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 October 2, 2010

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	**34-0176110**
(State or other jurisdiction of incorporation or organization)	(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

(Check one):	☐ Large Accelerated Filer	☒ Accelerated Filer
	☐ Non-Accelerated Filer	☐ Smaller Reporting Company

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 14,242,271 Common Shares, $1.00 par value, outstanding as of October 29, 2010.

The Davey Tree Expert Company
Quarterly Report on Form 10-Q
October 2, 2010

INDEX

We," "Us," "Our," "Davey" and "Davey Tree," unless the context otherwise requires, means The Davey Tree Expert Company and its subsidiaries.

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

	October 2, 2010	December 31, 2009
Assets		
Current assets:		
Cash	$ 3,998	2,395
Accounts receivable, net	86,387	71,691
Operating supplies	4,892	4,968
Prepaid expenses	8,573	5,563
Other current assets	12,060	13,201
Total current assets	115,910	97,818
Property and equipment	413,644	395,670
Less accumulated depreciation	285,629	266,868
	128,015	128,802
Other assets	14,207	13,429
Identified intangible assets and goodwill, net	28,823	26,023
	$ 286,955	$ 266,072
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 22,441	$ 26,166
Accrued expenses	29,916	26,124
Other current liabilities	29,014	29,222
Total current liabilities	81,371	81,512
Long-term debt	31,605	45,843
Senior unsecured notes	30,000	-
Self-insurance accruals	37,844	32,648
Other noncurrent liabilities	7,417	8,846
	188,237	168,849
Common shareholders' equity:		
Common shares, $1.00 par value, per share; 24,000 shares authorized; 21,457 shares issued	21,457	21,457
Additional paid-in capital	-	328
Common shares subscribed, unissued	-	1,204
Retained earnings	172,471	165,293
Accumulated other comprehensive loss	(3,979)	(4,949)
	189,949	183,333
Less: Cost of Common shares held in treasury; 7,039 shares at October 2, 2010 and 6,885 shares at December 31, 2009	91,231	86,084
Common shares subscription receivable	-	26
	98,718	97,223
	$ 286,955	$ 266,072

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		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Revenues	$ 156,493	$ 149,272	$ 441,074	$ 433,474
Costs and expenses:				
Operating	100,861	95,790	290,225	279,343
Selling	26,147	23,268	72,546	67,244
General and administrative	10,101	11,338	30,922	35,543
Depreciation and amortization	9,411	9,413	27,463	28,378
(Gain) loss on sale of assets, net	(107)	(16)	(11)	(105)
	146,413	139,793	421,145	410,403
Income from operations	10,080	9,479	19,929	23,071
Other income (expense):				
Interest expense	(827)	(587)	(1,868)	(1,837)
Interest income	15	10	38	22
Other, net	(957)	(634)	(2,074)	(1,609)
Income before income taxes	8,311	8,268	16,025	19,647
Income taxes	3,470	3,303	6,586	7,780
Net income	$ 4,841	$ 4,965	$ 9,439	$ 11,867
Net income per share:				
Basic	$ .33	$ .33	$ .65	$ .80
Diluted	$ .32	$ .32	$ .62	$ .76
Weighted-average shares outstanding:				
Basic	14,504	14,898	14,614	14,839
Diluted	14,993	15,565	15,131	15,681
Dividends declared per share	$ .043	$ .043	$ .128	$ .128

See notes to condensed consolidated financial statements.

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

	Nine Months Ended	
	October 2, 2010	**October 3, 2009**
Operating activities		
Net income	$ 9,439	$ 11,867
Adjustments to reconcile net income to net		
cash provided by (used in) operating activities:		
Depreciation and amortization	27,463	28,378
Other	1,330	1,901
Changes in operating assets and liabilities:		
Accounts receivable	(14,531)	594
Operating liabilities	4,238	(3,350)
Other	(3,728)	(1,456)
	14,772	26,067
Net cash provided by operating activities	24,211	37,934
Investing activities		
Capital expenditures:		
Equipment	(23,124)	(16,353)
Land and buildings	(440)	(311)
Purchases of businesses	(5,836)	(708)
Other	708	336
Net cash used in investing activities	(28,692)	(17,036)
Financing activities		
Revolving credit facility proceeds, net	(12,550)	(10,950)
Purchase of common shares for treasury	(13,228)	(16,123)
Sale of common shares from treasury	5,394	6,968
Issuance of senior unsecured notes	30,000	-
Dividends	(1,854)	(1,933)
Other	(1,678)	(400)
Net cash provided by (used in) financing activities	6,084	(22,438)
Increase (Decrease) in cash	1,603	(1,540)
Cash, beginning of period	2,395	3,363
Cash, end of period	**$ 3,998**	**$ 1,823**
Supplemental cash flow information follows:		
Interest paid	$ 1,710	$ 1,963
Income taxes paid	5,742	5,706

See notes to condensed consolidated financial statements.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
October 2, 2010

(Amounts in thousands, except share data)

A. Basis of Financial Statement Preparation

The condensed consolidated financial statements present the financial position, results of operations and cash flows of The Davey Tree Expert Company and its subsidiaries. "We," "us," "our," "Davey," "Davey Tree" and the "Company" means The Davey Tree Expert Company and its subsidiaries, unless the context indicates otherwise.

We have prepared the accompanying unaudited condensed consolidated financial statements 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. All significant intercompany accounts and transactions have been eliminated.

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. We suggest that these condensed consolidated financial statements be read in conjunction with the financial statements included in our annual report on Form 10-K for the year ended December 31, 2009 (the "2009 Annual Report").

***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. Our consolidated financial statements include amounts that are based on management's best estimates and judgments. Estimates are used for, but not limited to, accounts receivable valuation, depreciable lives of fixed assets, self-insurance accruals, income taxes and revenue recognition. Actual results could differ from those estimates.

***Interim Results of Operations*--**Interim results may not be indicative of calendar year performance because of seasonal and short-term variations.

Recent Accounting Guidance

***The FASB Accounting Standards Codification*--**In June 2009, the Financial Accounting Standards Board (the "FASB") issued its final Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162" ("FAS 168"). FAS 168 established the Accounting Standards Codification (the "Codification" or "FASB ASC") as the single source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. SEC rules and interpretive releases are also sources of authoritative U.S. GAAP for SEC registrants. FAS 168 established two levels of U.S. GAAP – authoritative and nonauthoritative – and was incorporated into the Codification at FASB ASC Topic 105, "Generally Accepted Accounting Principles."

The Codification simplifies user access to all authoritative accounting guidance by reorganizing U.S. GAAP pronouncements into a single source arranged by topic within a consistent structure. Following FAS 168, the FASB issues new standards in the form of Accounting Standards Updates (Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts are no longer issued). The FASB does not consider Accounting Standards Updates as authoritative in their own right; these updates will serve only to update the Codification, provide background information about the guidance, and provide the bases for conclusions on the changes in the Codification.

(Amounts in thousands, except share data)

A. Basis of Financial Statement Preparation (continued)

In the description of the Accounting Standards Update that follows, references relate to the Codification Topic and descriptive title.

Accounting Standards Update 2010-06, Improving Disclosures about Fair Value Measurements--In January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements," which adds disclosure requirements for transfers in and out of Levels 1 and 2, requires separate disclosures for activity relating to Level 3 measurements, and clarifies input and valuation techniques. This ASU was effective for interim and annual periods beginning after December 15, 2009 (that is, the quarter ended April 3, 2010 for us), except for the Level 3 disclosures, which are effective for fiscal years beginning after December 15, 2010 (that is, the quarter ending April 2, 2011 for us) and for interim periods within those years. The adoption of the revised guidance in FASB ASC Topic 820 did not affect our financial position, results of operations or cash flows.

B. Seasonality of Business

Due to the seasonality of our business, our operating results for the nine months ended October 2, 2010 are not indicative of results that may be expected for any other interim period or for the year ending December 31, 2010. Business seasonality is the result of traditionally 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, amortization, rent and interest expense, are not significantly impacted by business seasonality.

C. Accounts Receivable, Net

Our accounts receivable, net, consisted of the following:

	October 2, 2010	December 31, 2009
Accounts receivable	$ 75,599	$ 66,703
Receivables under contractual arrangements	13,199	7,044
	88,798	73,747
Less allowances for doubtful accounts	2,411	2,056
	$ 86,387	$ 71,691

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

(Amounts in thousands, except share data)

D. Business Combinations and Identified Intangible Assets and Goodwill, Net

At the end of June 2010, we acquired a business for $5,836 cash and the assumption of certain liabilities. The cash paid of $5,836 was preliminarily allocated, including the liabilities assumed, to the fair value of the primary assets acquired: fixed assets, intangibles and goodwill. The measurement period for purchase price allocations ends as soon as information of the facts and circumstances becomes available, but does not exceed twelve months.

During the nine months ended October 3, 2009, we acquired one business for an aggregate purchase price of $1,458, including cash payment of $708 and debt issued of $750.

The carrying amounts of the identified intangibles and goodwill acquired in connection with our investments in businesses were as follows:

	October 2, 2010		December 31, 2009	
Identified Intangible Assets and Goodwill, Net	**Carrying Amount**	**Accumulated Amortization**	**Carrying Amount**	**Accumulated Amortization**
Amortized intangible assets:				
Customer lists/relationships	$ 10,822	$ 8,134	$ 9,181	$ 7,735
Employment-related	5,443	3,734	4,881	3,321
Tradenames	4,293	2,044	3,954	1,685
Amortized intangible assets	$ 20,558	$ 13,912	$ 18,016	$ 12,741
Less accumulated amortization	13,912		12,741	
Identified intangibles, net	6,646		5,275	
Unamortized intangible assets:				
Goodwill — Not amortized	22,177		20,748	
	$ 28,823		$ 26,023	

E. Long-Term Debt

Our long-term debt consisted of the following:

	October 2, 2010	December 31, 2009
Revolving credit facility		
Prime rate borrowings	$ -	$ 7,800
LIBOR borrowings	30,000	30,000
Term loan	-	4,750
	30,000	42,550
Senior unsecured notes	30,000	-
Term loans	9,129	9,787
	69,129	52,337
Less current portion	7,524	6,494
	$ 61,605	$ 45,843

E. Long-Term Debt (continued)

***Revolving Credit Facility and 5.09% Senior Unsecured Notes*--**On July 22, 2010, we issued $30,000 of 5.09% Senior Unsecured Notes, Series A, due July 22, 2020 and amended the Amended and Restated Credit Agreement dated November 21, 2006 to provide a revolving credit facility under which up to an aggregate of $140,000 is available (previously $159,000), with the term extended to December 19, 2014.

The 5.09% Senior Unsecured Notes, Series A, due July 22, 2020 (the "5.09% Senior Notes"), were issued pursuant to a Master Note Purchase Agreement (the "Purchase Agreement"), between the Company and the purchasers of the 5.09% Senior Notes. Subsequent series of promissory notes may be issued pursuant to supplemental note purchase agreements in an aggregate additional principal amount not to exceed $20,000.

The net proceeds of the 5.09% Senior Notes were used to pay down borrowings under our revolving credit facility.

The 5.09% Senior Notes are equal in right of payment with our revolving credit facility and all other senior unsecured obligations of the Company. Interest is payable semiannually and five equal, annual principal payments commence on July 22, 2016 (the sixth anniversary of issuance). The Purchase Agreement contains customary events of default and covenants related to limitations on indebtedness and transactions with affiliates and the maintenance of certain financial ratios.

The Amended Credit Agreement provides a revolving credit facility with a group of banks under which up to an aggregate of $140,000 is available, with a letter of credit sublimit of $100,000. Under certain circumstances, the amount available under the revolving credit facility may be increased to $160,000.

As at October 2, 2010, we had unused commitments under the facility approximating $52,783, with $87,217 committed, consisting of borrowings of $30,000 and issued letters of credit of $57,217. Borrowings outstanding bear interest, at Davey Tree's option, of either (a) a base rate plus a margin adjustment ranging from .0% to .25% or (b) LIBOR plus a margin adjustment ranging from 1.25% to 1.75%--with the margin adjustments in both instances based on a ratio of funded debt to EBITDA. The base rate is the greater of (i) the agent bank's prime rate (ii) LIBOR plus 1.5%, or (iii) the federal funds rate plus .5%. A commitment fee ranging from .20% to .30% is also required based on the average daily unborrowed commitment.

The Amended Credit Agreement extended the term of the revolving credit facility to December 19, 2014 from December 15, 2011. 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.

(Amounts in thousands, except share data)

F. Stock-Based Compensation

The Davey Tree Expert Company 2004 Omnibus Stock Plan (the "Stock Plan") was approved by our shareholders at our annual shareholders' meeting in May 2004. The Stock 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 the Stock Plan being 10,000,000. In addition to the maintenance of the Employee Stock Purchase Plan, the Stock 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.

Stock-based compensation expense under all share-based payment plans -- our Employee Stock Purchase Plan, stock option plans, stock appreciation rights and performance-based restricted stock units -- included in the results of operations follows:

	Three Months Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Compensation expense, all share-based payment plans	$ 298	$ 272	$ 909	$ 802

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, common shares. Employee purchases under the Employee Stock Purchase Plan are at 85% of the fair market value of the common shares--a 15% discount. We recognize compensation costs as payroll deductions are made. The 15% discount of total shares purchased under the plan resulted in compensation cost of $286 being recognized for the nine months ended October 2, 2010 and $275 for the nine months ended October 3, 2009.

Stock Option Plans--Stock options awarded before January 1, 2006 were granted at an exercise price equal to the fair market value of our common shares at the dates of grant. Stock options awarded on or after January 1, 2006 were required to be measured at fair value. At October 2, 2010, there were 584,068 stock options outstanding that were awarded after January 1, 2006. The stock options were awarded under a graded vesting schedule and have a term of ten years. Compensation costs for stock options are recognized over the requisite service period on the straight-line recognition method. Compensation cost recognized for stock options was $263 for the nine months ended October 2, 2010 and $223 for the nine months ended October 3, 2009.

Stock-Settled Stock Appreciation Rights--During the nine months ended October 2, 2010, the Compensation Committee of the Board of Directors awarded 89,421 Stock-Settled Stock Appreciation Rights ("SSARs") to certain management employees and nonemployee directors which vest ratably over five years. A stock-settled stock appreciation right is an award that allows the recipient to receive common stock equal to the appreciation in the fair market value of our common stock between the date the award was granted and the conversion date of the shares vested.

(Amounts in thousands, except share data)

F. Stock-Based Compensation (continued)

The following table summarizes our SSARs as of October 2, 2010.

Stock-Settled Stock Appreciation Rights	Number of Rights	Weighted-Average Award Date Value	Weighted-Average Remaining Contractual Life	Unrecognized Compensation Cost	Aggregate Intrinsic Value
Unvested, January 1, 2010	73,422	$ 2.83			
Granted	89,421	3.68			
Forfeited	-				
Vested	(14,684)	2.83			
Unvested, October 2, 2010	148,159	$ 3.34	3.6 years	$ 390	$ 2,459
Employee SSARs	136,160	$ 3.41	3.6 years	$ 362	$ 2,260
Nonemployee Director SSARs	11,999	$ 2.58	4.4 years	$ 28	$ 199

Compensation costs for stock appreciation rights are determined using a fair-value method and amortized over the requisite service period. Compensation expense for stock appreciation rights was $78 for the nine months ended October 2, 2010 and $33 for the nine months ended October 3, 2009.

Performance-Based Restricted Stock Units--During the first nine months of 2010, the Compensation Committee of the Board of Directors awarded 29,038 Performance-Based Restricted Stock Units to certain management employees. The Compensation Committee made similar awards in prior periods. The awards vest over specified periods. The following table summarizes Performance-Based Restricted Stock Units as of October 2, 2010.

Performance-Based Restricted Stock Units	Number of Stock Units	Weighted-Average Grant Date Value	Weighted-Average Remaining Contractual Life	Unrecognized Compensation Cost	Aggregate Intrinsic Value
Unvested, January 1, 2010	118,666	$ 12.94			
Granted	29,038	15.42			
Forfeited	-				
Vested	(23,132)	10.34			
Unvested, October 2, 2010	124,572	$ 14.00	2.7 years	$ 927	$ 2,068

The fair value of the restricted stock units for awards made prior to January 1, 2006 is based on the market price of our common shares on the date of award and is recognized as compensation cost on the straight-line recognition method over the vesting period. Compensation cost for awards made after December 31, 2005 is determined using a fair-value method and amortized over the requisite service period. Compensation expense on restricted stock awards totaled $282 for the nine months ended October 2, 2010 and $271 for the nine months ended October 3, 2009.

(Amounts in thousands, except share data)

F. Stock-Based Compensation (continued)

For stock-based awards issued on or after January 1, 2006, we estimated the fair value of each award 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 our 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 were estimated at the dates of grant with the following weighted-average assumption.

	Nine Months Ended	
	October 2, 2010	October 3, 2009
Volatility rate	12.2%	12.5%
Risk-free interest rate	3.4%	2.3%
Expected dividend yield	1.5%	1.5%
Expected life of awards (years)	8.8	8.6

General Stock Option Information--The following table summarizes activity under the stock option plans for the nine months ended October 2, 2010.

Stock Options	Number of Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Unrecognized Compensation Cost	Aggregate Instrinic Value
Outstanding, January 1, 2010	1,323,551	$ 9.49			
Granted	-	-			
Exercised	(127,700)	7.95			
Forfeited	-	-			
Outstanding, October 2, 2010	1,195,851	$ 9.65	4.7 years	$ 11,540	$ 8,311
Exercisable, October 2, 2010	966,851	$ 8.60	4.0 years		$ 7,735

(Amounts in thousands, except share data)

F. Stock-Based Compensation (continued)

"Intrinsic value" is defined as the amount by which the market price of a common share exceeds the exercise price of an option. Information regarding the stock options outstanding at October 2, 2010 is summarized below:

Stock Options Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
Employee options:					
$6.75	603,783	3.2 years	$ 6.75	603,783	$ 6.75
11.25	402,400	5.7 years	11.25	310,400	11.25
16.00	137,000	9.1 years	16.00	-	16.00
	1,143,183	4.8 years	9.44	914,183	8.28
Director options:					
$7.85 to $16.40	52,668	3.0 years	14.20	52,668	14.20
	1,195,851	4.7 years	9.65	966,851	8.60

Common shares are issued from treasury upon the exercise of stock options, stock appreciation rights, restricted stock units or purchases under the Employee Stock Purchase Plan.

G. Net Periodic Benefit Cost--Defined Benefit Pension Plans

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

	Three Months Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Components of pension cost				
Service costs--increase in benefit obligation earned	$ 33	$ 29	$ 98	$ 88
Interest cost on projected benefit obligation	406	397	1,219	1,190
Expected return on plan assets	(442)	(371)	(1,325)	(1,113)
Amortization of net actuarial loss	154	210	461	630
Amortization of prior service cost	3	3	10	10
Amortization of transition asset	(18)	(18)	(52)	(52)
Net pension cost of defined-benefit pension plans	$ 136	$ 250	$ 411	$ 753

Employer Contributions--Contributions of $355 were made to our defined-benefit pension plans during the nine months ended October 2, 2010. We expect, as of October 2, 2010, to make additional defined-benefit plan contributions totaling $71 before December 31, 2010.

(Amounts in thousands, except share data)

H. Income Taxes

Our income tax provision for interim periods is determined using an estimate of our annual effective tax rate adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate and, if our estimated annual tax rate changes, we make a cumulative adjustment. The 2010 annual effective tax rate is estimated to be 41.1%. Our annual effective tax rate for 2009 was 39.0%.

At December 31, 2009 we had unrecognized tax benefits of $2,165, of which $1,560 would affect our effective rate if recognized, and accrued interest expense related to unrecognized benefits of $290. At October 2, 2010, there were no significant changes in the unrecognized benefits, including the amount that would affect our effective tax rate if recognized, or the accrued interest expense related to the unrecognized tax benefits. Unrecognized tax benefits are the differences between a tax position taken, or expected to be taken in a tax return, and the benefit recognized for financial reporting purposes.

The amount of income taxes we pay is subject to audit by U.S. federal, state and Canadian tax authorities, which may result in proposed assessments. The tax years from 2006 to 2009 generally remain open to examination by the major tax jurisdictions. The Company's U.S. tax returns for 2007 and 2008 are currently being examined by the Internal Revenue Service, the 2007 Canadian tax return is being examined by the Revenue Canada Agency, and various other state and provincial returns are also being examined. At October 2, 2010, we had $2,250 of unrecognized tax benefits of which $1,300 was classified as current related to the eventual outcome of the years currently under examination. We do not anticipate any such outcome to result in a material change to our results of operations.

I. Comprehensive Income (Loss)

Comprehensive income (or loss) is comprised of net income (or net loss) and other components, including currency translation adjustments, changes in the fair value of interest rate contracts qualifying as cash flow hedges, and defined-benefit pension plan adjustments. The components of comprehensive income (loss) follow:

	Three Months Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Comprehensive Income				
Net income	$ 4,841	$ 4,965	$ 9,439	$ 11,867
Other comprehensive income (loss)				
Currency translation adjustments	862	1,058	659	2,188
Interest rate swaps, change in fair value	84	(201)	81	221
Defined benefit pension plans -- amortization of net actuarial loss, prior service cost and transition asset	139	391	419	588
Other comprehensive income, before income taxes	1,085	1,248	1,159	2,997
Income tax expense, related to items of other comprehensive income	(84)	(72)	(189)	(308)
Other comprehensive income	1,001	1,176	970	2,689
Comprehensive income	$ 5,842	$ 6,141	$ 10,409	$ 14,556

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
October 2, 2010

(Amounts in thousands, except share data)

I. Comprehensive Income (Loss) (continued)

The following summarizes the components of other comprehensive income (loss) accumulated in shareholders' equity:

	Currency Translation Adjustments	Interest Rate Contracts	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2010	$ 2,055	$ (840)	$ (6,164)	$ (4,949)
Unrealized gains	659	-	-	659
Unrealized gains in fair value	-	81	-	81
Unrecognized amounts from defined benefit pension plans	-	-	419	419
Tax effect	-	(31)	(158)	(189)
Net of tax amount	659	50	261	970
Balance at October 2, 2010	$ 2,714	$ (790)	$ (5,903)	$ (3,979)

J. Per Share Amounts and Common Shares Outstanding

We calculate our basic earnings per share by dividing net income or net loss by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated in a similar manner, but include the effect of dilutive securities. To the extent these securities are antidilutive, they are excluded from the calculation of earnings per share. The per share amounts were computed as follows:

	Three Months Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Income available to common shareholders:				
Net income	$ 4,841	$ 4,965	$ 9,439	$ 11,867
Weighted-average shares:				
Basic:				
Outstanding	14,504,320	14,837,934	14,614,185	14,661,089
Partially-paid share subscriptions	-	59,836	-	177,556
Basic weighted-average shares	14,504,320	14,897,770	14,614,185	14,838,645
Diluted:				
Basic from above	14,504,320	14,897,770	14,614,185	14,838,645
Incremental shares from assumed:				
Exercise of stock subscription purchase rights	-	104,190	-	243,593
Exercise of stock options	488,422	562,849	517,168	598,290
Diluted weighted-average shares	14,992,742	15,564,809	15,131,353	15,680,528
Net income per share				
Basic	$ .33	$ .33	$ .65	$ .80
Diluted	$ .32	$ .32	$ .62	$ .76

(Amounts in thousands, except share data)

J. Per Share Amounts and Common Shares Outstanding (continued)

Common Shares Outstanding**--**A summary of the activity of the common shares outstanding for the nine months ended October 2, 2010 follows:

Shares outstanding at January 1, 2010	14,572,228
Shares purchased	(798,292)
Shares sold	267,259
Stock subscription offering, employee cash purchases	200,380
Options exercised	176,577
	(154,076)
Shares outstanding at October 2, 2010	14,418,152

On October 2, 2010, we had 14,418,152 common shares outstanding and employee and director options exercisable to purchase 966,851 common shares.

During the second quarter 2010, the promissory notes related to the common share subscription offering completed in August 2002, were paid-in-full for stock subscription financing payments made by biweekly payroll deduction. All other promissory notes related to the common share 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, with interest at 4.75% per year have been paid or, in a few instances, canceled. The promissory notes outstanding were collateralized with the common shares subscribed and the common shares were only issued when the related promissory note was paid-in-full. Dividends were paid on all unissued subscribed shares.

K. Operations by Business Segment

Our operating results are reported in two segments: Residential and Commercial Services, and Utility Services.

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 investor-owned and municipal utilities, including the clearing of tree growth from power lines, clearance of rights-of-way and chemical brush control. Davey Resource Group, which 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, is a nonreportable segment and, along with other operating activities, are included in “All Other.”

Measurement of Segment Profit and Loss and Segment Assets**--**We evaluate performance and allocate resources based primarily on operating income and also actively manage business unit operating assets. Segment information, including reconciling adjustments, is presented consistent with the basis described in the 2009 Annual Report.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
October 2, 2010
(Amounts in thousands, except share data)

K. Operations by Business Segment (continued)

Segment information reconciled to consolidated external reporting information follows:

	Utility Services	Residential Commercial Services	All Other	Reconciling Adjustments		Consolidated
Three Months Ended October 2, 2010						
Revenues	$ 75,769	$ 71,399	$ 9,325	$ -		$ 156,493
Income (loss) from operations	2,817	7,328	219	(284)	(a)	10,080
Interest expense				(827)		(827)
Interest income				15		15
Other income (expense), net				(957)		(957)
Income before income taxes						$ 8,311
Segment assets, total	111,651	105,183	12,091	58,030	(b)	286,955
Three Months Ended October 3, 2009						
Revenues	$ 75,091	$ 65,120	$ 9,061	$ -		$ 149,272
Income (loss) from operations	3,956	5,741	658	(876)	(a)	9,479
Interest expense				(587)		(587)
Interest income				10		10
Other income (expense), net				(634)		(634)
Income before income taxes						$ 8,268
Segment assets, total	119,712	101,537	11,920	47,411	(b)	280,580
Nine Months Ended October 2, 2010						
Revenues	$ 216,873	$ 195,777	$ 28,424	$ -		$ 441,074
Income (loss) from operations	6,822	15,969	(1,793)	(1,069)	(a)	19,929
Interest expense				(1,868)		(1,868)
Interest income				38		38
Other income (expense), net				(2,074)		(2,074)
Income before income taxes						$ 16,025
Segment assets, total	111,651	105,183	12,091	58,030	(b)	286,955
Nine Months Ended October 3, 2009						
Revenues	$ 222,984	$ 179,888	$ 30,602	$ -		$ 433,474
Income (loss) from operations	14,352	9,550	1,177	(2,008)	(a)	23,071
Interest expense				(1,837)		(1,837)
Interest income				22		22
Other income (expense), net				(1,609)		(1,609)
Income before income taxes						$ 19,647
Segment assets, total	119,712	101,537	11,920	47,411	(b)	280,580

(a) Reconciling adjustments from segment reporting to consolidated external financial reporting include reclassification of depreciation expense and allocation of corporate expenses.

(b) Corporate assets include cash, prepaid expenses, corporate facilities, enterprise-wide information systems and other nonoperating assets.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
October 2, 2010
(Amounts in thousands, except share data)

L. Fair Value Measurements and Derivative Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market participants are defined as buyers or sellers in the principal or most advantageous market for the asset or liability that are independent of the reporting entity, knowledgeable, and able and willing to transact for the asset or liability.

***Valuation Hierarchy*--**A valuation hierarchy is used for presentation of the inputs to measure fair value. This hierarchy prioritizes the inputs into three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Our assets and liabilities measured at fair value on a recurring basis at October 2, 2010, were as follows:

		Fair Value Measurements at October 2, 2010 Using:		
Description	**Total Carrying Value at October 2, 2010**	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Assets invested for self-insurance, classified as other assets, noncurrent	$ 10,675	$ 10,675	$ -	$ -
Liabilities:				
Interest rate swaps, classified as accrued expenses	$ 1,274	$ -	$ 1,274	$ -
Deferred compensation	685	-	685	-

There were no transfers of assets or liabilities between Level 1 and Level 2 during the third quarter ended October 2, 2010.

(Amounts in thousands, except share data)

L. Fair Value Measurements and Derivative Financial Instruments (continued)

Our assets and liabilities measured at fair value on a recurring basis at December 31, 2009 were as follows:

Description	Total Carrying Value at December 31, 2009	Fair Value Measurements at December 31, 2009 Using: Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Assets invested for self-insurance, classified as other assets, noncurrent	$ 9,487	$ 9,487	$ -	$ -
Liabilities:				
Interest rate swaps, classified as accrued expenses	$ 1,355	$ -	$ 1,355	$ -
Deferred compensation	773	-	773	-

Fair Value of Financial Instruments--The fair values of our current assets and current liabilities, including cash, accounts receivable, accounts payable, and accrued expenses among others, approximate their reported carrying values because of their short-term nature. Our noncurrent liabilities carried at historical cost and their estimated fair values were as follows:

	October 2, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Revolving credit facility, noncurrent	$ 30,000	$ 30,000	$ 41,550	$ 41,550
Term loans, noncurrent	1,605	1,598	4,293	4,267
Senior unsecured notes, noncurrent	30,000	30,368	-	-
Total	$ 61,605	$ 61,966	$ 45,843	$ 45,817

The carrying value of our revolving credit facility approximates fair value as the interest rates on the amounts outstanding are variable. The fair value of our term loans is determined based on expected future weighted-average interest rates with the same remaining maturities.

Derivative Financial Instruments and Market Risk

In the normal course of business, we are exposed to market risk related to changes in foreign currency exchange rates and changes in interest rates. We do not hold or issue derivative financial instruments for trading or speculative purposes. We manage interest rate risk by using derivative financial instruments, specifically interest rate swap contracts.

(Amounts in thousands, except share data)

L. Fair Value Measurements and Derivative Financial Instruments (continued)

Foreign Currency Rate Risk--We are exposed to market risk related to foreign currency exchange rate risk resulting from our operations in Canada, where we provide a comprehensive range of horticultural services. Our financial results could be affected by factors such as changes in the foreign currency exchange rate or differing economic conditions in the Canadian markets as compared with the markets for our services in the United States. Our earnings are affected by translation exposures from currency fluctuations in the value of the U.S. dollar as compared to the Canadian dollar. Similarly, the Canadian dollar-denominated assets and liabilities may result in financial exposure as to the timing of transactions and the net asset / liability position of our Canadian operations. Presently, we do not engage in hedging activities related to our foreign currency rate risk.

Interest Rate Risk--We are exposed to market risk related to changes in interest rates on long-term debt obligations. The interest rates on substantially all of our long-term debt outstanding are variable. We have entered into interest rate swap contracts -- derivative financial instruments--with the objective of altering interest rate exposures related to variable debt.

Interest Rate Swaps--As of October 2, 2010, we held interest rate swap contracts—cash-flow hedges—to effectively convert a portion of our variable-rate revolving credit borrowings to a fixed rate, thus reducing the impact of interest-rate changes on future interest expense. Under the contracts, we agree with the counterparty to exchange, at specified intervals, the difference between variable rate and fixed rate amounts calculated on a notional principal amount. These interest rate swaps have reset dates and fixed-rate indices that match those of our underlying variable-rate long-term debt and have been designated as cash-flow hedges for a portion of that debt. As all of the critical terms of our interest rate swap contracts match the debt to which they pertain, there was no ineffectiveness related to these interest rate swaps in 2010 or 2009 and all related unrealized gains and losses were deferred in accumulated other comprehensive income (loss). No material amounts were recognized in the results of operations related to our interest rate swaps during 2010 or 2009.

We had three interest rate swaps with the notional value totaling $30,000 as of October 2, 2010. The following summarizes the amount of the long-term debt hedged (which is the notional principal amount of the interest rate swaps), the percentage of long-term debt hedged and the gross fair value of the asset / (liability) position of the interest rate swaps.

	October 2, 2010	December 31, 2009
Amount of long-term debt hedged	$ 30,000	$ 30,000
Percentage of long-term debt	49%	65%
Gross fair value asset/(liability) position, classified as accrued expenses	$ (1,274)	$ (1,355)

L. Fair Value Measurements and Derivative Financial Instruments (continued)

The following summarizes the amount of the gains (losses) recognized in other comprehensive income from the interest rate swaps for the nine months ended October 2, 2010 and October 3, 2009:

	Nine Months Ended	
	October 2, 2010	**October 3, 2009**
Derivatives in cash-flow hedging relationship:		
Interest rate swaps	$ 81	$ 221

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

(Amounts in thousands, except share data)

Management's Discussion and Analysis of Financial Condition and Results of Operations is provided as a supplement to the accompanying condensed consolidated financial statements and notes to help provide an understanding of our financial condition, cash flows and results of operations.

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

Our Business--Our operating results are reported in two segments: Residential and Commercial Services, and Utility Services for operations in the United States and Canada. 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 investor-owned and municipal utilities, including the clearing of tree growth from power lines, clearance of rights-of-way and chemical brush control.

Davey Resource Group, which 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, is a nonreportable segment and, along with other operating activities, are included in "All Other."

RESULTS OF OPERATIONS

The following tables set forth our consolidated results of operations as a percentage of revenues and the percentage change in dollar amounts of the results of operations for the periods presented.

	Three Months Ended			Nine Months Ended		
	October 2, 2010	October 3, 2009	Percentage Change	October 2, 2010	October 3, 2009	Percentage Change
Revenues	100.0%	100.0%	4.8%	100.0%	100.0%	1.8%
Costs and expenses:						
Operating	64.5	64.2	5.3	65.8	64.4	3.9
Selling	16.7	15.6	12.4	16.5	15.5	7.9
General and administrative	6.5	7.6	(10.9)	7.0	8.2	(13.0)
Depreciation and amortization	6.0	6.3	-	6.2	6.6	(3.2)
Gain on sale of assets, net	(.1)	-	nm	-	-	nm
Income from operations	6.4	6.3	6.3	4.5	5.3	(13.6)
Other income (expense):						
Interest expense	(.5)	(.4)	40.9	(.4)	(.4)	1.7
Interest income	-	-	nm	-	-	nm
Other, net	(.6)	(.4)	50.9	(.5)	(.5)	28.9
Income before income taxes	5.3	5.5	.5	3.6	4.4	(18.4)
Income taxes	2.2	2.2	5.1	1.5	1.8	(15.3)
Net income	3.1%	3.3%	(2.5%)	2.1%	2.6%	(20.5%)

nm--not meaningful

Third Quarter—Three Months Ended October 2, 2010 Compared to Three Months Ended October 3, 2009

Our results of operations for the three months ended October 2, 2010 compared to the three months ended October 3, 2009 follows:

	Three Months Ended			
	October 2, 2010	October 3, 2009	Change	% Change
Revenues	$ 156,493	$ 149,272	$ 7,221	4.8%
Costs and expenses:				
Operating	100,861	95,790	5,071	5.3
Selling	26,147	23,268	2,879	12.4
General and administrative	10,101	11,338	(1,237)	(10.9)
Depreciation and amortization	9,411	9,413	(2)	-
Gain on sale of assets, net	(107)	(16)	(91)	nm
	146,413	139,793	6,620	4.7
Income from operations	10,080	9,479	601	6.3
Other income (expense):				
Interest expense	(827)	(587)	(240)	40.9
Interest income	15	10	5	nm
Other, net	(957)	(634)	(323)	50.9
Income before income taxes	8,311	8,268	43	.5
Income taxes	3,470	3,303	167	5.1
Net income	$ 4,841	$ 4,965	$ (124)	(2.5%)

nm--not meaningful

Revenues**--**Revenues of $156,493 increased $7,221 compared with $149,272 in the third quarter 2009. Utility Services increased $678 or .9% compared with the third quarter 2009. New contracts obtained during the third quarter 2010 in all utility operations were partially offset by reductions on existing contracts within our U.S. operations. Residential and Commercial Services increased $6,279 to $71,399 from the third quarter 2009, an increase of 9.6%. Residential and Commercial revenues for the third quarter 2010 were favorably impacted by the business we purchased at the end of June 2010 as well as a general increase in customer demand for our services. Total revenue of $156,493 includes production incentive revenue, recognized under the completed-performance method, of $922 during the third quarter 2010 compared with $1,076 during the third quarter 2009.

Operating Expenses**--**Operating expenses of $100,861 increased $5,071 compared with the third quarter 2009 and, as a percentage of revenues, increased .3% to 64.5%. Utility Services increased $1,295 or 2.3% compared with the third quarter 2009, and as a percentage of revenues increased 1.1% to 76.7%. Increased fuel expense, equipment expense, tools expense and labor expenses, were partially offset by reductions in subcontractor expense and material expense. Residential and Commercial Services increased $3,738 or 11.4% compared with the third quarter 2009 and, as a percentage of revenues, increased .7% to 50.9%. Increased labor expense, subcontractor expense, material expense and fuel expense were partially offset by a reduction in equipment maintenance expense.

Fuel costs of $6,325 increased $657, or 11.6%, from the $5,668 incurred in the third quarter 2009 and impacted operating expenses within all segments.

Selling Expenses**--**Selling expenses of $26,147 increased $2,879 compared with the third quarter 2009 and as a percentage of revenues increased 1.1% to 16.7%. Utility Services increased $300 or 5.2% from the third quarter 2009. Increases in field management wages and incentive expense, communication expense, office rent and professional services expense were partially offset by decreases in field management travel expense and vehicle expense. Residential and Commercial Services experienced an increase of $2,623 or 15.4% over the third quarter 2009. Increases in field management wages and incentive expense, communication expense and sales and marketing expenses were partially offset by reductions in field management auto expense, professional services expense and field management vehicle expense.

General and Administrative Expenses**--**General and administrative expenses of $10,101 decreased $1,237 from $11,338 in the third quarter 2009. Decreases in salary and incentive expense, professional service expense, employee development expense, office rent and utilities expense and pension expense were partially offset by increases in communications expense, postage expense and stock-based compensation expense.

Depreciation and Amortization Expense**--**Depreciation and amortization expense of $9,411 decreased $2 from $9,413 in the third quarter of 2010 and, as a percentage of revenues, decreased .3% to 6.0%. The decrease is attributable to a reduction in capital expenditures for equipment in the prior year.

Gain/Loss on the Sale of Assets, Net**--**Gain on the sale of assets was $107 for the third quarter 2010 as compared with a gain of $16 in the third quarter 2009. The increase is the result of an increase in the number of units disposed in the third quarter 2010 as compared with the third quarter 2009.

Interest Expense**--**Interest expense of $827 increased $240 from the $587 incurred in the third quarter 2009. The increase is attributable to higher average debt levels and higher average interest rates incurred on our Senior Notes issued during the third quarter 2010 as compared to the third quarter 2009.

Other, Net**--**Other, net, of $957 increased $323 from the $634 incurred in the third quarter 2009 and consisted of nonoperating income and expense, primarily foreign currency losses on the intercompany account balances of our Canadian operations, as compared to foreign currency gains in the third quarter 2009.

Income Taxes--Income tax expense for the third quarter 2010 was $3,470, as compared to $3,303 for the third quarter 2009. Our tax provision for interim periods is determined using an estimate of our annual effective tax rate adjusted for discrete items, if any, that are taken into account in the relevant period. The 2010 annual effective tax rate is estimated to be 41.1%. Our annual effective tax rate for 2009 was 39.0%.

Net Income--Net income of $4,841 for the third quarter 2010 was $124 less than the $4,965 experienced in the third quarter 2009.

Nine Months Ended October 2, 2010 Compared to Nine Months Ended October 3, 2009

Our results of operations for the nine months ended October 2, 2010 compared to the nine months ended October 3, 2009 follows:

	Nine Months Ended			
	October 2, 2010	**October 3, 2009**	**Change**	**% Change**
Revenues	$ 441,074	$ 433,474	$ 7,600	1.8%
Costs and expenses:				
Operating	290,225	279,343	10,882	3.9
Selling	72,546	67,244	5,302	7.9
General and administrative	30,922	35,543	(4,621)	(13.0)
Depreciation and amortization	27,463	28,378	(915)	(3.2)
Gain on sale of assets, net	(11)	(105)	94	nm
	421,145	410,403	10,742	2.6
Income from operations	19,929	23,071	(3,142)	(13.6)
Other income (expense):				
Interest expense	(1,868)	(1,837)	(31)	1.7
Interest income	38	22	16	nm
Other, net	(2,074)	(1,609)	(465)	28.9
Income before income taxes	16,025	19,647	(3,622)	(18.4)
Income taxes	6,586	7,780	(1,194)	(15.3)
Net income	$ 9,439	$ 11,867	$ (2,428)	(20.5%)

nm--not meaningful

Revenues--Revenues of $441,074 increased $7,600 compared with $433,474 in the first nine months of 2009. Utility Services decreased $6,111 or 2.7% compared with the first nine months of 2009. Reductions on existing contracts within our U.S. and Canadian operations were partially offset by new accounts obtained in the third quarter 2010. Residential and Commercial Services increased $15,889 or 8.8% compared to the first nine months of 2009. Residential and Commercial revenues for the first nine months of 2010 were favorably impacted by winter and spring storms that occurred across the eastern and midwest parts of the U.S. as well as an increase in customer demand for our services. Total revenue of $441,074 includes production incentive revenue, recognized under the completed-performance method, of $4,227 during the first nine months of 2010 compared with $6,297 during the first nine months of 2009.

Operating Expenses--Operating expenses of $290,225 increased $10,882 compared with the first nine months of 2009 and, as a percentage of revenues, increased 1.4% to 65.8%. Utility Services increased $1,191 or .7% compared with the first nine months of 2009. Increases in fuel expense, disposal expense and tools expense were partially offset by decreases in payroll expense, equipment expense and subcontractor expense. Residential and Commercial Services increased $9,940 or 10.7% compared with the first nine months of 2009 and, as a percentage of revenues, increased .8% to 52.3%. Increased labor expense, subcontractor expense, material expense and fuel expense, the result of the increased revenues, were partially offset by a reduction in equipment maintenance expense.

Fuel costs of $17,531 increased $2,783, or 18.9%, from the $14,748 incurred in the first nine months of 2009 and impacted operating expenses within all segments.

Selling Expenses--Selling expenses of $72,546 increased $5,302 compared with the first nine months of 2009 and as a percentage of revenues increased 1.0% to 16.5%. Utility Services decreased $686 to $17,229 from the $17,915 experienced in the first nine months of 2009. Reductions in field management wages and incentive expense, field management travel expense, office rent and communication expense were partially offset by increases in professional services expense and field management vehicle expense. Residential and Commercial Services experienced an increase of $5,493 or 11.5% over the first nine months of 2009. Increases in field management wages and incentive expense, field management travel expense, employee development expense and communication expense were partially offset by reductions in branch office wages, field management auto expense, office rent and utilities, sales and marketing expenses and office expenses.

General and Administrative Expenses--General and administrative expenses of $30,922 decreased $4,621 from $35,543 in the first nine months of 2009, and as a percentage of revenue decreased 1.2% to 7.0%. Decreases in salary and incentive expense, professional service expense, employee development expense, office rent and utilities expense and pension expense were partially offset by increases in communications expense and stock-based compensation expense. General and administrative expenses of $34,007 for the first nine months of 2008 included $2,916 related to businesses acquired in 2008 as well as other increases from the total $29,224 for the first nine months of 2007.

Depreciation and Amortization Expense--Depreciation and amortization expense of $27,463 decreased $915 from $28,378 in the first nine months of 2009 and, as a percentage of revenues, decreased .4% to 6.2%. The decrease is attributable to a reduction in capital expenditures for equipment in the prior year.

Gain/Loss on the Sale of Assets, Net--Gain on the sale of assets was $11 for the first nine months of 2010 as compared with a gain of $105 in the first nine months of 2009. The decrease is the result of a change in the mix of units sold in the first nine months of 2010 as compared with the first nine months of 2009.

Interest Expense--Interest expense of $1,868 increased $31 from the $1,837 incurred in the first nine months of 2009. The increase is attributable to slightly higher average debt levels and higher interest rates incurred on our Senior Notes issued during the third quarter of 2010 as compared to the first nine months of 2009.

Other, Net--Other, net, of $2,074 increased $465 from the $1,609 incurred in the first nine months of 2009 and consisted of nonoperating income and expense. The fluctuation was primarily due to foreign currency losses on the intercompany account balances of our Canadian operations as compared with foreign currency gains experienced in the first nine months of 2009.

Income Taxes--Income tax expense for the first nine months of 2010 was $6,586, as compared to $7,780 for the first nine months of 2009. Our tax provision for interim periods is determined using an estimate of our annual effective tax rate adjusted for discrete items, if any, that are taken into account in the relevant period. The 2010 annual effective tax rate is estimated to be 41.1%. Our annual effective tax rate for 2009 was 39.0%.

Net Income--Net income of $9,439 for the first nine months of 2010 was $2,428 less than the $11,867 experienced in the first nine months of 2009.

LIQUIDITY AND CAPITAL RESOURCES

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

Cash Flow Summary

Our cash flows from operating, investing and financing activities, as reflected in the Condensed Consolidated Statements of Cash Flows for the nine months ended October 2, 2010 and October 3, 2009, are summarized as follows:

	2010	2009
Cash provided by (used in):		
Operating activities	$ 24,211	$ 37,934
Investing activities	(28,692)	(17,036)
Financing activites	6,084	(22,438)
Increase (Decrease), in cash	$ 1,603	$ (1,540)

Cash Provided by Operating Activities--Cash provided by operating activities was $24,211 for the first nine months of 2010, $13,723 less than the $37,934 provided in the first nine months of 2009. The decrease in operating cash flow was primarily attributable to $9,809 more cash used for operating assets and liabilities and a decrease in depreciation and amortization of $915.

Overall, accounts receivable increased $14,531 during the first nine months of 2010, as compared to the $594 decrease during the first nine months of 2009. Included in the $594 decrease during first nine months of 2009 was the collection of receivables related to storm damage work performed in 2008, primarily related to hurricanes Gustav and Ike. With respect to the change in accounts receivable arising from business levels, the “days-sales-outstanding” in accounts receivable (sometimes referred to as “DSO”) at the end of the first nine months of 2010 was 50 days, the same as compared to the end of the first nine months of 2009.

Operating liabilities increased $4,238 in the first nine months of 2010, $7,588 more than the $3,350 decrease in the first nine months of 2009. Accounts payable and accrued expenses decreased $740 during the first nine months of 2010 as compared with a decrease of $9,717 for the first nine months of 2009. Decreases in trade payables and 401KSOP liabilities were partially offset by increases in employee compensation, compensated-absence and vacation accruals, self-insured medical claims, professional services and accrued interest. Self-insurance accruals increased $4,978 in the first nine months of 2010, which was $1,389 less than the increase of $6,367 experienced in the first nine months of 2009. 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 and the self-insured risk retention.

For the first nine months of 2010, other, net, increased $3,728, $2,272 more than the $1,456 increase for the first nine months of 2009. The increase is attributable to increases in prepaid expenses and tax deposits, partially offset by a reduction in operating supplies and pension assets.

Cash Used In Investing Activities--Cash used in investing activities for the first nine months of 2010 was $28,692, or $11,656 more than the $17,036 used during the first nine months of 2009. The increase was a result of increased capital expenditures for equipment and purchases of a business.

Cash Provided by Financing Activities--Cash provided by financing activities of $6,084 increased $28,522 during the first nine months of 2010 as compared with the $22,438 of cash used during the first nine months of 2009. During the first nine months of 2010, our unsecured borrowings, consisting of $30,000 senior unsecured notes issued less $12,550 paid-down on our revolving credit facility, provided $17,450 in cash as compared with the $10,950 borrowed during the first nine months of 2009. We use the credit facility primarily for capital expenditures and payments of notes payable related to acquisitions. Treasury share transactions (purchases and sales) used $1,321 less cash than the $9,155 used in the first nine months of 2009. Dividends paid of $1,854 decreased $79, as compared with $1,933 paid in the first nine months of 2009.

Revolving Credit Facility and 5.09% Senior Unsecured Notes--On July 22, 2010, we issued $30,000 of 5.09% Senior Unsecured Notes, Series A, due July 22, 2020 and amended the Amended and Restated Credit Agreement dated November 21, 2006 to provide a revolving credit facility under which up to an aggregate of $140,000 is available (previously $159,000), with the term extended to December 19, 2014.

The 5.09% Senior Unsecured Notes, Series A, due July 22, 2020 (the "5.09% Senior Notes"), were issued pursuant to a Master Note Purchase Agreement (the "Purchase Agreement"), between the Company and the purchasers of the 5.09% Senior Notes. Subsequent series of promissory notes may be issued pursuant to supplemental note purchase agreements in an aggregate additional principal amount not to exceed $20,000.

The net proceeds of the 5.09% Senior Notes were used to pay down borrowings under our revolving credit facility.

The 5.09% Senior Notes are equal in right of payment with our revolving credit facility and all other senior unsecured obligations of the Company. Interest is payable semiannually and five equal, annual principal payments commence on July 22, 2016 (the sixth anniversary of issuance). The Purchase Agreement contains customary events of default and covenants related to limitations on indebtedness and transactions with affiliates and the maintenance of certain financial ratios.

The Amended Credit Agreement provides a revolving credit facility with a group of banks under which up to an aggregate of $140,000 is available, with a letter of credit sublimit of $100,000. Under certain circumstances, the amount available under the revolving credit facility may be increased to $160,000.

As at October 2, 2010, we had unused commitments under the facility approximating $52,783, with $87,217 committed, consisting of borrowings of $30,000 and issued letters of credit of $57,217. Borrowings outstanding bear interest, at Davey Tree's option, of either (a) a base rate plus a margin adjustment ranging from .0% to .25% or (b) LIBOR plus a margin adjustment ranging from 1.25% to 1.75%--with the margin adjustments in both instances based on a ratio of funded debt to EBITDA. The base rate is the greater of (i) the agent bank's prime rate (ii) LIBOR plus 1.5%, or (iii) the federal funds rate plus .5%. A commitment fee ranging from .20% to .30% is also required based on the average daily unborrowed commitment.

The Amended Credit Agreement extended the term of the revolving credit facility to December 19, 2014 from December 15, 2011. 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.

Off-Balance Sheet Arrangements

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

Contractual Obligations Summary

The following summarizes our long-term contractual obligations, as at October 2, 2010, to make future payments for the periods indicated.

Description	Total	Three Months Ending December 31, 2010	Year Ending December 31, 2011	2012	2013	2014	Thereafter
Revolving credit facility	$ 30,000	$ -	$ -	$ -	$ -	$ 30,000	$ -
Senior notes	30,000	-	-	-	-	-	30,000
Term loans	9,129	1,868	5,671	730	480	380	-
Operating lease obligations	11,671	3,081	3,704	2,044	1,367	532	943
Self-insurance accruals	58,671	10,635	17,299	11,432	6,215	2,684	10,406
Purchase obligations	4,841	4,841	-	-	-	-	-
Other liabilities	7,417	1,964	563	615	425	334	3,516
	$ 151,729	$ 22,389	$ 27,237	$ 14,821	$ 8,487	$ 33,930	$ 44,865

The self-insurance accruals in the summary above reflect the total of the undiscounted amount accrued, for which amounts estimated to be due each year may differ from actual payments required to fund claims. Purchase obligations in the summary above represent open purchase-order amounts we anticipate will become payable for goods and services we have negotiated for delivery as of October 2, 2010. Other liabilities include estimates of future expected funding requirements related to retirement plans and other sundry items. Because their future cash outflows are uncertain, accrued income tax liabilities for uncertain tax positions, as of October 2, 2010, have not been included in the summary above. Noncurrent deferred taxes and payments related to defined benefit pension plans are also not included in the summary.

As of October 2, 2010, we were contingently liable for letters of credit in the amount of $58,238, of which $57,217 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 2010 through 2014. We intend to renew the surety bonds where appropriate and as necessary.

Capital Resources

Cash generated from operations and our revolving credit facility are our primary sources 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 three other short-term lines of credit. We are continually reviewing our existing sources of financing and evaluating alternatives. At October 2, 2010, we had working capital of $34,539, short-term lines of credit approximating $11,390 and $52,783 available under our revolving credit facility.

We believe our sources of capital, at this time, provide us with the financial flexibility to meet our capital-spending plans and to continue to complete business acquisitions for the foreseeable future.

Recent Accounting Guidance

The FASB Accounting Standards Codification**--**In June 2009, the Financial Accounting Standards Board (the "FASB") issued its final Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162" ("FAS 168"). FAS 168 established the Accounting Standards Codification (the "Codification" or "FASB ASC") as the single source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. SEC rules and interpretive releases are also sources of authoritative U.S. GAAP for SEC registrants. FAS 168 established two levels of U.S. GAAP – authoritative and nonauthoritative – and was incorporated into the Codification at FASB ASC Topic 105, "Generally Accepted Accounting Principles."

The Codification supersedes all existing non-SEC accounting and reporting standards and was effective for us beginning July 5, 2009. As the Codification was not intended to change or alter existing U.S. GAAP, it did not affect our financial position, results of operations or cash flows.

The Codification simplifies user access to all authoritative accounting guidance by reorganizing U.S. GAAP pronouncements into a single source arranged by topic within a consistent structure. Following FAS 168, the FASB issues new standards in the form of Accounting Standards Updates (Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts are no longer issued). The FASB does not consider Accounting Standards Updates as authoritative in their own right; these updates will serve only to update the Codification, provide background information about the guidance, and provide the bases for conclusions on the changes in the Codification.

In the description of the Accounting Standards Update that follows, references relate to the Codification Topic and descriptive title.

Accounting Standards Update 2010-06, Improving Disclosures about Fair Value Measurements**--**In January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements," which adds disclosure requirements for transfers in and out of Levels 1 and 2, requires separate disclosures for activity relating to Level 3 measurements and clarifies input and valuation techniques. This ASU was effective for interim and annual periods beginning after December 15, 2009 (that is, the quarter ended April 3, 2010 for us), except for the Level 3 disclosures, which are effective for fiscal years beginning after December 15, 2010 (that is, the quarter ending April 2, 2011 for us) and for interim periods within those years. The adoption of the revised guidance in FASB ASC Topic 820 did not affect our financial position, results of operations or cash flows.

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.

As discussed in our annual report on Form 10-K for the year ended December 31, 2009, we believe that our policies related to revenue recognition, the allowance for doubtful accounts and self-insurance accruals 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.

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.

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.
- The current economic uncertainty and the continuing financial and credit disruptions may continue to reduce our customers' spending, adversely impact pricing for our services, and impede our collection of accounts receivable.
- 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.
- The current economic uncertainty may limit our access to capital.
- 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.
- The impact of regulations initiated as a response to possible changing climate conditions could have a negative effect on our results of operations or our financial condition.
- We may encounter difficulties obtaining surety bonds or letters of credit necessary to support our operations.
- We are dependent, in part, on our reputation of quality, integrity and performance. If our reputation is damaged, we may be adversely affected.
- We may be unable to attract and retain a sufficient number of qualified employees for our field operations, and we may be unable to attract and retain qualified management personnel

- Our facilities could be damaged or our operations could be disrupted, or our customers or vendors may be adversely affected, by events such as natural disasters, pandemics, terrorist attacks or other external events.
- We may become subject to claims and litigation that may have an adverse effect on us.
- We may misjudge a competitive bid and be contractually bound to an unprofitable contract.

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. 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, 2009 in " Part I - Item 1A. Risk Factors."

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

MARKET RISK INFORMATION

In the normal course of business, we are exposed to market risk related to changes in interest rates and changes in foreign currency exchange rates. We do not hold or issue derivative financial instruments for trading or speculative purposes.

Interest Rate Risk

We are exposed to market risk related to changes in interest rates on long-term debt obligations. The interest rates on substantially all of our long-term debt outstanding are variable. We have entered into interest rate contracts--derivative financial instruments--with the objective of altering interest rate exposures related to variable debt.

The following table provides information, as of October 2, 2010, about our debt obligations and interest rate contracts. For debt obligations, the table presents principal cash flows, weighted-average interest rates by expected maturity dates and fair values. For the interest rate contracts, the table presents the underlying face (notional) amount, weighted-average interest rate by contractual maturity dates and the fair value to settle the contract at October 2, 2010. Weighted-average interest rates used for variable-rate obligations are based on rates as derived from published spot rates, in effect as at October 2, 2010.

	Expected Maturity Date							Fair Value October 2,
	2011	2012	2013	2014	2015	Thereafter	Total	2010
Liabilities								
Long-term debt:								
Fixed rate	$ 4,902	$ 114	$ 100	$ -	$ -	$ 30,000	$ 35,116	$ 35,477
Average interest rate	4.6%	5.1%	5.1%			5.1%		
Variable rate	$ 3,285	$ 30,630	$ 381	$ 380	$ -	$ -	$ 34,676	$ 34,676
Average interest rate	1.9%	2.7%	3.4%	4.2%				
Interest rate derivative instruments								
Interest rate swap:								
Pay fixed, notional amount	$ -	$ 30,000	$ -	$ -	$ -	$ -	$ 30,000	$ 1,274
Average pay rate		3.42%						
Average receive rate		0.26%						

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 (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective as of October 2, 2010 in ensuring that information required to be included in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

During the quarter ended October 2, 2010, there were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Part II. Other Information

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

Item 1A. ***Risk Factors.***

Information regarding risk factors appears in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Note Regarding Forward-Looking Statements" in Part I – Item 2 of this Form 10-Q and in Part I – Item 1A of our annual report on Form 10-K for the year ended December 31, 2009. There have been no material changes from the risk factors described previously in our annual report on Form 10-K.

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

The following table provides information on purchases of our common shares outstanding made by us during the first nine months of 2010.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
Fiscal 2010				
January 1 to January 30	726	$ 16.00	n/a	n/a
January 31 to February 27	-	-	n/a	n/a
February 28 to April 3	119,606	16.60	n/a	n/a
Total First Quarter	120,332	16.50		
April 4 to May 1	119,290	16.60	n/a	n/a
May 2 to May 29	170,007	16.60	n/a	n/a
May 30 to July 3	271,478	16.60	n/a	n/a
Total Second Quarter	560,775	16.60		
July 4 to July 31	942	16.60	n/a	n/a
August 1 to August 28	20,699	16.60	n/a	n/a
August 29 to October 2	95,544	16.60	n/a	n/a
Total Third Quarter	117,185	16.60		
Total Year to Date	798,292	16.58		

n/a--Not applicable. There are no publicly announced plans or programs of the Company to purchase our 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, Comfort Systems USA, Inc., Dycom Industries, Inc., FirstService Corporation, Quanta Services, Inc., Rollins, Inc., and Scotts Miracle-Gro 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 our employee benefit or stock purchase plans. Since 1979, we have provided a ready market for all shareholders through our direct purchase of their common shares, although we are under no obligation to do so. The purchases made of our common shares were added to our treasury stock.

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

By: /s/ David E. Adante

Date: November 3, 2010

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

Date: November 3, 2010

By: /s/ Nicholas R. Sucic

Nicholas R. Sucic
Vice President and Controller
(Principal Accounting Officer)

Exhibit Index

Exhibit No.	Description	
10.1	Master Note Purchase Agreement dated July 22, 2010 (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed July 22, 2010).	
10.2	Amendment No. 2 to Amended and Restated Credit Agreement dated July 22, 2010 (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed July 22, 2010).	
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

Exhibit 31.1

Certification

Certification of Chief Executive Officer

I, Karl J. Warnke, 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: November 3, 2010

/s/ Karl J. Warnke
Karl J. Warnke
Chairman, President and Chief Executive Officer

Exhibit 31.2

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: November 3, 2010

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

Exhibit 32.1

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

Certification of Chief Executive Officer

I, Karl J. Warnke, Chairman, President 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 October 2, 2010 (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: November 3, 2010

/s/ Karl J. Warnke
Karl J. Warnke
Chairman, President and Chief Executive Officer

Exhibit 32.2

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 October 2, 2010 (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: November 3, 2010

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