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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 7, 2017



THE DAVEY TREE EXPERT COMPANY

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation)

000-11917
(Commission
File Number)

34-0176110
(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)

Not Applicable
(Former Name or Former Address, if Changed since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On December 7, 2017, the Compensation Committee of the Board of Directors of The Davey Tree Expert Company (the “Company”) amended its Management Incentive Compensation Plan (the “Plan”). The Plan provides incentive awards to senior and operations management based on annual corporate performance. The Plan allows for an award pool to participants based on corporate operating performance achieved for a given year that is at least 80% of the target as approved by the Board of Directors. The Plan also provides for additional discretionary awards, at the CEO’s request and approval by the Board of Directors. Regardless of the performance achieved, the award pool cannot exceed 15% of the Company’s operating profit dollars, unless authorized by the Board of Directors.

Under the previous plan, 10% of a participant’s award greater than \$25,000 was paid in shares of the Company’s common stock and the participants could elect to receive up to 100% of their award to be paid in shares of the Company’s common stock. Under the terms of the amendment, 100% of all awards will be paid in cash. The amendment to the Plan is effective for awards to be paid in March 2018 based on operating performance for the year ending December 31, 2017.

Item 9.01 Financial Statements and Exhibits

Exhibit Number	Description of Exhibit
10.1*	Management Incentive Compensation Plan, as last amended as of December 7, 2017.

*Management contract or compensatory plan or arrangement.

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 hereunto duly authorized.

THE DAVEY TREE EXPERT COMPANY

By: /s/ Joseph R. Paul
Joseph R. Paul
Executive Vice President, Chief Financial Officer
and Secretary (Principal Financial Officer)

Date: December 13, 2017



MANAGEMENT INCENTIVE COMPENSATION PLAN
Effective January 1, 2013

I. PURPOSE

To provide an incentive to senior and operations management to achieve corporate performance that is superior to Davey's peer group of service companies. Performance criteria shall be established, that can be reviewed and adjusted annually, that will reward the company's stakeholders, but that will not compromise long-term decision-making.

To reward managers who are not directly involved in service-line activities, but who are significantly important to the success of the Company.

Bonuses are paid on or before March 15 of each year.

II. PHILOSOPHY

Incentive compensation should comprise approx. 50% of management's base compensation (i.e. 66%/33%) when the company is performing well. The range, however, should vary from 0% to 100%.

III. PARTICIPANTS

Officers, operations GM's, operations VP's, all key non service-line managers who are significantly important to the success of the operating groups (approximately 50 people).

Operations GM's and VP's will receive one-half of their award from the corporate calculation and one-half of their award from their service-line calculation.

Participants must be active employees at the date the bonus is paid to receive the bonus unless advance approval is granted by senior management. If a participant is not active on the date the bonus is to be paid their calculated amount will be added back to the total bonus pool for allocation to active participants.

IV. AWARDS CALCULATION

A. Target OP %

Each year, a “Target” OP % and a “Target” OP \$ amount (eventually, an OROA % and OROA \$ amount) will be recommended by the CEO and the Compensation Committee, and approved by the Board of Directors. The target OP % may or may not be the OP % in the annual plan.

B. Award Pool

The actual OP % and OP \$ achieved will be compared to the target % and target \$. A “Pool” will be established that reflects the sum of the “standard awards” to the participants as follows:

<u>OP % & \$</u>	<u>AWARDS</u>
Below 80% of Target	-0-
80% of Target	50% of Standard Award
100% of Target	100% of Standard Award
120% of Target	150% of Standard Award
Above 120% of Target	150% of Standard Award + 25% of the excess OP \$

Straight-line interpolation will be used for OP % levels achieved between 80% - 120% of Target (See attached Exhibit “A”).

For purposes of the calculation, the actual OP can be adjusted for unusual and non-recurring items, subject to approval by the Board of Directors.

C. Discretionary Awards

The CEO can request an amount to be used for discretionary awards to the MICP participants and, if approved by the Board of Directors, will be in addition to the award pool.

D. Pool Limitation

Regardless of the above calculations, the Pool cannot exceed 15% of the Company’s OP \$, unless authorized by the Board of Directors.

V. PARTICIPANT AWARDS AS A % OF BASE COMPENSATION

A. Awards based on corporate performance

	<u>THRESHOLD</u> <u>(80%)</u>	<u>STANDARD</u> <u>(100%)</u>	<u>OVER-ACHIEVE</u> <u>(120% +)</u>
	<u>% of Base Compensation</u>		
Group A	42.5%	85%	127.5%
Group AA	37.5%	75%	112.5%
Group AAA	35.0%	70%	105.0%
Group B	25.0%	50%	75.0%
Group BB	22.5%	45%	67.5%
Group C	20.0%	40%	60.0%
Group CC	17.5%	35%	57.5%
Group D	15.0%	30%	45.0%
Group DD	12.5%	25%	37.5%

B. Awards based on Service-Line performance

Operations participants will derive a portion of their award (approx. 50%) from the corporate calculation (corporate award x .5) and a portion of their award from their service-line award calculation (service-line award x .5). Service-line awards will be calculated in the same manner as described above (i.e. a target OP % will be established for each service-line by the CEO and COO and the service-line's awards will be calculated from the charts above). Note, however, that the "25% of the excess OP \$" is not applicable for the service-line calculation.

Additionally, service-line awards will be increased by revenue growth that achieves target growth rates set at the beginning of the year (e.g., if the target growth rate is achieved, the award will be increased by the actual growth rate).

In the event that the corporation does not achieve the threshold of 80% of the corporate target, thereby negating any corporate awards, so long as the corporation is profitable, the operations participants can receive an award from their service line calculation.

The total award for an operations participant will be a part of this pool.

C. Evaluation Adjustment

In 2002 and beyond, the CEO and COO will be evaluated by the Compensation Committee as to achievement of agreed-upon objectives (set at the beginning of the year) and it is contemplated any discretionary incentive award would come from the “formula” and one-half of their incentive award would come from the Committee’s evaluation of achievement of objectives.

In 2003 and beyond, the senior management will be evaluated in a similar manner by the CEO and COO. Objectives will be set and agreed-upon at the beginning of the year, and it is contemplated that up to one-third of their incentive awards would come from the achievement of objectives. Once debugged, a similar methodology should be extended to all the participants, but the ratio of “formula” to objectives should increase from Group A to Group CC (50% formula, 50% objectives80% formula, 20% objectives, e.g.)

Until the achievement of objectives methodology is implemented, the CEO, the COO and the respective VP’s will evaluate each of the participants as to their performance and contribution and may adjust their standard awards based on the evaluation. Adjustments would be the exception, not the rule and generally would fall in a range of 80% - 120%.



MANAGEMENT INCENTIVE COMPENSATION PLAN

% of Target Corp. OP %	% of Bonus Target
79%	0%
80	50.0
81	52.5
82	55.0
83	57.5
84	60.0
85	62.5
86	65.0
87	67.5
88	70.0
89	72.5
90	75.0
91	77.5
92	80.0
93	82.5
94	85.0
95	87.5
96	90.0
97	92.5
98	95.0
99	97.5
100	100.0
101	102.5
102	105.0
103	107.5
104	110.0
105	112.5
106	115.0
107	117.5
108	120.0
109	122.5
110	125.0
111	127.5
112	130.0
113	132.5
114	135.0
115	137.5
116	140.0
117	142.5
118	145.0
119	147.5
120	150.0

MANAGEMENT INCENTIVE COMPENSATION PLAN

Award % of Base Compensation 2013

Actual as a % "Target"	A	AA	AAA	B	BB	C	CC	D	DD
80	42.50	37.50	35.00	25.00	22.50	20.00	17.50	15.00	12.50
81	44.63	39.63	36.75	26.25	23.62	21.00	18.38	15.75	13.13
82	46.75	41.75	38.50	27.50	24.75	22.00	19.25	16.50	13.75
83	48.88	43.88	40.25	28.75	25.87	23.00	20.13	17.25	14.38
84	51.00	46.00	42.00	30.00	27.00	24.00	21.00	18.00	15.00
85	53.13	48.13	43.75	31.25	28.12	25.00	21.88	18.75	15.63
86	55.25	50.25	45.50	32.50	29.25	26.00	22.75	19.50	16.25
87	57.38	52.38	47.25	33.75	30.37	27.00	23.63	20.25	16.88
88	59.50	54.50	49.00	35.00	31.50	28.00	24.50	21.00	17.50
89	61.63	56.63	50.75	36.25	32.62	29.00	25.38	21.75	18.13
90	63.75	58.75	52.50	37.50	33.75	30.00	26.25	22.50	18.75
91	65.88	60.88	54.25	38.75	34.87	31.00	27.13	23.25	19.38
92	68.00	63.00	56.00	40.00	36.00	32.00	28.00	24.00	20.00
93	70.13	65.13	57.75	41.25	37.12	33.00	28.88	24.75	20.63
94	72.25	67.25	59.50	42.50	38.25	34.00	29.75	25.50	21.25
95	74.38	69.38	61.25	43.75	39.37	35.00	30.63	26.25	21.88
96	76.50	71.50	63.00	45.00	40.50	36.00	31.50	27.00	22.50
97	78.63	73.63	64.75	46.25	41.62	37.00	32.38	27.75	23.13
98	80.75	75.75	66.50	47.50	42.75	38.00	33.25	28.50	23.75
99	82.88	77.88	68.25	48.75	43.87	39.00	34.13	29.25	24.38
100	85.00	75.00	70.00	50.00	45.00	40.00	35.00	30.00	25.00
101	87.13	77.13	71.75	51.25	46.12	41.00	35.88	30.75	25.63
102	89.25	79.25	73.50	52.50	47.25	42.00	36.75	31.50	26.25
103	91.38	81.38	75.25	53.75	48.37	43.00	37.63	32.25	26.88
104	93.50	83.50	77.00	55.00	49.50	44.00	38.50	33.00	27.50
105	95.63	85.63	78.75	56.25	50.62	45.00	39.38	33.75	28.13
106	97.75	87.75	80.50	57.50	51.75	46.00	40.25	34.50	28.75
107	99.88	89.88	82.25	58.75	52.87	47.00	41.13	35.25	29.38
108	102.00	92.00	84.00	60.00	54.00	48.00	42.00	36.00	30.00
109	104.13	94.13	85.75	61.25	55.12	49.00	42.88	36.75	30.63
110	106.25	96.25	87.50	62.50	56.25	50.00	43.75	37.50	31.25
111	108.38	98.38	89.25	63.75	57.37	51.00	44.63	38.25	31.88
112	110.50	100.50	91.00	65.00	58.49	52.00	45.50	39.00	32.50
113	112.63	102.63	92.75	66.25	59.62	53.00	46.38	39.75	33.13
114	114.75	104.75	94.50	67.50	60.74	54.00	47.25	40.50	33.75
115	116.88	106.88	96.25	68.75	61.87	55.00	48.13	41.25	34.38
116	119.00	109.00	98.00	70.00	62.99	56.00	49.00	42.00	35.00