	1,520	(2,302)
Investing activities		
Capital expenditures, equipment	(18,121)	(12,817)
Other	<u>(396)</u>	<u>(275)</u>
Net cash used in investing activities	(18,517)	(13,092)
Financing activities		
Revolving credit facility proceeds, net	13,300	13,300
Purchase of common shares for treasury	(1,150)	(591)
Sale of common shares from treasury	1,872	1,528
Dividends	(619)	(589)
Other	<u>886</u>	<u>527</u>
Net cash provided by financing activities	14,289	14,175
Decrease in cash and cash equivalents	(2,708)	(1,219)
Cash and cash equivalents, beginning of period	<u>3,445</u>	<u>1,244</u>
Cash and cash equivalents, end of period	<u><u>\$ 737</u></u>	<u><u>\$ 25</u></u>
Supplemental cash flow information follows:		
Interest paid	\$ 569	\$ 418
Income taxes paid	771	764
Detail of acquisitions:		
Assets acquired:		
Intangibles	<u>\$ 45</u>	<u>-</u>
Cash paid	<u><u>\$ 45</u></u>	<u><u>\$ -</u></u>

See notes to condensed consolidated financial statements.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
April 1, 2006

(Amounts in thousands, except share data)

A. Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and with the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. The consolidated financial statements include all adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. All such adjustments are of a normal, recurring nature.

Certain information and disclosures required by U.S. GAAP for complete financial statements have been omitted in accordance with the rules and regulations of the SEC. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2005.

Use of Estimates in Financial Statement Preparation--The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that affect reported amounts. The Company's consolidated financial statements include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.

New Accounting Pronouncement Adopted--As discussed in Note D, the Company adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 123 (revised), "Share-Based Payment ("FAS 123R")," effective January 1, 2006. FAS 123R requires all share-based payments to employees, including grants of stock options, to be recognized as compensation costs in the financial statements based on their estimated fair values over the requisite employee service period (that is, pro forma disclosure is no longer an alternative to financial statement recognition). Prior to January 1, 2006, in accordance with FAS 123, "Accounting for Stock-Based Compensation," the Company followed Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). Under APB No. 25, no stock-based compensation expense was recognized related to the Company's stock options and Employee Stock Purchase Plan, as all options granted under the stock option plans had an exercise price equal to the market value of the underlying common stock on the date of grant and, with respect to the Employee Stock Purchase Plan, the discount did not exceed 15%.

Financial Statement Presentation-Changes--Certain amounts have been reclassified to conform to the current interim period presentation.

B. Seasonality of Business

Operating results for the three months ended April 1, 2006 are not indicative of results that may be expected for any other interim period or for the year ending December 31, 2006 because of business seasonality. Business seasonality results in higher revenues during the second and third quarters as compared with the first and fourth quarters of the year, while the methods of accounting for fixed costs, such as depreciation expense, are not significantly impacted by business seasonality.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
April 1, 2006

(Amounts in thousands, except share data)

C. Accounts Receivable, Net

Accounts receivable, net, consisted of the following:

	<u>April 1, 2006</u>	<u>December 31, 2005</u>
Accounts receivable	\$ 63,488	\$ 67,504
Receivables under contractual arrangements	<u>5,903</u>	<u>4,287</u>
	69,391	71,791
Less allowances for doubtful accounts	<u>2,108</u>	<u>2,254</u>
	<u>\$ 67,283</u>	<u>\$ 69,537</u>

Receivables under contractual arrangements consist of work-in-process in accordance with the terms of contracts, primarily with utility services customers.

D. Share-Based Compensation

The Davey Tree Expert Company 2004 Omnibus Stock Plan was approved by the Company's shareholders at its annual shareholders' meeting in May 2004. The Plan is administered by the Compensation Committee of the Board of Directors, with the maximum number of common shares that may be granted to or purchased by all employees and directors under this Plan being 5,000,000. In addition to the maintenance of the Employee Stock Purchase Plan, the Plan provides for the grant of stock options, restricted stock, stock appreciation rights, stock purchase rights, stock equivalent units, cash awards, and other stock or performance-based incentives. These awards are payable in cash or common shares, or any combination thereof, as established by the Compensation Committee.

New Accounting Pronouncement Adopted--Effective January 1, 2006, the Company adopted FAS 123R, "Share-Based Payment." FAS 123R requires all share-based payments to employees, including grants of stock options, to be recognized as compensation costs in the financial statements based on their estimated fair values over the requisite employee service period (that is, pro forma disclosure is no longer an alternative to financial statement recognition).

Prior to January 1, 2006, in accordance with FAS 123, "Accounting for Stock-Based Compensation," the Company followed APB No. 25, "Accounting for Stock Issued to Employees." Under APB No. 25, no stock-based compensation expense was recognized related to the Company's stock options and Employee Stock Purchase Plan, as all options granted under the stock option plans had an exercise price equal to the market value of the underlying common stock on the date of grant and, with respect to the Employee Stock Purchase Plan, the discount did not exceed 15%.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
April 1, 2006

(Amounts in thousands, except share data)

D. Share-Based Compensation (continued)

Under FAS 123R, all new grants of employee stock options awarded after December 31, 2005 to employees and subscriptions to purchase shares under the Employee Stock Purchase Plan after December 31, 2005 result in compensation costs being recognized. In adopting FAS 123R, there was no effect on prior period financial statements as compensation costs are only permitted to be recognized prospectively.

Compensation costs under all share-based payment plans – our Employee Stock Purchase Plan, stock option plans, and performance-based restricted stock units – totaled \$142 for the three months ended April 1, 2006 and \$51 for the three months ended April 2, 2005.

Stock-based compensation consisted of the following:

Employee Stock Purchase Plan--Under the Employee Stock Purchase Plan, all full-time employees with one year of service are eligible to purchase, through payroll deduction, shares of common stock. Employee purchases under the Employee Stock Purchase Plan are at 85% of the fair market value of the common shares--a 15% discount. Compensation costs are recognized as payroll deductions are made. The 15% discount of total shares purchased under the plan resulted in compensation cost being recognized during the three months ended April 1, 2006 of \$58.

Stock Option Plans--Since adopting FAS 123R on January 1, 2006 and through the end of the first quarter, April 1, 2006, there were no stock option awards issued or modified and, as a result, no compensation costs with respect to stock options were recognized during the three months ended April 1, 2006.

Performance-Based Restricted Stock Units--During February 2006, the Compensation Committee of the Board of Directors awarded 36,687 Performance-Based Restricted Stock Units to certain management employees. Similar awards were made in prior periods. The awards vest over specified periods. The following table summarizes Performance-Based Restricted Stock Units as of April 1, 2006.

<u>Date of Grant</u>	<u>Fair Value Per Share</u>	<u>Restricted Stock Units Granted</u>
December 5, 2003	\$ 13.50	16,508
May 19, 2004	15.70	27,643
February 29, 2005	20.00	37,468
February 28, 2006	6.22	<u>36,687</u>
		<u>118,306</u>

The fair value of the restricted stock units for awards made prior to January 1, 2006 is based on the market price of the Company's common stock on the date of award and is recognized as compensation cost on the straight-line recognition method over the vesting period. Under the provisions of FAS 123R, compensation cost for awards made after December 31, 2005 is determined using a fair-value method, amortized over the requisite service period and remeasured at each reporting date until the date of settlement. Compensation expense on restricted stock awards totaled \$84 for the three months ended April 1, 2006 and \$51 for the three months ended April 2, 2005.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
April 1, 2006

(Amounts in thousands, except share data)

D. Share-Based Compensation (continued)

For stock-based awards issued on or after January 1, 2006, the fair value of each award was estimated on the date of grant using a binomial option-pricing model. The binomial model considers a range of assumptions related to volatility, risk-free interest rate and employee exercise behavior. Expected volatilities utilized in the binomial model are based on historical volatility of the Company's stock prices and other factors. Similarly, the dividend yield is based on historical experience and expected future changes. The binomial model also incorporates exercise and forfeiture assumptions based on an analysis of historical data. The expected life of the stock-based awards is derived from the output of the binomial model and represents the period of time that awards granted are expected to be outstanding.

The fair values of stock-based awards granted during the three months ended April 1, 2006 were estimated at the date of grant with the following assumptions: volatility—14.1%; expected dividend yield—1.5%; risk-free interest rate—4.7% and expected life of the award—8.2 years.

As of April 1, 2006, there was \$1,173 of unrecognized compensation cost related to performance-based restricted stock units, which will be recognized over a weighted-average period of 2.9 years.

General Stock Option Information--The following table summarizes activity under the stock options plans for the three months ended April 1, 2006.

	Number of Options Outstanding	Weighted-Average Exercise Price
Outstanding, December 31, 2005	906,293	\$ 11.28
Granted	-	-
Exercised	(4,305)	13.50
Forfeited	-	-
Outstanding, April 1, 2006	<u>901,988</u>	11.27

Information regarding the stock options outstanding at April 1, 2006 is summarized below:

Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
Employee options:					
\$ 7.90	364,993	.9 years	\$ 7.90	364,993	\$ 7.90
13.50	<u>497,395</u>	7.9 years	13.50	<u>189,895</u>	13.50
	862,388	4.7 years	11.13	554,888	9.82
Director options:					
14.42	<u>39,600</u>	2.9 years	14.42	<u>39,600</u>	14.42
	<u>901,988</u>	4.6 years	11.27	<u>594,488</u>	10.12

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
April 1, 2006

(Amounts in thousands, except share data)

D. Share-Based Compensation (continued)

As of April 1, 2006, the aggregate intrinsic value of options outstanding was \$10,129 and options exercisable was \$7,360 ("intrinsic value" is defined as the amount by which the market price of a common share of stock exceeds the exercise price of an option). The Company issues common shares from treasury upon the exercise of stock options or restricted stock units.

E. Pension Plans

Substantially all of the Company's domestic employees are covered by noncontributory defined benefit pension plans. A plan for nonbargaining employees provides a benefit based primarily on annual compensation up to a defined level and years of credited service. Another plan is for bargaining employees not covered by union pension plans and provides benefits at a fixed monthly amount based upon length of service. During May 2004, the Company adopted a Supplemental Executive Retirement Plan ("SERP") and a Benefit Restoration Pension Plan ("Restoration Plan") for certain management employees. Both the SERP and the Restoration Plan are defined benefit plans under which nonqualified supplemental pension benefits will be paid in addition to amounts received under the Company's qualified retirement defined benefit pension plans, which are subject to Internal Revenue Service limitations on covered compensation.

The results of operations included the following net periodic benefit cost recognized related to the defined benefit pension plans.

	Three Months Ended	
	<u>April 1, 2006</u>	<u>April 2, 2005</u>
Components of pension expense (income)		
Service costs--increase in benefit obligation earned	\$ 353	\$ 307
Interest cost on projected benefit obligation	369	333
Expected return on plan assets	(544)	(497)
Amortization of net actuarial loss	55	102
Amortization of prior service cost	18	1
Amortization of transition asset	(18)	(18)
Net pension expense of defined benefit pension plans	<u>\$ 233</u>	<u>\$ 228</u>

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
April 1, 2006

(Amounts in thousands, except share data)

E. Pension Plans (continued)

The Company expects, as of April 1, 2006, to make defined-benefit plan contributions totaling \$88 before December 31, 2006.

F. Long-Term Debt

Long-term debt consisted of the following:

	<u>April 1, 2006</u>	<u>December 31, 2005</u>
Revolving credit facility		
Prime rate borrowings	\$ 4,900	\$ 3,600
LIBOR borrowings	<u>37,000</u>	<u>25,000</u>
	41,900	28,600
 Term loans	 <u>645</u>	 <u>1,130</u>
	42,545	29,730
 Less current portion	 <u>615</u>	 <u>665</u>
	<u>\$ 41,930</u>	<u>\$ 29,065</u>

Revolving Credit Facility--The Company has a \$120,000 revolving credit facility with a group of banks, which will expire in December 2007 and permits borrowings, as defined, up to \$120,000 with a letter of credit sublimit of \$70,000. The revolving credit facility contains certain affirmative and negative covenants customary for this type of facility and includes financial covenant ratios, as defined, with respect to funded debt to EBITDA (earnings before interest, taxes, depreciation and amortization), and funded debt to capitalization.

As of April 1, 2006, the Company had unused commitments under the facility approximating \$22,050, with \$97,950 committed, consisting of borrowings of \$41,900 and issued letters of credit of \$56,050. Borrowings outstanding bear interest, at the Company's option, at the agent bank's prime rate or LIBOR plus a margin adjustment ranging from .7% to 1.5%, based on a ratio of funded debt to EBITDA. A commitment fee ranging from .15% to .20% is also required based on the average daily unborrowed commitment.

The Company uses an interest rate contract to effectively convert a portion of variable-rate revolving credit borrowings to a fixed rate, thus reducing the impact of interest-rate changes on future interest expense. As of April 1, 2006, the Company had an interest rate contract outstanding, with an underlying notional amount totaling \$10,000, requiring interest to be paid at 4.96% and maturing in November 2008. The fair value of the contract is the amount quoted by the financial institution that the Company would pay or receive to terminate the agreement, an asset of \$40 at April 1, 2006.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
April 1, 2006

(Amounts in thousands, except share data)

G. Comprehensive Income (Loss)

The components of comprehensive income (loss) follow:

	Three Months Ended	
	<u>April 1, 2006</u>	<u>April 2, 2005</u>
Comprehensive Loss		
Net loss	\$ (606)	\$ (1,707)
Other comprehensive income (loss)		
Foreign currency translation adjustment	20	(29)
Derivative instruments:		
Change in fair value of interest rate contract	<u>108</u>	<u>56</u>
Other comprehensive income (loss), before income taxes	128	27
Income tax (expense) benefit, related to items of other comprehensive income (loss)	<u>(41)</u>	<u>(21)</u>
Other comprehensive income (loss)	<u>87</u>	<u>6</u>
Comprehensive loss	<u>\$ (519)</u>	<u>\$ (1,701)</u>

H. Net Income (Loss) Per Share and Common Shares Outstanding

Net loss per share is computed as follows:

	Three Months Ended	
	<u>April 1, 2006</u>	<u>April 2, 2005</u>
Loss available to common shareholders:		
Net loss	<u>\$ (606)</u>	<u>\$ (1,707)</u>
Weighted-average shares:		
Basic:		
Outstanding	7,506,952	7,664,531
Partially-paid share subscriptions	<u>182,391</u>	<u>188,305</u>
Basic weighted-average shares	<u>7,689,343</u>	<u>7,852,836</u>
Diluted:		
Basic from above	7,689,343	7,852,836
Incremental shares from assumed:		
Exercise of stock subscription purchase rights	113,508	94,707
Exercise of stock options	<u>435,392</u>	<u>415,953</u>
Diluted weighted-average shares	<u>8,238,243</u>	<u>8,363,496</u>
Net loss per share--basic and diluted	<u>\$ (.08)</u>	<u>\$ (.22)</u>

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
April 1, 2006

(Amounts in thousands, except share data)

H. Net Income (Loss) Per Share and Common Shares Outstanding (continued)

Common Shares Outstanding--A summary of the activity of the common shares outstanding for the three months ended April 1, 2006 follows:

Shares outstanding at December 31, 2005	7,500,923
Shares purchased	(51,128)
Shares sold to employees and directors	63,178
Stock subscription offering -- cash purchases	18,498
Options exercised	<u>4,305</u>
	<u>34,853</u>
Shares outstanding at April 1, 2006	<u><u>7,535,776</u></u>

On April 1, 2006, the Company had 7,535,776 common shares outstanding, options exercisable to purchase 594,488 common shares, partially-paid subscriptions for 720,019 common shares and purchase rights outstanding for 252,523 common shares.

The partially-paid subscriptions relate to common shares purchased at \$12.00 per share, in connection with the stock subscription offering completed in August 2002, whereby some employees opted to finance their subscription with a down-payment of at least 10% of their total purchase price and a seven-year promissory note for the balance due, bearing interest at 4.75% per year. Promissory note payments, of both principal and interest, are made either by payroll deduction or annual lump-sum payment. The promissory notes are collateralized with the common shares subscribed and the common shares are only issued when the related promissory note is paid-in-full. Dividends are paid on all unissued subscribed shares.

The purchase rights outstanding were granted, in connection with the stock subscription offering completed in August 2002, to all employees (excluding directors, officers and certain operations management) that purchased \$5 or more of common stock. A right to purchase one additional common share at \$12.00 per share was granted for every two common shares purchased. Each right may be exercised at the rate of one-seventh per year and will expire seven years after the date that the right was granted. Employees may not exercise a right if they cease to be employed by the Company.

I. Segment Information

The Company's operating results are reported in two segments: Residential and Commercial Services and Utility Services for operations in the United States. Residential and Commercial Services provides for the treatment, preservation, maintenance, cultivation, planting and removal of trees, shrubs and other plant life; its services also include the practice of landscaping, tree surgery, tree feeding and tree spraying, as well as the application of fertilizer, herbicides and insecticides. Utility Services is principally engaged in the practice of line clearing for public utilities, including the clearing of tree growth from power lines, clearance of rights-of-way and chemical brush control.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
April 1, 2006

(Amounts in thousands, except share data)

I. Segment Information (continued)

Our Canadian operations provide a comprehensive range of Davey horticultural services, and Davey Resource Group provides services related to natural resource management and consulting, forestry research and development, and environmental planning and also maintains research, technical support and laboratory diagnostic facilities. Canadian operations and Davey Resource Group are presented below as "All Other."

Measurement of Segment Profit and Loss and Segment Assets--The Company evaluates performance and allocates resources based primarily on operating income and also actively manages business unit operating assets.

Segment information reconciled to consolidated external reporting information follows:

	<u>Utility Services</u>	<u>Residential Commercial Services</u>	<u>All Other</u>	<u>Reconciling Adjustments</u>	<u>Consolidated</u>
Three Months Ended April 1, 2006					
Revenues	\$ 52,331	\$ 34,789	\$ 14,252	\$ -	\$ 101,372
Income (loss) from operations	<u>2,511</u>	<u>(1,791)</u>	<u>635</u>	(1,322) (a)	33
Interest expense				(581)	(581)
Interest income				56	56
Other income (expense), net				<u>(516)</u>	<u>(516)</u>
Loss before income taxes					<u>\$ (1,008)</u>
Three Months Ended April 2, 2005					
Revenues	\$ 44,068	\$ 33,915	\$ 10,166	\$ -	\$ 88,149
Income (loss) from operations	<u>1,123</u>	<u>(2,175)</u>	<u>(135)</u>	(792) (a)	(1,979)
Interest expense				(424)	(424)
Interest income				57	57
Other income (expense), net				<u>(543)</u>	<u>(543)</u>
Loss before income taxes					<u>\$ (2,889)</u>

- (a) Reconciling adjustments from segment reporting to consolidated external financial reporting include unallocated corporate items related to the reclassification of depreciation expense, gain (loss) on sale of net assets and allocation of corporate expenses.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Amounts in thousands, except share data)

We provide a wide range of horticultural services to residential, commercial, utility and institutional customers throughout the United States and Canada.

Our operating results are reported in two segments: Residential and Commercial Services and Utility Services for operations in the United States. Residential and Commercial Services provides for the treatment, preservation, maintenance, cultivation, planting and removal of trees, shrubs and other plant life; its services also include the practice of landscaping, tree surgery, tree feeding and tree spraying, as well as the application of fertilizer, herbicides and insecticides. Utility Services is principally engaged in the practice of line clearing for public utilities, including the clearing of tree growth from power lines, clearance of rights-of-way and chemical brush control.

Our Canadian operations provide a comprehensive range of Davey horticultural services, and Davey Resource Group provides services related to natural resource management and consulting, forestry research and development, and environmental planning and also maintains research, technical support and laboratory diagnostic facilities. Canadian operations and Davey Resource Group are referred to below as "All Other."

RESULTS OF OPERATIONS

The following table sets forth our consolidated results of operations as a percentage of revenues.

	Three Months Ended	
	<u>April 1, 2006</u>	<u>April 2, 2005</u>
Revenues	100.0 %	100.0 %
Costs and expenses:		
Operating	69.0	70.0
Selling	16.0	16.6
General and administrative	8.7	9.0
Depreciation and amortization	6.4	6.7
Gain on sale of assets, net	<u>(.1)</u>	<u>-</u>
Income (loss) from operations	- *	(2.3)
Other income (expense):		
Interest expense	(.6)	(.5)
Interest income	.1	.1
Other, net	<u>(.5)</u>	<u>(.6)</u>
Loss before income taxes	(1.0)	(3.3)
Income taxes	<u>(.4)</u>	<u>(1.4)</u>
Net loss	<u><u>(.6)%</u></u>	<u><u>(1.9)%</u></u>

* Income from operations, as a percentage of revenues, approximated break-even at .03%.

First Quarter Overview

- Revenues of \$101,372 in the first three months of 2006 were 15.0% higher as compared to \$88,149 in the first three months of 2005. Revenues increased 18.8% in Utility Services, 2.6% in Residential and Commercial Services and, in total, for All Other segments increased 40.2%.
- Income from operations for the first three months of 2006 was \$33 compared to a loss of (\$1,979) in the first three months of 2005. Income from operations for the first three months of 2006 was \$2,511 in Utility Services and \$635 for All Other segments while Residential and Commercial Services experienced a loss of \$1,791.
- Net loss for the first three months of 2006 was \$606 or \$.08 per share as compared to \$1,707 or \$.22 per share in the first three months of 2005.

Results of Operations--First Quarter--Three Months Ended April 1, 2006 Compared to Three Months Ended April 2, 2005.

Revenues--Revenues of \$101,372 increased \$13,223 compared with \$88,149 in 2005. Utility Services increased \$8,263 or 18.8% compared with the first quarter 2005. Increases in existing contracts as well as new contracts and increased productivity within our eastern and western utility operations accounted for the increase. Residential and Commercial Services increased \$874 or 2.6% from the comparable period last year. The increase is primarily attributable to a general increase in demand for Residential and Commercial services coupled with better weather conditions than in the comparable period last year. All Other segments increased \$4,086 or 40.2% with the increase occurring from new and expanded inventory and consulting contracts within the Resource Group and an overall increased demand for Canadian services.

Operating Expenses--Operating expenses of \$69,975 increased \$8,320 compared with the first quarter 2005 but, as a percentage of revenues, decreased 1.0% to 69.0%. Utility Services increased \$6,254 or 18.2% compared with the first quarter 2005. The increase is attributable to additional costs for labor and equipment necessary to support the increased revenue in both our eastern and western utility operations. Residential and Commercial Services decreased \$204 or 1.0% compared with 2005 due primarily to a reduction in subcontractor expense. All Other segments increased \$2,270 or 33.2%. The increase is due to additional labor, equipment costs and crew travel expenses, the result of the increased revenues. All segments continue to be impacted by increased fuel costs.

Selling Expenses--Selling expenses of \$16,208 for the first quarter increased \$1,557 over the first quarter 2005 but as a percentage of revenues, decreased .6% to 16.0%. All segments experienced increases, primarily for field management wages and incentives, travel and vehicle expenses and branch offices expenses, associated with the increase in revenues.

General and Administrative Expenses--General and administrative expenses of \$8,819 increased \$851 or 10.7% from \$7,968 in the first quarter 2005 but as a percentage of revenues, decreased .3% to 8.7%. The increase is attributable to an increase in salaries and incentive expense and employee development expense.

Depreciation and Amortization Expense--Depreciation and amortization expense of \$6,458 increased \$589 from \$5,869 in the first quarter 2005, but as a percentage of revenues decreased .3% to 6.4%. The increase is the result of additional capital expenditures necessary to support the continued increase in business levels.

Gain on the Sale of Assets, Net--Gain on the sale of assets of \$121 increased \$106 from the \$15 experienced in the same period last year. The increase is the result of an increase in the number of vehicles disposed of in the first quarter 2006 as compared to the first quarter 2005.

Interest Expense--Interest expense of \$581 increased \$157 from the \$424 incurred in the first quarter 2005. The increase is the result of higher interest rates on our bank borrowings and higher debt levels as compared to the prior year.

Income Tax Benefits--Income tax benefits of \$402 decreased \$780 from the income tax benefit of \$1,182 in the first quarter 2005. The 2006 effective rate was 39.9% as compared to 40.9% in 2005.

Net Loss--Net loss for the first quarter of \$606 was \$1,101 less than the \$1,707 loss experienced in the first quarter 2005.

LIQUIDITY AND CAPITAL RESOURCES

Our principal financial requirements are for capital spending, working capital and business acquisitions.

Cash decreased \$2,708 during the first three months of 2006. Net cash provided by operating activities of \$1,520 and financing activities of \$14,289 was offset by \$18,517 of cash used in investing activities.

Net Cash Provided by Operating Activities

Operating activities for the first three months of 2006 provided \$1,520 of cash, a net increase of \$3,822 as compared to the \$2,302 used during the first three months of 2005. The increase was due to lower decreases in accounts receivable, accounts payable and accrued expenses and higher increases in self-insurance accruals and other assets, net.

Accounts receivable dollars decreased \$2,254 during the first three months of 2006, with the decrease arising primarily from business seasonality and changes in business levels. With respect to the change in accounts receivable arising from business seasonality, the "days-sales-outstanding" in accounts receivable ("DSO") at the end of first quarter 2006 decreased by one day to 61 days from the end of first quarter 2005. The DSO at April 2, 2005 was 62 days.

Accounts payable and accrued expenses decreased \$5,182 during the first three months of 2006. Increases in employee compensation, self-insured medical claims and tax liabilities were offset by decreases in commercial insurance payables and trade payables.

Self-insurance accruals increased \$2,413 in 2006, \$417 more than the increase of \$1,996 experienced in 2005. The increase occurred in all classifications -- workers' compensation, general liability and vehicle liability--and resulted primarily from an overall increase in deductible amounts under commercial insurance (that is, an increase in the self-insured risk retention).

Operating assets, net increased \$3,857, a change of \$1,041 over the \$2,816 increase in 2005. The increase is attributable to increases in prepaid expenses, operating supplies and deposits related to insurance coverage.

Net Cash Used In Investing Activities

Investing activities used \$18,517 of cash, \$5,425 more than the \$13,092 used in the first three months of 2005. Capital expenditures made during both 2006 and 2005 interim periods were necessary to support our increased business levels. We anticipate that capital expenditures in 2006 will exceed that of 2005.

Net Cash Provided by Financing Activities

Financing activities provided \$14,289 of cash, \$114 more than the \$14,175 provided during the first three months of 2005. Our revolving credit facility and other borrowings provided \$13,300 of cash in the first three months of 2006, the same as that provided in 2005 and were used primarily for capital expenditures. Treasury share transactions (purchases and sales) provided \$215 less than the \$937 provided in 2005. Dividends paid increased to \$619 from the \$589 paid in the first three months of 2005.

Revolving Credit Facility--The Company has a \$120,000 revolving credit facility with a group of banks, which will expire in December 2007 and permits borrowings, as defined, up to \$120,000 with a letter of credit sublimit of \$70,000.

As of April 1, 2006, the Company had unused commitments under the facility approximating \$22,050, with \$97,950 committed, consisting of borrowings of \$41,900 and issued letters of credit of \$56,050. Borrowings outstanding bear interest, at the Company's option, at the agent bank's prime rate or LIBOR plus a margin adjustment ranging from .7% to 1.5%, based on a ratio of funded debt to EBITDA. A commitment fee ranging from .15% to .20% is also required based on the average daily unborrowed commitment.

Off-Balance Sheet Arrangements

There are no "off-balance sheet arrangements" as that term is defined in Securities and Exchange Commission ("SEC") Regulation S-K, Item 303(a)(4)(ii).

Contractual Obligations Summary

The following is a summary of our long-term contractual obligations, as at April 1, 2006, to make future payments for the periods indicated.

Description	Total	Nine Months Ending December 31,		Year Ending December 31,				Thereafter
		2006	2007	2008	2009	2010		
Revolving credit facility	\$ 41,900	\$ -	\$ 41,900	\$ -	\$ -	\$ -	\$ -	
Term loans	645	180	465	-	-	-	-	
Capital lease obligations	3,251	849	1,503	540	359	-	-	
Operating lease obligations	5,323	1,661	1,657	1,084	579	270	72	
Self-insurance accruals	37,220	10,123	10,008	6,267	3,141	1,506	6,175	
Other liabilities	2,856	363	843	886	409	190	165	
	\$ 91,195	\$ 13,176	\$ 56,376	\$ 8,777	\$ 4,488	\$ 1,966	\$ 6,412	

The self-insurance accruals in the summary above reflect the total of the undiscounted amount accrued as at April 1, 2006 and amounts estimated to be due each year may differ from actual payments required to fund claims. Other liabilities include estimates of future funding requirements related to retirement plans and other items. Because their future cash outflows are uncertain, noncurrent deferred taxes have been excluded from the summary above.

As of April 1, 2006, we were contingently liable for letters of credit in the amount of \$59,122, of which \$56,050 is committed under the revolving credit facility. Substantially all of these letters of credit, which expire within a year, are planned for renewal as necessary.

Also, as is common in our industry, we have performance obligations that are supported by surety bonds, which expire during 2006 and 2007. We intend to renew the surety bonds where appropriate and as necessary.

Capital Resources

Cash generated from operations and our revolving credit facility is our primary source of capital.

Business seasonality results in higher revenues during the second and third quarters as compared with the first and fourth quarters of the year, while our methods of accounting for fixed costs, such as depreciation expense, are not significantly impacted by business seasonality. Capital resources during these periods are equally affected. We satisfy seasonal working capital needs and other financing requirements with the revolving credit facility and several other short-term lines of credit. We are continuously reviewing our existing sources of financing and evaluating alternatives. At April 1, 2006, we had working capital of \$26,752, short-term lines of credit approximating \$3,583 and \$22,050 available under our revolving credit facility.

Our sources of capital presently allow us the financial flexibility to meet our capital-spending plan and to complete business acquisitions.

New Accounting Pronouncement Adopted

Effective January 1, 2006, the Company adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 123 (revised), "Share-Based Payment ("FAS 123R")." FAS 123R requires all share-based payments to employees, including grants of stock options, to be recognized as compensation costs in the financial statements based on their estimated fair values over the requisite employee service period (that is, pro forma disclosure is no longer an alternative to financial statement recognition).

Prior to January 1, 2006, in accordance with FAS 123, "Accounting for Stock-Based Compensation," the Company followed Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). Under APB No. 25, no stock-based compensation expense was recognized related to the Company's stock options and Employee Stock Purchase Plan, as all options granted under the stock option plans had an exercise price equal to the market value of the underlying common stock on the date of grant and, with respect to the Employee Stock Purchase Plan, the discount did not exceed 15%.

Under FAS 123R, all new grants of employee stock options awarded after December 31, 2005 to employees and subscriptions to purchase shares under the Employee Stock Purchase Plan after December 31, 2005 result in compensation costs being recognized. In adopting FAS 123R, there was no effect on prior period financial statements as compensation costs are only permitted to be recognized prospectively.

Compensation costs under all share-based payment plans—our Employee Stock Purchase Plan, stock option plans, and performance-based restricted stock units—totaled \$142 for the three months ended April 1, 2006 and \$51 for the three months ended April 2, 2005.

As of April 1, 2006, there was \$1,173 of unrecognized compensation cost related to performance-based restricted stock units, which will be recognized over a weighted-average period of 2.9 years.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented.

On an ongoing basis, we evaluate our estimates and assumptions, including those related to accounts receivable, specifically those receivables under contractual arrangements primarily arising from Utility Services customers; allowance for doubtful accounts; and self-insurance accruals. We base our estimates on historical experience and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

We believe the following are our “critical accounting policies and estimates”--those most important to the financial presentations and those that require the most difficult, subjective or complex judgments.

Revenue Recognition--Revenues from Residential and Commercial Services are recognized as the services are provided and amounts are determined to be collectible. Revenues from contractual arrangements, primarily with Utility Services customers, are recognized based on costs incurred to total estimated contract costs. Changes in estimates and assumptions related to total estimated contract costs may have a material effect on the amounts reported as receivables arising from contractual arrangements and the corresponding amounts of revenues and profit.

Utility Services Customers--We generate a significant portion of revenues and corresponding accounts receivable from our Utility Services customers in the utility industry. One Utility Services customer approximated 12% of revenues during 2005, 13% during 2004 and 14% during 2003. Adverse conditions in the utility industry or individual utility customer operations may affect the collectibility of our receivables or our ability to generate ongoing revenues.

Allowance for Doubtful Accounts--In determining the allowance for doubtful accounts, we evaluate the collectibility of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations to us (e.g., bankruptcy filings), we record a specific allowance for doubtful accounts against amounts due to reduce the net recognized receivable to the amount we reasonably believe will be collected. For all other customers, we recognize allowances for doubtful accounts based on the length of time the receivables are past due. If circumstances change (e.g., unexpected material adverse changes in a major customer's ability to meet its financial obligation to us or higher than expected customer defaults), our estimates of the recoverability of amounts could differ from the actual amounts recovered.

Self-Insurance Accruals--We are generally self-insured for losses and liabilities related primarily to workers' compensation, vehicle liability and general liability claims. We use commercial insurance as a risk-reduction strategy to minimize catastrophic losses. We accrue ultimate losses based upon estimates of the aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry and based on our specific experience.

Our self-insurance accruals include claims for which the ultimate losses will develop over a period of years. Accordingly, our estimates of ultimate losses can change as claims mature. Our accruals also are affected by changes in the number of new claims incurred and claim severity. The methodology for estimating ultimate losses and the total cost of claims were determined by third-party consulting actuaries; the resulting accruals are continually reviewed by us, and any adjustments arising from changes in estimates are reflected in income currently.

Our self-insurance accruals are based on estimates and, while we believe that the amounts accrued are adequate, the ultimate claims may be in excess of or less than the amounts provided.

Note Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995). These statements relate to future events or our future financial performance. In some cases, forward-looking statements may be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to differ materially from what is expressed or implied in these forward-looking statements. Some important factors that could cause actual results to differ materially from those in the forward-looking statements include:

- Our business, other than tree services to utility customers, is highly seasonal and weather dependent.
- Significant customers, particularly utilities, may experience financial difficulties, resulting in payment delays or delinquencies.
- The seasonal nature of our business and changes in general and local economic conditions, among other factors, may cause our quarterly results to fluctuate, and our prior performance is not necessarily indicative of future results.
- Significant increases in fuel prices for extended periods of time will increase our operating expenses.
- We have significant contracts with our utility, commercial and government customers that include liability risk exposure as part of those contracts. Consequently, we have substantial insurance, and increases in the cost of obtaining adequate insurance, or the inadequacy of our self-insurance accruals or insurance coverages, could negatively impact our liquidity.
- Because no public market exists for our common shares, the ability of shareholders to sell their common shares is limited.
- We are subject to intense competition.
- Our failure to comply with environmental laws could result in significant liabilities, fines and/or penalties.
- We may encounter difficulties obtaining surety bonds or letters of credit necessary to support our operations.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of these statements. We are under no duty to update any of the forward-looking statements after the date of this quarterly report on Form 10-Q to conform these statements to actual future results.

The factors described above, as well as other factors that may adversely impact our actual results, are discussed in our annual report on Form 10-K for the year ended December 31, 2005 in “Item 1A. Risk Factors.”

Item 3. *Quantitative and Qualitative Disclosures about Market Risk.*

During the three months ended April 1, 2006, there have been no material changes in the reported market risks presented in the Company’s Annual Report on Form 10-K for the year ended December 31, 2005.

Item 4. *Controls and Procedures.*

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of April 1, 2006 in alerting them on a timely basis to material information required to be included in our periodic filings with the SEC.

During the quarter ended April 1, 2006, there were no significant changes in our internal control over financial reporting or in other factors that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

The Davey Tree Expert Company

Part II. Other Information

Items 1, 1A, 3, 4 and 5 are not applicable.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

The following table provides information on purchases made by the Company of its common shares outstanding during the first three months of 2006.

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs</u>
<u>Fiscal 2006</u>				
January 1 to January 28	-	-	n/a	n/a
January 29 to February 25	-	-	n/a	n/a
February 26 to April 1	<u>51,128</u>	\$ 22.50	n/a	n/a
Total First Quarter	<u>51,128</u>	22.50		
Total Year to Date	<u>51,128</u>	22.50		

n/a--Not applicable. There are no publicly announced plans or programs of the Company to purchase its common shares.

Our common shares are not listed or traded on an established public trading market and market prices are, therefore, not available. Semiannually, for purposes of our 401KSOP, the fair market value of our common shares is determined by an independent stock valuation firm, based upon our performance and financial condition, using a peer group of comparable companies selected by that firm. The peer group currently consists of ABM Industries Incorporated, Dycom Industries, Inc., FirstService Corporation, Quanta Services, Inc., Rollins, Inc., and The ServiceMaster Company. The semiannual valuations are effective for a period of six months and the per share price established by those valuations is the price at which our Board of Directors has determined our common shares will be bought and sold during that six-month period in transactions involving the Company or one of its employee benefit or stock purchase plans. Since 1979, the Company has provided a ready market for all shareholders through its direct purchase of their common shares, although the Company is under no obligation to do so. The purchases listed above were added to the treasury stock of the Company.

Item 6. *Exhibits.*

See Exhibit Index page, below.

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.

THE DAVEY TREE EXPERT COMPANY

Date: May 4, 2006

By: /s/ David E. Adante
David E. Adante
Executive Vice President, Chief Financial Officer and Secretary
(Principal Financial Officer)

Date: May 4, 2006

By: /s/ Nicholas R. Sucic
Nicholas R. Sucic
Corporate Controller and Chief Accounting Officer
(Principal Accounting Officer)

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>	
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed Herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed Herewith
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.	Furnished Herewith
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.	Furnished Herewith

Certification

Certification of Chief Executive Officer

I, R. Douglas Cowan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Davey Tree Expert Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2006

/s/ R. Douglas Cowan
R. Douglas Cowan
Chairman and Chief Executive Officer

Certification

Certification of Chief Financial Officer

I, David E. Adante, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Davey Tree Expert Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2006

/s/ David E. Adante
David E. Adante
Executive Vice President, Chief Financial Officer
and Secretary

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certification of Chief Executive Officer

I, R. Douglas Cowan, Chairman and Chief Executive Officer of The Davey Tree Expert Company (the "Company"), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1.) The Quarterly Report on Form 10-Q of the Company for the period ended April 1, 2006 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2.) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2006

/s/ R. Douglas Cowan

R. Douglas Cowan
Chairman and Chief Executive Officer

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certification of Chief Financial Officer

I, David E. Adante, Executive Vice President, Chief Financial Officer and Secretary of The Davey Tree Expert Company (the "Company"), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1.) The Quarterly Report on Form 10-Q of the Company for the period ended April 1, 2006 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2.) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2006

/s/ David E. Adante
David E. Adante
Executive Vice President, Chief Financial Officer and
Secretary