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 July 3, 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 14,517,033 Common Shares, $1.00 par value, outstanding as of July 30, 2010.

The Davey Tree Expert Company
Quarterly Report on Form 10-Q
July 3, 2010

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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)

	July 3, 2010	December 31, 2009
Assets		
Current assets:		
Cash	$ 2,635	$ 2,395
Accounts receivable, net	85,580	71,691
Operating supplies	5,309	4,968
Prepaid expenses	3,132	5,563
Other current assets	13,596	13,201
Total current assets	110,252	97,818
Property and equipment	408,413	395,670
Less accumulated depreciation	279,871	266,868
	128,542	128,802
Other assets	13,667	13,429
Identified intangible assets and goodwill, net	29,184	26,023
	$ 281,645	$ 266,072
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 24,541	$ 26,166
Accrued expenses	26,249	26,124
Other current liabilities	25,205	29,222
Total current liabilities	75,995	81,512
Long-term debt	65,869	45,843
Self-insurance accruals	35,996	32,648
Other noncurrent liabilities	8,943	8,846
	186,803	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	167,887	165,293
Accumulated other comprehensive loss	(4,980)	(4,949)
	184,364	183,333
Less: Cost of Common shares held in treasury; 6,940 shares at July 3, 2010 and 6,885 shares at December 31, 2009	89,522	86,084
Common shares subscription receivable	-	26
	94,842	97,223
	$ 281,645	$ 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		Six Months Ended	
	July 3, 2010	**July 4, 2009**	**July 3, 2010**	**July 4, 2009**
Revenues	$ 160,103	$ 155,980	$ 284,581	$ 284,202
Costs and expenses:				
Operating	100,813	96,455	189,364	183,553
Selling	24,965	22,761	46,399	43,976
General and administrative	9,814	11,735	20,821	24,205
Depreciation and amortization	9,108	9,600	18,052	18,965
(Gain) loss on sale of assets, net	(85)	(73)	96	(89)
	144,615	140,478	274,732	270,610
Income from operations	15,488	15,502	9,849	13,592
Other income (expense):				
Interest expense	(541)	(654)	(1,041)	(1,250)
Interest income	6	6	23	12
Other, net	(379)	(480)	(1,117)	(975)
Income before income taxes	14,574	14,374	7,714	11,379
Income taxes	5,881	5,435	3,116	4,477
Net income	$ 8,693	$ 8,939	$ 4,598	$ 6,902
Net income per share:				
Basic	$ .59	$ .61	$ .31	$ .46
Diluted	$ .57	$ .57	$ .30	$ .44
Weighted-average shares outstanding:				
Basic	14,736	14,751	14,670	14,871
Diluted	15,248	15,669	15,202	15,802
Dividends declared per share	$ .043	$ .043	$ .085	$ .085

See notes to condensed consolidated financial statements.

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

	Six Months Ended	
	July 3, 2010	**July 4, 2009**
Operating activities		
Net income	$ 4,598	$ 6,902
Adjustments to reconcile net income to net		
cash provided by (used in) operating activities:		
Depreciation and amortization	18,052	18,965
Other	164	1,377
Changes in operating assets and liabilities:		
Accounts receivable	(13,724)	(2,434)
Operating liabilities	1,327	(4,116)
Other	2,283	1,391
	8,102	15,183
Net cash provided by operating activities	12,700	22,085
Investing activities		
Capital expenditures:		
Equipment	(15,003)	(12,961)
Land and buildings	(316)	(215)
Purchases of businesses	(5,836)	(708)
Other	392	256
Net cash used in investing activities	(20,763)	(13,628)
Financing activities		
Revolving credit facility proceeds, net	22,700	2,800
Purchase of common shares for treasury	(11,283)	(12,985)
Sale of common shares from treasury	5,104	5,277
Dividends	(1,241)	(1,289)
Other	(6,977)	(3,492)
Net cash provided by (used in) financing activities	8,303	(9,689)
Increase (Decrease) in cash	240	(1,232)
Cash, beginning of period	2,395	3,363
Cash, end of period	**$ 2,635**	**$ 2,131**
Supplemental cash flow information follows:		
Interest paid	$ 1,213	$ 1,422
Income taxes paid	4,948	2,202

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 six months ended July 3, 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:

	July 3, 2010	December 31, 2009
Accounts receivable	$ 75,997	$ 66,703
Receivables under contractual arrangements	11,947	7,044
	87,944	73,747
Less allowances for doubtful accounts	2,364	2,056
	$ 85,580	$ 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 six months ended July 4, 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:

		July 3, 2010		December 31, 2009	
Identified Intangible Assets and Goodwill, Net		**Carrying Amount**	**Accumulated Amortization**	**Carrying Amount**	**Accumulated Amortization**
Amortized intangible assets:					
Customer lists/relationships		$ 10,819	$ 8,006	$ 9,181	$ 7,735
Employment-related		5,442	3,596	4,881	3,321
Tradenames		4,291	1,924	3,954	1,685
Amortized intangible assets		$ 20,552	$ 13,526	$ 18,016	$ 12,741
Less accumulated amortization		13,526		12,741	
Identified intangibles, net		7,026		5,275	
Unamortized intangible assets:					
Goodwill	Not amortized	22,158		20,748	
		$ 29,184		$ 26,023	

E. Long-Term Debt

Our long-term debt consisted of the following:

	July 3, 2010	December 31, 2009
Revolving credit facility		
Prime rate borrowings	$ 11,000	$ 7,800
LIBOR borrowings	50,000	30,000
Term loan	4,250	4,750
	65,250	42,550
Term loans	4,493	9,787
	69,743	52,337
Less current portion	3,874	6,494
	$ 65,869	$ 45,843

(Amounts in thousands, except share data)

E. Long-Term Debt (continued)

***Revolving Credit Facility*--**As at July 3, 2010, we had a $159 million revolving credit facility with a group of banks, scheduled to expire in December 2011, which permitted borrowings, as defined, up to $159 million with a letter of credit sublimit of $100 million. The $4,250 term loan included in the credit facility requires quarterly principal installments of $250, plus interest, and was a $7,000 seven-year term loan when entered into in November 2007.

Subsequent to July 3, 2010—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 million is available, with a term extended to December 19, 2014, as discussed in Note M, "Events Subsequent to July 3, 2010: Issuance of Unsecured Notes and Amendment to Credit Agreement."

As at July 3, 2010, we had unused commitments under the facility approximating $36,533, with $122,467 committed, consisting of borrowings of $65,250 (including the $4,250 term loan) and issued letters of credit of $57,217. Borrowings outstanding bear interest, at Davey Tree's option, at the agent bank's prime rate or LIBOR plus a margin adjustment ranging from .65% to 1.45%, based on a ratio of funded debt to EBITDA. A commitment fee ranging from .11% to .19% is also required based on the average daily unborrowed commitment.

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.

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		Six Months Ended	
	July 3, 2010	July 4, 2009	July 3, 2010	July 4, 2009
Compensation expense, all share-based payment plans	$ 300	$ 288	$ 611	$ 530

(Amounts in thousands, except share data)

F. Stock-Based Compensation (continued)

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 $188 being recognized for the six months ended July 3, 2010 and $181 for the six months ended July 4, 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 July 3, 2010, there were 665,668 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 $176 for the six months ended July 3, 2010 and $151 for the six months ended July 4, 2009.

Stock-Settled Stock Appreciation Rights--During the six months ended July 3, 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.

The following table summarizes our SSARs as of July 3, 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, July 3, 2010	148,159	$ 3.34	4.1 years	$ 444	$ 2,459
Employee SSARs	136,160	$ 3.41	4.1 years	$ 414	$ 2,260
Nonemployee Director SSARs	11,999	$ 2.58	4.7 years	$ 30	$ 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 $52 for the six months ended July 3, 2010 and $21 for the six months ended July 4, 2009.

(Amounts in thousands, except share data)

F. Stock-Based Compensation (continued)

Performance-Based Restricted Stock Units--During the first six 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 July 3, 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, July 3, 2010	124,572	$ 14.00	2.9 years	$ 1,014	$ 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 $195 for the six months ended July 3, 2010 and $177 for the six months ended July 4, 2009.

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.

	Six Months Ended	
	July 3, 2010	July 4, 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

(Amounts in thousands, except share data)

F. Stock-Based Compensation (continued)

General Stock Option Information--The following table summarizes activity under the stock option plans for the six months ended July 3, 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	(125,600)	7.91			
Forfeited	-	-			
Outstanding, July 3, 2010	1,197,951	$ 9.65	4.9 years	$ 11,560	$ 8,326
Exercisable, July 3, 2010	968,951	$ 8.60	4.2 years		$ 7,752

"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 July 3, 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	604,283	3.4 years	$ 6.75	604,283	$ 6.75
11.25	404,000	5.9 years	11.25	312,000	11.25
16.00	137,000	9.3 years	16.00	-	16.00
	1,145,283	5.0 years	9.44	916,283	8.28
Director options:					
$7.85 to $16.40	52,668	3.2 years	14.20	52,668	14.20
	1,197,951	4.9 years	9.65	968,951	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.

(Amounts in thousands, except share data)

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		Six Months Ended	
	July 3, 2010	July 4, 2009	July 3, 2010	July 4, 2009
Components of pension cost				
Service costs--increase in benefit obligation earned	$ 32	$ 30	$ 65	$ 59
Interest cost on projected benefit obligation	407	396	813	793
Expected return on plan assets	(441)	(371)	(883)	(742)
Amortization of net actuarial loss	153	210	307	420
Amortization of prior service cost	4	4	7	7
Amortization of transition asset	(17)	(17)	(34)	(34)
Net pension cost of defined-benefit pension plans	$ 138	$ 252	$ 275	$ 503

Employer Contributions--Contributions of $104 were made to our defined-benefit pension plans during the six months ended July 3, 2010. We expect, as of July 3, 2010, to make additional defined-benefit plan contributions totaling $322 before December 31, 2010.

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 40.3%. 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 July 3, 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. As at July 3, 2010, we are unable to estimate the range of any reasonably possible increase or decrease in uncertain tax positions that may occur within the next twelve months resulting from the eventual outcome of the years currently under examination. However, we do not anticipate any such outcome will result in a material change to our financial condition or results of operations.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
July 3, 2010
(Amounts in thousands, except share data)

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		Six Months Ended	
	July 3, 2010	July 4, 2009	July 3, 2010	July 4, 2009
Comprehensive Income				
Net income	$ 8,693	$ 8,939	$ 4,598	$ 6,902
Other comprehensive income (loss)				
Currency translation adjustments	(1,183)	1,130	(203)	881
Interest rate swaps, change in fair value	63	422	(3)	330
Defined benefit pension plans -- amortization of net actuarial loss, prior service cost and transition asset	140	197	280	393
Other comprehensive income (loss), before income taxes	(980)	1,749	74	1,604
Income tax benefit (expense), related to items of other comprehensive income	(77)	(236)	(105)	(275)
Other comprehensive income (loss)	(1,057)	1,513	(31)	1,329
Comprehensive income	$ 7,636	$ 10,452	$ 4,567	$ 8,231

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 (losses)	(203)	-	-	(203)
Unrealized losses in fair value	-	(3)	-	(3)
Unrecognized amounts from defined benefit pension plans	-	-	280	280
Tax effect	-	1	(106)	(105)
Net of tax amount	(203)	(2)	174	(31)
Balance at July 3, 2010	1,852	(842)	(5,990)	(4,980)

(Amounts in thousands, except share data)

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		Six Months Ended	
	July 3, 2010	**July 4, 2009**	**July 3, 2010**	**July 4, 2009**
Income available to common shareholders:				
Net income	$ 8,693	$ 8,939	$ 4,598	$ 6,902
Weighted-average shares:				
Basic:				
Outstanding	14,735,538	14,600,149	14,670,028	14,571,201
Partially-paid share subscriptions	-	150,611	-	299,567
Basic weighted-average shares	14,735,538	14,750,760	14,670,028	14,870,768
Diluted:				
Basic from above	14,735,538	14,750,760	14,670,028	14,870,768
Incremental shares from assumed:				
Exercise of stock subscription purchase rights	-	314,450	-	314,450
Exercise of stock options	512,729	603,456	531,779	616,304
Diluted weighted-average shares	15,248,267	15,668,666	15,201,807	15,801,522
Net income per share				
Basic	$ .59	$ .61	$ .31	$ .46
Diluted	$ .57	$ .57	$ .30	$ .44

Common Shares Outstanding--A summary of the activity of the common shares outstanding for the six months ended July 3, 2010 follows:

Shares outstanding at January 1, 2010	14,572,228
Shares purchased	(681,107)
Shares sold	251,055
Stock subscription offering, employee cash purchases	200,380
Options exercised	174,477
	(55,195)
Shares outstanding at July 3, 2010	14,517,033

On July 3, 2010, we had 14,517,033 common shares outstanding and employee and director options exercisable to purchase 968,951 common shares.

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

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.

(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 July 3, 2010						
Revenues	$ 71,286	$ 78,631	$ 10,186	$ -		$ 160,103
Income (loss) from operations	2,834	13,443	(511)	(278)	(a)	15,488
Interest expense				(541)		(541)
Interest income				6		6
Other income (expense), net				(379)		(379)
Income before income taxes						$ 14,574
Segment assets, total	110,062	108,115	12,898	50,570	(b)	281,645
Three Months Ended July 4, 2009						
Revenues	$ 73,258	$ 70,774	$ 11,948	$ -		$ 155,980
Income (loss) from operations	5,251	9,563	1,344	(656)	(a)	15,502
Interest expense				(654)		(654)
Interest income				6		6
Other income (expense), net				(480)		(480)
Income before income taxes						$ 14,374
Segment assets, total	117,760	106,758	14,705	46,863	(b)	286,086
Six Months Ended July 3, 2010						
Revenues	$ 141,104	$ 124,378	$ 19,099	$ -		$ 284,581
Income (loss) from operations	4,005	8,641	(2,012)	(785)	(a)	9,849
Interest expense				(1,041)		(1,041)
Interest income				23		23
Other income (expense), net				(1,117)		(1,117)
Income before income taxes						$ 7,714
Segment assets, total	110,062	108,115	12,898	50,570	(b)	281,645
Six Months Ended July 4, 2009						
Revenues	$ 147,893	$ 114,768	$ 21,541	$ -		$ 284,202
Income (loss) from operations	10,396	3,809	519	(1,132)	(a)	13,592
Interest expense				(1,250)		(1,250)
Interest income				12		12
Other income (expense), net				(975)		(975)
Income before income taxes						$ 11,379
Segment assets, total	117,760	106,758	14,705	46,863	(b)	286,086

(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.

(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 July 3, 2010, were as follows:

		Fair Value Measurements at July 3, 2010 Using:		
Description	**Total Carrying Value at July 3, 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	$ 9,739	$ 9,739	$ -	$ -
Liabilities:				
Interest rate swaps, classified as accrued expenses	$ 1,358	$ -	$ 1,358	$ -
Deferred compensation	766	-	766	-

There were no transfers of assets or liabilities between Level 1 and Level 2 during the second quarter ended July 3, 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:

	July 3, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Revolving credit facility, noncurrent	$ 64,250	$ 64,250	$ 41,550	$ 41,550
Term loans, noncurrent	1,619	1,613	4,293	4,267
Total	$ 65,869	$ 65,863	$ 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 July 3, 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 July 3, 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.

	July 3, 2010	December 31, 2009
Amount of long-term debt hedged	$ 30,000	$ 30,000
Percentage of long-term debt	46%	65%
Gross fair value asset/(liability) position, classified as accrued expenses	$ (1,358)	$ (1,355)

(Amounts in thousands, except share data)

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 six months ended July 3, 2010 and July 4, 2009:

	Six Months Ended	
	July 3, 2010	July 4, 2009
Derivatives in cash-flow hedging relationship:		
Interest rate swaps	$ (3)	$ 330

M. Events Subsequent to July 3, 2010: Issuance of Unsecured Notes and Amendment to Credit Agreement

Issuance of 5.09% Senior Notes**--**On July 22, 2010, we issued $30,000 of 5.09% Senior Unsecured Notes, Series A, due July 22, 2020 (the "5.09% Senior Notes"), 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.

Amendment to Credit Agreement**--**On July 22, 2010, we entered into an amendment of the Amended and Restated Credit Agreement dated November 21, 2006 (the "Amended Credit Agreement").

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

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.

M. Events Subsequent to July 3, 2010: Issuance of Unsecured Notes and Amendment to Credit Agreement (continued)

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.

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			Six Months Ended		
	July 3, 2010	**July 4, 2009**	**Percentage Change**	**July 3, 2010**	**July 4, 2009**	**Percentage Change**
Revenues	100.0%	100.0%	2.6%	100.0%	100.0%	.1%
Costs and expenses:						
Operating	63.0	61.8	4.5	66.5	64.5	3.2
Selling	15.5	14.6	9.7	16.3	15.5	5.5
General and administrative	6.1	7.5	(16.4)	7.3	8.5	(14.0)
Depreciation and amortization	5.7	6.2	(5.1)	6.3	6.7	(4.8)
Gain on sale of assets, net	-	-	nm	-	-	nm
Income from operations	9.7	9.9	(.1)	3.5	4.8	(27.5)
Other income (expense):						
Interest expense	(.4)	(.4)	(17.3)	(.4)	(.4)	(16.7)
Interest income	-	-	nm	-	-	nm
Other, net	(.2)	(.3)	(21.0)	(.4)	(.4)	14.6
Income before income taxes	9.1	9.2	1.4	2.7	4.0	(32.2)
Income taxes	3.7	3.5	8.2	1.1	1.6	(30.4)
Net income	5.4%	5.7%	(2.8%)	1.6%	2.4%	(33.4%)

nm--not meaningful

Second Quarter—Three Months Ended July 3, 2010 Compared to Three Months Ended July 4, 2009

Our results of operations for the three months ended July 3, 2010 compared to the three months ended July 4, 2009 follows:

	Three Months Ended			
	July 3, 2010	**July 4, 2009**	**Change**	**% Change**
Revenues	$ 160,103	$ 155,980	$ 4,123	2.6%
Costs and expenses:				
Operating	100,813	96,455	4,358	4.5
Selling	24,965	22,761	2,204	9.7
General and administrative	9,814	11,735	(1,921)	(16.4)
Depreciation and amortization	9,108	9,600	(492)	(5.1)
Gain on sale of assets, net	(85)	(73)	(12)	nm
	144,615	140,478	4,137	2.9
Income from operations	15,488	15,502	(14)	(.1)
Other income (expense):				
Interest expense	(541)	(654)	113	(17.3)
Interest income	6	6	-	nm
Other, net	(379)	(480)	101	(21.0)
Income before income taxes	14,574	14,374	200	1.4
Income taxes	5,881	5,435	447	8.2
Net income	$ 8,693	$ 8,939	$ (247)	(2.8%)

nm--not meaningful

Revenues--Revenues of $160,103 increased $4,123 compared with $155,980 in the second quarter 2009. Utility Services decreased $1,972 or 2.7% compared with the second quarter 2009. Reductions on existing contracts within our U.S. operations account for the decrease. Residential and Commercial Services increased $7,857 to $78,631 from the second quarter 2009, an increase of 11.1%. Residential and Commercial revenues for the second quarter 2010 were favorably impacted by storms that occurred across the eastern and midwest parts of the U.S. Total revenue of $160,103 includes production incentive revenue, recognized under the completed-performance method, of $1,358 during the second quarter 2010 compared with $1,163 during the second quarter 2009.

Operating Expenses--Operating expenses of $100,813 increased $4,358 compared with the second quarter 2009 and, as a percentage of revenues, increased 1.2% to 63.0%. Utility Services increased $879 or 1.6% compared with the second quarter 2009. Increased fuel expense, equipment expense, tools expense and crew expenses, were partially offset by reductions in labor expense, subcontractor expense and material expense. Residential and Commercial Services increased $3,948 or 11.4% compared with the second quarter 2009 but, as a percentage of revenues, remained stable at 49.0%. Increased labor expense, subcontractor expense, material expense and fuel expense were partially offset by a reduction in equipment maintenance expense.

Fuel costs of $6,217 increased $1,392, or 28.8%, from the $4,825 incurred in the second quarter 2009 and impacted operating expenses within all segments.

Selling Expenses--Selling expenses of $24,965 increased $2,204 compared with the second quarter 2009 and as a percentage of revenues increased .9% to 15.5%. Utility Services experienced a decrease of $723 or 11.9% from the second quarter 2009. Reductions in field management wages and incentive expense, field management travel expense, communication expense and employee development expenses were partially offset by increases in professional services expense and vehicle expense. Residential and Commercial Services experienced an increase of $2,240 or 13.4% over the second quarter 2009. Increases in field management wages and incentive expense, field management travel expense and utilities expense were partially offset by reductions in field management auto expense, branch office wages, professional services expense and sales and marketing expenses.

General and Administrative Expenses--General and administrative expenses of $9,814 decreased $1,921 from $11,735 in the second quarter 2009. Decreases in salary and incentive expense, professional service expense, travel expense, personal 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 $9,108 decreased $492 from $9,600 in the second quarter of 2009 and, as a percentage of revenues, decreased .5% to 5.7%. The decrease is attributable to a reduction in capital expenditures from the purchases of businesses.

Gain/Loss on the Sale of Assets, Net--Gain on the sale of assets was $85 for the second quarter 2010 as compared with a gain of $73 in the second quarter 2009. The increase is the result of an increase in the number of units disposed in the second quarter 2010 as compared with the second quarter 2010.

Interest Expense--Interest expense of $541 decreased $113 from the $654 incurred in the second quarter 2009. The decrease is attributable to slightly lower average debt levels and lower interest rates during the second quarter 2010 as compared to the second quarter 2009.

Other, Net--Other, net, of $379 decreased $101 from the $480 incurred in the second quarter 2009 and consisted of nonoperating income and expense, primarily foreign currency gains on the intercompany account balances of our Canadian operations.

Income Taxes--Income tax expense for the second quarter 2010 was $5,881, as compared to $5,435 for the second 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 40.4%. Our annual effective tax rate for 2009 was 39.0%.

Net Income--Net income of $8,693 for the second quarter 2010 was $246 less than the $8,939 experienced in the second quarter 2009, primarily resulting from the higher effective tax rate.

First Half--Six Months Ended July 3, 2010 Compared to Six Months Ended July 4, 2009

Our results of operations for the six months ended July 3, 2010 compared to the six months ended July 4, 2009 follows:

	Six Months Ended			
	July 3, 2010	**July 4, 2009**	**Change**	**% Change**
Revenues	$ 284,581	$ 284,202	$ 379	.1%
Costs and expenses:				
Operating	189,364	183,553	5,811	3.2
Selling	46,399	43,976	2,423	5.5
General and administrative	20,821	24,205	(3,384)	(14.0)
Depreciation and amortization	18,052	18,965	(913)	(4.8)
Gain on sale of assets, net	96	(89)	185	nm
	274,732	270,610	4,122	1.5
Income from operations	9,849	13,592	(3,743)	(27.5)
Other income (expense):				
Interest expense	(1,041)	(1,250)	209	(16.7)
Interest income	23	12	11	nm
Other, net	(1,117)	(975)	(142)	14.6
Income before income taxes	7,714	11,379	(3,665)	(32.2)
Income taxes	3,116	4,477	(1,361)	(30.4)
Net income	$ 4,598	$ 6,902	$ (2,304)	(33.4%)

nm--not meaningful

Revenues--Revenues of $284,581 increased $379 compared with $284,202 in the first half 2009. Utility Services decreased $6,789 or 4.6% compared with the first half 2009. Reductions on existing contracts within our U.S. and Canadian operations account for the decrease. Residential and Commercial Services increased $9,610 or 8.4% compared to the first half 2009. Residential and Commercial revenues for the first half 2010 were favorably impacted by winter and spring storms that occurred across the eastern and midwest parts of the U.S. Total revenue of $284,581 includes production incentive revenue, recognized under the completed-performance method, of $3,305 during the first half 2010 compared with $5,222 during the first half 2009.

Operating Expenses--Operating expenses of $189,364 increased $5,811 compared with the first half 2009 and, as a percentage of revenues, increased 2.0% to 66.5%. Utility Services decreased $104 or .1% compared with the first half 2009. Decreases in labor and benefits expense, crew expenses, material expense and subcontractor expense associated with the decrease in revenues, were partially offset by increases in fuel expense and tools expense. Residential and Commercial Services increased $6,202 or 10.4% compared with the first half 2009 and, as a percentage of revenues, increased 1.0% to 53.2%.

Increased labor expense, subcontractor expense and fuel expense, the result of the increased revenues, were partially offset by a reduction in equipment maintenance expense.

Fuel costs of $11,206 increased $2,244, or 25.0%, from the $8,962 incurred in the first half 2009 and impacted operating expenses within all segments.

***Selling Expenses*--**Selling expenses of $46,399 increased $2,423 compared with the first half 2009 and as a percentage of revenues increased .8% to 16.3%. Utility Services decreased $986 to $11,179 from the $12,165 experienced in the first half 2009. Reductions in field management wages and incentive expense, field management travel expense and branch office rent were partially offset by increases in professional services expense and vehicle expense. Residential and Commercial Services experienced an increase of $2,870 or 9.3% over the first half 2009. Increases in field management wages and incentive expense, field management travel expense and communication expense were partially offset by reductions in field management auto expense, office rent, sales and marketing expenses and office expenses.

***General and Administrative Expenses*--**General and administrative expenses of $20,821 decreased $3,384 from $24,205 in the first half 2009. Decreases in salary and incentive expense, professional service expense, travel expense, personal 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 $18,052 decreased $913 from $18,965 in the first half 2009 and, as a percentage of revenues, decreased .4% to 6.3%. The decrease is attributable to a reduction in capital expenditures for the purchases of businesses.

***Gain/Loss on the Sale of Assets, Net*--**Loss on the sale of assets was $96 for the first half 2010 as compared with a gain of $89 in the first half 2009. The decrease is the result of a decline in the number of units disposed as well as a change in the mix of units sold in the first half 2010 as compared with the first half 2009.

***Interest Expense*--**Interest expense of $1,041 decreased $209 from the $1,250 incurred in the first half 2009. The decrease is attributable to lower average debt levels and lower interest rates during the first half 2010 as compared to the first half 2009.

***Other, Net*--**Other, net, of $1,117 increased $142 from the $975 incurred in the first half 2009 and consisted of nonoperating income and expense. The fluctuation was primarily due to reductions in foreign currency gains on the intercompany account balances of our Canadian operations.

***Income Taxes*--**Income tax expense for the first half 2010 was $3,116, as compared to $4,477 for the first half 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 40.4%. Our annual effective tax rate for 2009 was 39.0%.

***Net Income*--**Net income of $4,598 for the first half 2010 was $2,304 less than the $6,902 experienced in the first half 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 six months ended July 3, 2010 and July 4, 2009, are summarized as follows:

	2010	2009
Cash provided by (used in):		
Operating activities	$ 12,700	$ 22,085
Investing activities	(20,763)	(13,628)
Financing activites	8,303	(9,689)
Increase (Decrease), in cash	$ 240	$ (1,232)

Cash Provided by Operating Activities--Cash provided by operating activities was $12,700 for the first six months of 2010, $9,385 less than the $22,085 provided in the first six months of 2009. The decrease in operating cash flow was primarily attributable to $4,955 more cash used for operating assets and liabilities and a decrease in depreciation and amortization of $913.

Overall, accounts receivable increased $13,724 during the first six months of 2010, as compared to the $2,434 increase during the first six months of 2009. Included in the $2,434 increase during first six 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 six months of 2010 was 49 days, the same as compared to the end of the first six months of 2009.

Operating liabilities increased $1,327 in the first six months of 2010, $5,443 more than the $4,116 decrease in the first six months of 2009. Accounts payable and accrued expenses decreased $2,307 during the first six months of 2010 as compared with a decrease of $8,177 for the first six months of 2009. Decreases in employee compensation, trade payables, 401KSOP liabilities and accrued interest were partially offset by increases in compensated-absence and vacation accruals, self-insured medical claims, professional services and advance payments from customers. Self-insurance accruals increased $3,634 in the first six months of 2010, which was $427 less than the increase of $4,061 experienced in the first six 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 six months of 2010, other, net, increased $2,283, $892 more than the $1,391 increase for the first six months of 2009. The increase is attributable to increases in prepaid expenses, partially offset by a reduction in tax deposits and operating supplies.

Cash Used In Investing Activities--Cash used in investing activities for the first six months of 2010 was $20,763, or $7,135 more than the $13,628 used during the first six 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 $8,303 increased $17,992 during the first six months of 2010 as compared with the $9,689 of cash used during the first six months of 2009. During the first six months of 2010, we had borrowings under our revolving credit facility of $22,700, as compared with the $2,800 borrowed during the first six 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 $1,529 less cash than the $7,708 used in the first six months of 2009. Dividends paid of $1,241 decreased $48, as compared with $1,289 paid in the first six months of 2009.

Revolving Credit Facility--As at July 3, 2010, we had a $159 million revolving credit facility with a group of banks, scheduled to expire in December 2011, which permitted borrowings, as defined, up to $159 million with a letter of credit sublimit of $100 million. 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, as discussed in "Issuance of 5.09% Senior Notes" and "Amendment to Credit Agreement" below.

As at July 3, 2010, our unused commitments under the facility approximated $36,533, with $122,467 committed, consisting of borrowings of $65,250 and issued letters of credit of $57,217. Borrowings outstanding bear interest, at our option, at the agent bank's prime rate or LIBOR plus a margin adjustment ranging from .65% to 1.45%, based on a ratio of funded debt to EBITDA. A commitment fee ranging from .11% to .19% is also required based on the average daily unborrowed commitment.

Issuance of 5.09% Senior Notes--On July 22, 2010, we issued $30,000 of 5.09% Senior Unsecured Notes, Series A, due July 22, 2020 (the "5.09% Senior Notes"), 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.

Amendment to Credit Agreement--On July 22, 2010, we entered into an amendment of the Amended and Restated Credit Agreement dated November 21, 2006 (the "Amended Credit Agreement").

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

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.

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.

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 July 3, 2010, to make future payments for the periods indicated.

Description	Total	Six Months Ending December 31, 2010	Year Ending December 31, 2011	2012	2013	2014	Thereafter
Revolving credit facility	$ 65,250	$ 500	$ 62,000	$ 1,000	$ 1,000	$ 750	$ -
Term loans	4,493	99	2,804	730	480	380	-
Operating lease obligations	10,907	2,526	3,586	1,987	1,333	532	943
Self-insurance accruals	57,327	17,262	17,289	11,432	6,215	2,684	2,445
Purchase obligations	4,801	4,801	-	-	-	-	-
Other liabilities	8,943	3,163	648	598	408	298	3,828
	$ 151,721	$ 28,351	$ 86,327	$ 15,747	$ 9,436	$ 4,644	$ 7,216

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 July 3, 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 July 3, 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 July 3, 2010, we were contingently liable for letters of credit in the amount of $58,237, 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 July 3, 2010, we had working capital of $34,257, short-term lines of credit approximating $11,687 and $36,533 available under our revolving credit facility. 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, as discussed above in “Issuance of 5.09% Senior Notes” and “Amendment to Credit Agreement.”

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.***

During the six months ended July 3, 2010, there have been no material changes in the reported market risks previously presented in our Annual Report on Form 10-K for the year ended December 31, 2009.

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 July 3, 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 July 3, 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 six 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		
Total Year to Date	681,107	16.60		

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.

Item 6. ***Exhibits.***

See Exhibit Index page, below.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE DAVEY TREE EXPERT COMPANY

Date: August 4, 2010	By:	/s/ David E. Adante David E. Adante Executive Vice President, Chief Financial Officer and Secretary (Principal Financial Officer)
Date: August 4, 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: August 4, 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: August 4, 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 July 3, 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: August 4, 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 July 3, 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: August 4, 2010

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