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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.
20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1984

Commission file number: 0-11917

THE DAVEY TREE EXPERT COMPANY
(Exact name of Registrant as specified in its charter)

Ohio	34-0176110
(State of Incorporation)	(IRS Employer Identification No.)

117 South Water Street Kent, Ohio	44240
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (216) 673-9511

Securities registered pursuant to Section 12(b) of the Act:

None

(Title of class)

Securities registered pursuant to Section 12(g) of the Act:

Common Shares, $1 par value

(Title of class)

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, and (2) has been subject to such filing requirements for the past 90 days.

Documents incorporated by reference: Portions of the Registrant's definitive Proxy Statement for its 1985 Annual Meeting of Shareholders (Part III).

The aggregate "market value" (See Item 5 hereof) of voting stock held by non-affiliates of the Registrant at March 15, 1985 (based upon excluding the total number of Common Shares reported in Item 12 hereof), was $21,234,934.

Common Shares outstanding at March 15, 1985: 814,192.

Index to Exhibits is located on sequential page 18.

FORM 10-K

THE DAVEY TREE EXPERT COMPANY

Year Ended December 31, 1984

PART I

Item 1. Business.

General. The Davey Tree Expert Company, which was incorporated in 1909, and its subsidiaries (the "Registrant") are in the business of providing horticultural services to a variety of residential, corporate, institutional and governmental customers. Horticultural services include the treatment, preservation, maintenence, cultivation, planting and removal of trees, shrubs and other plant life and also include the practices of landscaping, tree surgery, tree feeding, tree spraying and line clearing for public utilities. Horticultural services also involve the application of scientifically formulated fertilizers, herbicides and insecticides with hydraulic spray equipment on residential and commercial lawns.

Competition and Customers. The Registrant is one of the largest national organizations in the private horticultural services industry. The Registrant competes with other national and local firms with respect to its services, although the Registrant believes that no other firm, whether national or local, offers the range of services that it offers.

Competition in private horticultural services is generally localized but very active and widespread. The principal methods of competition are advertising, customer service, image, performance and reputation. The Registrant's program to meet its competition stresses the necessity for its employees to have and to project to customers a thorough knowledge of horticulture and utilization of modern, well-maintained equipment and also stresses the Registrant's ability to render technical and diagnostic support for its private horticultural services. Pricing is not always a critical factor in a customer's decision. Pricing is, however, the principal method of competition in providing horticultural services to utility customers, although in most instances consideration is given to reputation and past production performance.

The Registrant provides a wide range of horticultural services to private companies, public utilities, local, state and Federal agencies, and a variety of industrial, commercial and residential customers. During the fiscal year ended December 31, 1984, the Registrant had sales of approximately $29,500,000 (25% of total sales) to Pacific Gas & Electric Company.

Regulation and Environment. The Registrant's facilities and operations, in common with those of the industry generally, are subject to governmental regulations designed to protect the environment. This is particularly important with respect to the Registrant's services regarding insect and disease control, because these services involve to a considerable degree the blending and application of spray materials, which require formal licensing in most areas. The Registrant believes that it is in compliance with existing Federal, state and local laws regulating the use of materials in its spraying operations as well as the other aspects of its business that are subject to any such regulation.

Marketing. The Registrant solicits business from residential and commercial customers principally through direct mail programs and to a lesser extent through the placement of advertisements in national magazines and trade journals and in local newspapers and "yellow pages" telephone directories. Business from utility customers is obtained principally through negotiated contracts and competitive bidding. All sales and services are carried out through personnel who are direct employees. The Registrant does not use agents and does not franchise its name or business.

Seasonality. The Registrant's business is highly seasonal. Sales and earnings are generally highest in the second and third quarters of the calendar year, and historically the Registrant has incurred losses in the first quarter. This seasonality has historically created heavy demands for additional working capital in the first four to six calendar months ranging from $2,000,000 to $8,000,000, and the Registrant borrows against bank commitments for short-term loans in the form of lines of credit and a revolving credit agreement to provide the necessary funds. Generally, these loans are repaid by the end of the calendar year. Services to utility customers show only small fluctuations in volume throughout the year. Extreme fluctuations do exist, however, in horticultural services to private customers.

Other Factors. The constant changes in environmental conditions, environmental awareness, technology and social attitudes make it necessary for the Registrant to maintain a high degree of awareness of the impact such changes have on the market for its services. Environmental controls inhibit the economic disposal of debris, which directly affects the Registrant's profitability. The Registrant believes, however, that the opportunities resulting from the environmental consciousness of the general public more than offset most of the environmental controls by which it is affected.

The rapid change in equipment technology requires a constant updating of equipment and processes to insure competitive services. Capital expenditures for 1983 and 1984 were approximately $11,345,000 and $13,592,000, respectively. Capital expenditures for 1984 exclusive of capital expenditures incurred in connection with the construction of the Registrant's new headquarters (the "Corporate Center") were approximately $10,902,000. In addition, the Registrant must continually assure its compliance with the Occupational Safety and Health Act.

Employees. The Registrant employs between 3,000 and 3,500 persons, depending upon the season, and considers its employee relations to be good.

Foreign and Domestic Operations. The Registrant and its Canadian subsidiary sell the Registrant's services to customers in the United States and Canada, respectively.

The Registrant does not consider its foreign operations to be material and considers the risks attendant to its business with foreign customers, other than currency translation risks, to be not materially different from those attendant to business with its domestic customers.

Item 2. Properties.

The following table lists certain information with respect to major properties owned by the Registrant and used in connection with its operations.

Location	Acreage	Building Sq. Ft.
Cincinnati, Ohio	2.5	7,200
Livermore, California	10.0	27,737
Winter Park, Florida	1.0	2,500

Location	Acreage	Building Sq. Ft.
Chamblee, Georgia	2.0	7,000
Dundee, Illinois	4.0	7,500
Indianapolis, Indiana	1.4	5,000
Grand Rapids, Michigan	4.0	2,300
Troy, Michigan	2.0	10,200
Cheektowaga, New York	6.9	3,200
Town of Islip, New York	2.0	7,000
Charlotte, North Carolina	3.1	4,900
Kent, Ohio (multiple)	122.6	63,612
Toledo, Ohio	.5	4,300
Wooster, Ohio	228.0	7,800
Pittsburgh, Pennsylvania	2.5	2,000
Ninety-Six, South Carolina	6.2	6,150
Houston, Texas	1.6	8,200
Chantilly, Virginia	2.0	8,900
Downsview, Ontario, Canada	.5	2,800
Baltimore, Maryland	3.3	22,500
Lancaster, New York	3.0	6,600
Bettendorf, Iowa	.5	320
Richmond, Virginia	.5	1,200
Mecklenburg, North Carolina	15.6	-0-
Penn. Twp., Pennsylvania	5.7	-0-
Soco Gap, North Carolina	17.0	-0-

The Registrant leases its corporate office in Kent, Ohio, pursuant to renewal of a lease that expired at the end of 1984. In 1984, the Registrant made total rental payments under the lease of approximately $86,000. The Registrant exercised the option to renew the lease to August 1, 1985. During the third quarter of 1985, the Registrant will be moving its principal corporate offices into the new Corporate Center, a newly constructed headquarters building located in Kent, Ohio. The Registrant also rents some 60 other premises ranging from desk space with parking to dumping and storage use. The Registrant believes that all of these properties have been adequately maintained and are suitable and adequate for its business as presently conducted.

Item 3. Legal Proceedings.

There are no material legal proceedings, other than ordinary routine litigation incidental to the business, to which the Registrant or any of its subsidiaries is a party or of which any of their property is the subject.

Item 4. Submission of Matters to a Vote of Security Holders.

No matter was submitted during the fourth quarter of 1984 to a vote of security holders, through the solicitation of proxies or otherwise.

Executive Officers of the Registrant (included pursuant to Instruction 3 to paragraph (b) of Item 401 of Regulation S-K). The executive officers of the Registrant and their present positions and ages are as follows:

Name	Position	Age
John W. Joy	Chairman of the Board; President and Chief Executive Officer	62
James H. Pohl	Vice Chairman and Secretary	61
Howard L. Eckel, Jr.	Executive Vice President-General Manager, Kent Operating Company	54
Eugene W. Haupt	Executive Vice President-General Manager, Davey Tree Surgery Company	62
R. Douglas Cowan	Executive Vice President-Finance and Administration, Corporate Group	44
Paul E. Daniel	Vice President	56
Dr. Roger C. Funk	Vice President-Human and Technical Resources	40
William F. Heim	Vice President and General Manager-Utility Services	57
Edward J. Johnson	Vice President-Personnel, Safety, Equipment and Shops	51
Gordon L. Ober	Vice President and Operations Manager-Residential and Commercial Services	35
Donald J. Shope	Vice President and General Manager-Residential and Commercial Services	51

Name	Position	Age
David E. Adante	Treasurer	33
James J. Reed	Controller	56
C. Robert Klein	Assistant Secretary	63
Rosemary Nicholas	Assistant Secretary	41

Mr. Joy was elected Chairman of the Board, President and Chief Executive Officer in January, 1984. From January, 1979, he served as President and Chief Executive Officer.

Mr. Pohl was elected Vice Chairman and Secretary in January, 1984 and had served as Executive Vice President and Treasurer since January, 1979.

Mr. Eckel was elected Executive Vice President-General Manager, Kent Operating Company in January, 1984 and had served as Senior Vice President, Operations since January, 1979.

Mr. Haupt was elected Executive Vice President-General Manager, Davey Tree Surgery Company in January, 1984 and had served as Vice President of the Registrant and General Manager of Davey Tree Surgery Company for more than five years prior to that time.

Mr. Cowan was elected Executive Vice President-Finance and Administration, Corporate Group in January, 1984 and had served as Vice President, Finance since January, 1979.

Mr. Daniel was elected Vice President in May, 1984 and has served as Vice President-Operations, Davey Tree Surgery Company for more than five years.

Dr. Funk was elected Vice President-Human and Technical Resources in January, 1984 and had served as Vice President, Research and Development since January, 1979.

Mr. Heim was elected Vice President and General Manager-Utility Services in January, 1979.

Mr. Johnson was elected Vice President-Personnel, Safety, Equipment and Shops in January, 1984. He served as Vice President, Field Services from September, 1981 to January, 1984. For more than two years prior to September, 1981, he served as Operations Coordinator of Tree Care Services.

Mr. Ober was elected Vice President and Operations Manager-Residential and Commercial Services in January, 1984 and had served as Vice President, Lawnscape Services since May, 1980, after having served as General Manager of Lawnscape Services for more than one year prior to May, 1980.

Mr. Shope was elected Vice President and General Manager-Residential and Commercial Services in January, 1984 and had served as Vice President and General Manager-Tree Care Services since January, 1979.

Mr. Adante was elected Treasurer in January, 1984 and had served as Assistant Treasurer since May, 1982. From July, 1979 to May, 1982, Mr. Adante was Internal Auditor of the Registrant.

Mr. Reed was elected Controller in May, 1984. Mr. Reed served as Executive Vice President of King Musical Instruments, Inc. from January, 1982 through September, 1983 and served as Vice President and Chief Financial Officer of King Musical Instruments, Inc. from prior to January, 1979 through December, 1981.

Mr. Klein was elected Assistant Secretary in January, 1984 and had served as Secretary of the Registrant for more than five years prior to that time.

Mrs. Nicholas was elected Assistant Secretary in May, 1982 and has been employed as an executive secretary with the Registrant for more than five years.

Officers of the Registrant serve for a term of office from the date of their election to the next organizational meeting of the Board of Directors and until their respective successors are elected.

PART II

Item 5. Market for Registrant's Common Shares and Related Security Holder Matters.

There is no established public trading market for the Registrant's Common Shares. As of March 15, 1985 there were 635 record holders of the Registrant's Common Shares. During the year ended December 31, 1983, the Registrant paid a dividend of $.13 per share in the first quarter and $.15 per share in the second and third quarters and $.17 per share in the fourth quarter. During the year ended December 31, 1984, the Registrant paid a dividend of $.17 per share in each of the first three quarters and $.19 per share in the fourth quarter. The Registrant's agreements with its lenders provide that the payment of cash dividends during any year may not exceed the lesser of (a) 30% of the average of annual net earnings (as defined) for the prior three years or (b) 10% of consolidated net worth (as defined) as at the first day of that year. See Note D to Consolidated Financial Statements beginning on page F-11 of the Annual Report on Form 10-K.

Item 6. Selected Financial Data.

	Years Ended December 31,				
	1984	1983	1982	1981	1980
	(000's omitted, except per share data)				
Operating Results:					
Revenues	$118,915	$104,557	$84,618	$76,724	$67,211
Net Earnings	$ 4,623	$ 4,422	$ 2,682	$ 2,628	$ 2,467
Net Earnings Per Common Share	$ 5.38	$ 5.19	$ 3.24	$ 3.18	$ 2.57
At Year End:					
Total Assets	$46,769	$36,967	$29,335	$26,823	$22,851
Total Long-Term Debt	$ 8,892	$ 3,471	$ 2,998	$ 4,631	$ 3,416
Cash Dividends Per Common Share	$ .70	$ .60	$ .43	$ .30	$ .22

Net earnings per share and dividends per share for the years 1980 through 1982 have been adjusted for a 3-for-1 stock split which took effect in June of 1983. Net earnings and net earnings per share have been restated to reflect adjustments necessitated by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). See Note K to Consolidated Financial Statements on Page F-19 of the Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Registrant's management uses a number of measurements and ratios to gauge the Registrant's financial condition and to monitor trends in key performance areas in operations.

FINANCIAL CONDITION

Liquidity Measurements. Management believes that these measurements are useful in evaluating the Registrant's ability to meet short-term obligations, in evaluating liquidity, and in evaluating the extent to which capital expenditures can be financed from internal cash flow.

	1984	1983	1982
Working Capital (in 000's)	$ 3,069	$ 1,406	$ 296
Current Ratio	1.2:1	1.1:1	1.0:1
Cash Flow from Operations (in 000's)	$13,037	$11,570	$8,418
Capital Expenditures (in 000's)	$13,592	$11,345	$7,579
Cash Flow to Capital Expenditures Ratio	1.0:1	1.0:1	1.1:1
Cash Flow as % of Revenues	11.0%	11.1%	10.0%

At year-end 1984, working capital (current assets less current liabilities) had increased substantially compared to the prior two years, and was $1,663,000 higher than 1983 and $2,773,000 higher than 1982. The increase was due to higher levels of accounts receivable that resulted from the 14% increase in revenues. Working capital levels for 1983 and 1982 were lower than normal due to heavy capital expenditures late in each of those years, which depleted cash excesses and forced borrowings under the Revolving Credit Agreement. Capital expenditures for 1984 were at a record level. The total capital expenditures for 1984 of $13,592,000, however, included $2,690,000 for the construction of the Corporate Center, which is being financed by Industrial Development Bonds.

Management believes that cash flow is the best measure of the Registrant's liquidity, particularly when related to capital expenditures. In 1984, cash flow increased over $1,400,000 from 1983, and more than $4,600,000 from 1982. As a percentage of revenues, cash flow was at 11.0%, just below the 1983 record of 11.1%. This level enabled the Company to invest $10,902,000 in capital expenditures (excluding the Corporate Center) and yet stay well within the Registrant's cash flow. It continues to be management's objective to finance capital expenditures from internally-generated funds (cash flow) as much as is possible, as long as that posture does not prevent the Registrant from maximizing growth opportunities.

Leverage Measurements. These ratios measure the extent to which the Registrant has been financed by debt, or, put another way, the proportion of the total assets employed in the business that have been provided by creditors as compared to shareholders. Debt is defined as total liabilities.

	1984	1983	1982
Equity to Debt Ratio	1.0:1	1.2:1	1.1:1
Debt as % of Assets	49.1%	44.9%	47.1%
Equity as % of Assets	50.9%	55.1%	52.9%

The employee acquisition of the Registrant in 1979 resulted in a major restructuring of the debt and equity sections on the Registrant's balance sheet; the equity to debt relationship was completely inverted, and the ratio fell below 1:1 for the first time in years (at year-end 1979, the ratio was .7:1; at year-end 1978, the ratio was 1.5:1). Since that time, the Registrant has achieved record earnings in each succeeding year, and these earnings have both increased stockholders' equity and enabled the Registrant to retire the acquisition debt. At the end of 1984, the relationship of equity to debt dropped slightly to 1.0:1 after having risen to 1.2:1 in 1983 from the low point of .7:1 at year-end 1979. The decline in this ratio was caused by the debt incurred in connection with the construction of the Corporate Center and it should be noted that excluding this debt, the equity to debt ratio would have been 1.3:1. Management believes that a ratio of less than 1.0:1 is not necessarily unhealthy, and continues to evaluate opportunities which could require additional debt financing.

The Registrant will continue to finance its operations needs with borrowings under a Revolving Credit Agreement and short-term lines of credit. At March 21, 1985, the effective date of a new Revolving Credit Agreement, the Registrant had available for use $12,000,000 in credit commitments under all revolving credit and line of credit arrangements. Management believes those arrangements to be sufficient for the Registrant's borrowing needs for operations.

Common Share Measurements. With these measurements, shareholders can assess the Registrant's earnings performance, dividend payout, and equity position as related to their shareholdings.

	1984	1983	1982
Earnings Per Share	$ 5.38	$ 5.19	$ 3.24
Dividends Per Share	$ .70	$ .60	$ .43
Book Value Per Share	$29.31	$24.63	$19.45
ESOT Market Valuation Per Share	$32.20	$29.60	$16.85

The earnings per share measurements are shown as if all outstanding stock options had been exercised at December 31, 1984.

The record earnings in 1984 are reflected in the per share measurements in the table above. Earnings per share in 1984 increased to $5.38 per share, up 4% from 1983, and 66% from 1982. Accordingly, the market value per share increased to $32.20 per share, up 9% from 1983, and 91% from 1982.

Dividends paid per share were again increased significantly in 1984. In 1984, they were increased $.10 per share, or 16% over 1983, compared to an increase in 1983 of $.17 per share, or 40% over 1982. Total dividends paid to shareholders in 1984 were $567,000, compared to $485,000 in 1983 and $344,000 in 1982. It is the Registrant's objective to provide a fair return on investment to its shareholders through improved dividends, so long as the Registrant can financially justify such a policy. The increases in each of the last four years reflect this objective.

The Registrant's Common Shares are not listed or traded on an active stock market and market prices are, therefore, not available. Each year, an investment banker is retained by the Registrant's Employee Stock Ownership Trust (ESOT) to evaluate the Registrant's performance and financial condition and determine a fair market value, as of the end of the year, for the shares owned by the ESOT. The valuations are presented due to the absence of other market data.

RESULTS OF OPERATIONS

Profitability Measurements. Management uses these measurements to evaluate its overall effectiveness in increasing revenues and generating returns on revenues.

	1984	1983	1982
Increase in Revenues	13.7%	23.6%	10.3%
Operating Earnings as % of Revenues	7.2%	7.7%	5.6%

	1984	1983	1982
Pre-Tax Earnings as % of Revenues	6.4%	7.0%	4.8%
Net Earnings as % of Revenues	3.9%	4.2%	3.2%

Revenues for 1984 of $118,915,000 set a new record and increased $14,358,000, or 13.7%, over 1983, compared to a 23.6% increase in revenues in 1983 and 10.3% in 1982. Revenues increased almost uniformly in both the Kent Operating Company and Davey Tree Surgery Company, and in all of the Registrant's major service lines. Improved economic conditions provided the opportunity for increased residential and commercial revenues in a market that continued to be highly competitive.

Operating costs increased 13% over 1983, and as a percentage of revenues, decreased to 65.8% as compared with 66.1% in 1983, and 66.5% in 1982. Higher labor and fringe benefit costs were more than offset by favorable claims experience in the Registrant's "Retrospective" workers' compensation insurance programs and by lower equipment costs (as a percentage of revenues).

Selling, General and Administrative costs increased 15.4% in 1984, and at a higher rate than the revenue increase of 13.7%. As a percentage of revenues, these costs increased to 20.3% in 1984, compared to 20.0% in 1983, and 21.3% in 1982. Higher than anticipated administrative costs in Davey Environmental Services contributed significantly to the increase in "S,G&A" expenses. The disappointing performance of this service line in 1984 has led to management's decision to discontinue it in 1985. Also contributing to higher expenses in 1984 were start-up costs in connection with implementing the "full service" concept in the Residential/Commercial service line. Higher S,G&A expenses related to full service start-up activity will continue in 1985, but management believes they are necessary and will have a positive long term effect on revenues and earnings.

Depreciation expense in 1984 increased 23% over 1983, compared to an increase of 17% in 1983, and an increase of 13% in 1982. As a percentage of revenues, depreciation expense was 6.7% in 1984, compared to 6.2% in 1983, and 6.6% in 1982. The company records its depreciation expense on a double-declining balance method, which provides a higher depreciation expense in the early years of asset life. Each year's expense, therefore, is significantly affected by the level of capital expenditures in the current and immediately preceding years. Capital expenditures in 1984 were $10,902,000 (excluding the Corporate Center), compared to $11,345,000 in 1983, and $7,579,000 in 1982.

Interest expense in 1984 increased to $1,087,000 compared to $834,000 in 1983 and $1,015,000 in 1982 due to higher levels of seasonal and long-term borrowings during the year and higher prime interest rates.

As a result of the above factors, earnings before income taxes and net earnings increased to record levels, but declined as a percentage of revenues, to 6.4% and 3.9%, respectively. Management believes that the earnings levels of the past two years will be difficult to maintain in the short term, particularly because of the cost effects of the Corporate Center and continuing full service implementation, but is confident that similar or greater results are achievable over the long term.

Asset Utilization Measurements. Management uses these measurements to evaluate its efficiency in employing assets to generate revenues and returns.

	1984	1983	1982
Average Assets Employed (in 000's)	$41,868	$33,151	$28,079
Asset Turnover (Revenues to Average Assets)	2.8	3.2	3.0
Return on Average Assets	11.0%	13.3%	9.6%

Due to the high level of capital expenditures in 1984, which included $2,690,000 for the Corporate Center, and the addition to assets of $2,308,000 in short-term investments of construction funds not yet spent, the average assets employed and the asset turnover ratio are somewhat distorted as compared to prior years. Excluding the effect of the Corporate Center from the above table would have increased the turnover to 3.0 and return on average assets to 11.7%. Notwithstanding the negative effect of the Corporate Center on these measurements, it remains management's goal to return to a turnover rate of at least 3.0 and to improve the net earnings percentage to provide a return on assets of 15%.

Item 8. Consolidated Financial Statements and Supplementary Data.

The opinion of independent certified public accountants, the audited consolidated financial statements, and the notes to the audited consolidated financial statements required by this Item 8 appear on pages F-1 through F-19 of this Annual Report on Form 10-K.

Item 9. Disagreements on Accounting and Financial Disclosure.

Within the 24 months prior to the date of the most recent financial statements, no Form 8-K under the Exchange Act has been filed to report a change of accountants and a disagreement on any matter of accounting principles or practices or financial statement disclosure.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information regarding directors of the Registrant appearing under the heading "Nominees for Board of Directors" in the Registrant's definitive Proxy Statement for its 1985 Annual Meeting of Shareholders is hereby incorporated by reference.

Item 11. Executive Compensation.

The information regarding compensation of the Registrant's executive officers appearing under the heading "Compensation of Executive Officers" in the Registrant's definitive Proxy Statement for its 1985 Annual Meeting of Shareholders is hereby incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information regarding the security ownership of certain beneficial owners and management appearing under the heading "Beneficial Ownership of Voting Stock" in the Registrant's definitive Proxy Statement for its 1985 Annual Meeting of Shareholders is hereby incorporated by reference.

Item 13. Certain Relationships and Related Transactions.

The information regarding certain relationships and related transactions appearing under the headings "Nominees for Board of Directors" and "Compensation of Executive Officers" in the Registrant's definitive Proxy

Statement for its 1985 Annual Meeting of Shareholders is hereby incorporated by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a)(1) and (a)(2) Financial Statements and Schedules. See the Index to Financial Statements and Financial Statement Schedules on page F-1 of this Annual Report on Form 10-K.

(a)(3) Exhibits. See the Index to Exhibits on sequentially numbered page 18 of this Annual Report on Form 10-K.

(b) Reports on Form 8-K. No reports on Form 8-K were filed during the last quarter of the period covered by this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned thereunto duly authorized.

THE DAVEY TREE EXPERT COMPANY

By: J. W. Joy, President and Chief Executive Officer

March 27, 1985

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 27, 1985.

J. W. JOY, Director; President, Chairman and Chief Executive Officer (Principal Executive Officer)

JAMES H. POHL, Director; Vice Chairman and Secretary

R. DOUGLAS COWAN, Director; Executive Vice President (Principal Financial and Accounting Officer)

WILLIAM D. GINN, Director

THOMAS W. BLAZEY, Director

HOWARD L. ECKEL, JR., Director

M. L. DAVEY, JR., Director

EUGENE W. HAUPT, Director

RICHARD E. DUNN, Director

J MAURICE STRUCHEN, Director

EDWARD P. TAYLOR, Director

INDEX TO EXHIBITS

[Item 14(a)(3)]

Exhibit No.	Description	Location or Sequential Page
(3(a))	1983 Amended Articles of Incorporation	Incorporated by reference to Exhibit 3(a) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1983.
(3(b))	1984 Amended Regulations of The Davey Tree Expert Company	20
(4)	The Company is a party to certain instruments, copies of which will be furnished to the Securities and Exchange Commission upon request, defining the rights of holders of long-term debt identified in Note D of Notes to Consolidated Financial Statements	
(9)	Voting Trust Agreement	Not applicable
(10)	1980 Employee Stock Option Plan, as amended	Incorporated by reference to Exhibit 10 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1983
(11)	Statement re computation of per share earnings	Not applicable
(12)	Statement re computation ratios	Not applicable

Exhibit No.	Description	Location or Sequential Page
(13)	Annual report to security holders, Form 10-Q or quarterly report to security holders	Not applicable
(18)	Letter re change in accounting principles	Not applicable
(19)	Previously unfiled documents	Not applicable
(22)	Subsidiaries of the Company	Incorporated by reference to Exhibit 22 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1983
(24)	Consent of independent auditors to incorporation of their opinion in Registrant's Statements on Form S-8 (File Nos. 2-73052 and 2-77353)	30
(25)	Power of Attorney	Not applicable
(28)	Additional Exhibits	Not applicable

EXHIBIT 3(b)

THE DAVEY TREE EXPERT COMPANY

1984 AMENDED REGULATIONS

May 15, 1984

ARTICLE I
SHAREHOLDERS

Section 1. Annual Meeting. The annual meeting of Shareholders of the Company for the election of directors, the consideration of reports to be laid before such meeting, and the transaction of such other business as may properly be brought before such meeting shall be held, at the principal office of the Company in the City of Kent, in Portage County, or at such other place either within or without the State of Ohio as may be designated by the Board of Directors, by the Chairman of the Board, or by the President and specified in the notice of such meeting, at two o'clock p.m., on the third Tuesday of May in each year, if not a legal holiday, and, if a legal holiday, then on the next succeeding business day, or such other date or time as may be designated by the Board of Directors, by the Chairman of the Board of Directors, or by the President and specified in the notice of the meeting.

Section 2. Special Meetings. Special meetings of the shareholders of the Company may be held on any business day, when called by the Chairman of the Board, by the Vice Chairman of the Board, by the President, by an Executive Vice President, by a Senior Vice President, by a Vice President, or by the Board of Directors acting at a meeting, or by a majority of the directors acting without a meeting, or by the persons who hold twenty-five per cent of all the shares outstanding and entitled to vote thereat. Upon request in writing delivered either in person or by registered mail to the President or the Secretary by any persons entitled to call a meeting of shareholders, such officer shall forthwith cause to be given to the shareholders entitled thereto notice of a meeting to be held on a date not less than seven or more than sixty days after the receipt of such request, as such officer may fix. If such notice is not given within thirty days after the delivery or mailing of such request, the person calling the meeting may fix the time of the meeting and give notice thereof in the manner provided by law or as provided in these Regulations, or cause such notice to be given by any designated representative. Each special meeting shall be called to convene between nine o'clock a.m. and four o'clock p.m., and shall be held at the principal office of the Company, unless the same is called by the directors, acting with or without a meeting, in which case such meeting may be held at any place either within or without the State of Ohio designated by the Board of Directors and specified in the notice of such meeting.

Section 3. Notice of Meetings. Not less than seven or more than sixty days before the date fixed for a meeting of shareholders, written notice stating the time, place and purposes of such meeting shall be given by or at the direction of the Secretary, or Assistant Secretary, or any other person or persons required or permitted by these Regulations to give such notice. The notice shall be given by personal delivery or by mail to each shareholder entitled to notice of the meeting who is of record as of the day next preceding the day on which notice is given or, if a record date therefore is duly fixed, of record as of said date; if mailed, the notice shall be addressed to the shareholders at their respective addresses as they appear on the records of the Company. Notice of the time, place, and purposes of any meeting of shareholders may be waived in writing, either before or after the holding of such meeting, by any shareholder, which writing shall be filed with or entered upon the records of the meeting. The attendance of any shareholder at any such meeting without protesting, prior to or at the commencement of the meeting, the lack of proper notice shall be deemed to be a waiver by him of notice of such meeting.

Section 4. Quorum; Adjournment. Except as may be otherwise provided by law or by the Articles of Incorporation, at any meeting of the shareholders the holders of shares entitling them to exercise a majority of the voting power of the Company present in person or by proxy shall constitute a quorum for such meeting; provided, however, that no action required by law, by the Articles, or by these Regulations to be authorized or taken by a designated proportion of the shares of any particular class or of each class of the Company may be authorized or taken by a less proportion; and provided, further, that the holders of a majority of the voting shares represented thereat, whether or not a quorum is present, may adjourn such meeting from time to time; if any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting.

Section 5. Proxies. Persons entitled to vote shares or to act with respect to shares may vote or act in person or by proxy. The person appointed as proxy need not be a shareholder. Unless the writing appointing a proxy otherwise provides, the presence at a meeting of the person having appointed a proxy shall not operate to revoke the appointment. Notice to the Company, in writing or in open meeting, of the revocation of the appointment of a proxy shall not affect any vote or act previously taken or authorized.

Section 6. Approval and Ratification of Acts of Officers and Board of Directors. Except as otherwise provided by the Articles of Incorporation or by law, any contract, act, or transaction, prospective or past, of the Company, or of the Board of Directors, or of the officers may be approved or ratified by the affirmative vote at a meeting of the shareholders, or by the written consent, with or without a meeting, of the holders of record of shares entitling them to exercise a majority of the voting power of the Company, and such approval or ratification shall be as valid and binding as though affirmatively voted for or consented to by every shareholder of the Company.

ARTICLE II
BOARD OF DIRECTORS

Section 1. Number. The Board of Directors shall consist of such number of members as the shareholders, at any annual or special meeting called for the purpose of electing directors at which a quorum is present, by the affirmative vote of the holders of a majority of the shares which are represented at the meeting and entitled to vote on such proposal, may determine, not less, however, than three.

Unless so determined by the shareholders the number shall be twelve. Whenever the shareholders shall have so determined the number, such number shall be deemed the authorized number of members of the Board of Directors until the same be changed by the shareholders by vote as aforesaid.

Section 2. Election of Directors, Vacancies. The directors shall be elected at each annual meeting of shareholders or at a special meeting called for the purpose of electing directors. At a meeting of shareholders at which directors are to be elected, only persons nominated as candidates shall be eligible for election as directors and the candidates receiving the greatest number of votes shall be elected. In the event of the occurrence of any vacancy or vacancies in the Board of Directors, however caused, the remaining directors, though less than a majority of the whole authorized number of directors, may, by the vote of a majority of their number, fill any such vacancy for the unexpired term.

Section 3. Term of Office; Resignations. Each director shall hold office until the next annual meeting of the shareholders and until his successor is elected, or until his earlier resignation, removal from office, or death. Any director may resign at any time by oral statement to that effect made at a meeting of the Board of Directors or in a writing to that effect delivered to the Secretary, such resignation to take effect immediately or at such other time as the director may specify.

Section 4. Organization Meeting. Immediately after each annual meeting of the shareholders, the newly elected directors shall hold an organization meeting for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given.

Section 5. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places within or without the State of Ohio as may be provided for in bylaws or resolutions adopted by the Board of Directors and upon such notice, if any, as shall be so provided.

Section 6. Special Meetings. Special meetings of the Board of Directors may be held at any time within or without the State of Ohio upon call by the Chairman of the Board, the Vice Chairman of the Board, the President, an Executive Vice President, Senior Vice President, or a Vice President or any two directors. Written notice of the time and place of each such meeting shall be given to each director either by personal delivery or by mail, telegram, or cablegram at least two days before the meeting,which notice need not specify the purposes of the meeting; provided, however, that attendance of any director at any such meeting without protesting, prior to or at the commencement of the meeting, the lack of proper notice shall be deemed to be a waiver by him of notice of such meeting and such notice may be waived in writing, either before or after the holding of such meeting, by any director, which writing shall be filed with or entered upon the records of the meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organization, regular, or special meeting.

Section 7. Quorum; Adjournment. A quorum of the Board of Directors shall consist of a majority of the directors then in office; provided, that a majority of the directors present at a meeting duly held, whether or not a quorum is present, may adjourn such meeting from time to time, if any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting. At each meeting of the Board of Directors at which quorum is present, all questions and business shall be determined by a majority vote of those present except as in these Regulations otherwise expressly provided.

Section 8. Action Without a Meeting. Any action which may be authorized or taken at a meeting of the Board of Directors may be authorized or taken without a meeting in a writing or writings signed by all of the directors, which writing or writings shall be filed with or entered upon the records of the Company.

Section 9. Committees. The Board of Directors may at any time appoint from its members an Executive, Finance, or other committee or committees, consisting of such number of members, not less than three, as the Board of Directors may deem advisable, together with such alternates as the Board of Directors may deem advisable, to take the place of any absent member or members at any meeting of such committee. Each such member and each such alternate shall hold office during the pleasure of the Board of Directors. Any such committee shall act only in the intervals between meetings of the Board of Directors and shall have such authority of the Board of Directors as may, from time to time, be delegated by the Board of Directors, except the authority to fill vacancies in the Board of Directors or in any committee of the Board of Directors. Subject to the aforesaid exceptions, any person dealing with the Company shall be entitled to rely upon any act or authorization of an act by any such committee, to the same extent as an act or authorization of the Board of Directors. Each committee shall keep full and complete records of all meetings and actions, which shall be open to inspection by the directors. Unless otherwise ordered by the Board of Directors, any such committee may prescribe its own rules for calling and holding meetings, and for its own method of procedure, and may act at a meeting by a majority of its members or without a meeting by a writing or writings signed by all of its members.

Section 10. Directors Advisory Committee. The Board of Directors may establish a Directors Advisory Committee and appoint to such Committee such number of persons as the Board of Directors may deem advisable. No member of the Board of Directors shall serve on the Directors Advisory Committee, but the Board of Directors may appoint to such Committee any former directors or officers of the Company and such other persons as it may deem advisable. Each member of the Directors Advisory Committee shall be appointed for a term of three years, and no member of the Directors Advisory Committee shall serve for more than two such three-year terms. The Directors Advisory Committee shall exercise an advisory function with respect to only such matters as the Board of Directors may specifically submit to such Committee, provided, however, that the Directors Advisory Committee shall in no event have any authority whatsoever with respect to the operations or management of the Company or to authorize, require, or approve any expenditure, payment, or donation of any funds of the Company.

ARTICLE III
OFFICERS

Section 1. Election and Designation of Officers. The Board of Directors shall elect a President, a Secretary, a Treasurer, and, in its discretion, may elect a Chairman of the Board, a Vice Chairman of the Board, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as the Board of Directors may deem necessary. The Chairman of the Board, the Vice Chairman of the Board, and the President shall be directors, but no one of the other officers need be a director. Any two or more of such offices may be held by the same person, but no officer shall execute, acknowledge, or verify any instrument in more than one capacity, if such instrument is required to be executed, acknowledged, or verified by two or more officers.

Section 2. Term of Office; Vacancies. The officers of the Company shall hold office until the next organization meeting of the Board of Directors and until their successors are elected, except in case of resignation, removal from office, or death. The Board of Directors may remove any officer at any time with or without cause by a majority vote of the directors then in office. Any vacancy in any office may be filled by the Board of Directors.

Section 3. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and shall have such authority and shall perform such other duties as may be determined by the Board of Directors.

Section 4. President. The President shall preside at all meetings of the shareholders and shall preside at all meetings of the Board of Directors, except for meetings of the Board of Directors at which the Chairman of the Board, if any, presides in accordance with the preceding Section. Subject to directions of the Board of Directors, the President shall have general executive supervision over the property, business, and affairs of the Company. He may execute all authorized deeds, mortgages, bonds, contracts, and other obligations in the name of the Company and shall have such other authority and shall perform such other duties as may be determined by the Board of Directors.

Section 5. Vice Chairman of the Board. The Vice Chairman of the Board shall exercise all of the authority of, and perform all of the duties, of the Chairman in case of the absence or inability of the Chairman to act and shall have such other authority and perform such other duties as may be determined by the Board of Directors.

Section 6. Executive Vice Presidents. The Executive Vice Presidents shall, respectively, have such authority and perform such duties as may be determined by the Board of Directors.

Section 7. Senior Vice Presidents. The Senior Vice Presidents shall, respectively, have such authority and perform such duties as may be determined by the Board of Directors.

Section 8. Vice Presidents. The Vice Presidents shall, respectively, have such authority and perform such duties as may be determined by the Board of Directors.

Section 9. Secretary. The Secretary shall keep the minutes of the shareholders and of the Board of Directors. He shall keep such books as may be required by the Board of Directors, shall give notices of shareholders meetings and of Board meetings required by law, or by these Regulations, or otherwise, and shall have such authority and shall perform such other duties as may be determined by the Board of Directors.

Section 10. Treasurer. The Treasurer shall receive and have in charge all money, bills, notes, bonds, stocks in other corporations, and similar property belonging to the Company, and shall do with the same as may be ordered by the Board of Directors. He shall keep accurate financial accounts and hold the same open for the inspection and examination of the directors and shall have such authority and shall perform such other duties as may be determined by the Board of Directors.

Section 11. Other Officers. The Assistant Secretaries and Assistant Treasurers, if any, and any other officers whom the Board of Directors may elect shall, respectively, have such authority and perform such duties as may be determined by the Board of Directors.

Section 12. Delegation of Authority and Duties. The Board of Directors is authorized to delegate the authority and duties of any officer to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

ARTICLE IV
COMPENSATION

Section 1. Directors and Members of Committees. Members of the Board of Directors and members of any committee of the Board of Directors shall, as such, receive such compensation, which may be either a fixed sum for attendance at each meeting of the Board of Directors, or at each meeting of the committee, or stated compensation payable at intervals, or shall otherwise be compensated as may be determined by or pursuant to authority conferred by the Board of Directors or any committee of the Board of Directors, which compensation may be in different amounts for various members of the Board of Directors or any committee. No member of the Board of Directors and no member of any committee of the Board of Directors shall be disqualified from being counted in the determination of a quorum or from acting at any meeting of the Board of Directors or of a committee of the Board of Directors by reason of the fact that matters affecting his own compensation as a director, member of a committee of the Board of Directors, officer, or employee are to be determined.

Section 2. Officers and Employees. The compensation of officers and employees of the Company, or the method of fixing such compensation, shall be determined by or pursuant to authority conferred by the Board of Directors or any committee of the Board of Directors. Such compensation may include pension, disability, and death benefits, and may be by way of fixed salary, or on the basis of earnings of the Company, or any combination thereof, or otherwise, as may be determined or authorized from time to time by the Board of Directors or any committee of the Board of Directors.

ARTICLE V
INDEMNIFICATION

Section 1. Third Party Actions. The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action or suit by or in the right of the Company), by reason of the fact that he is or was a director, officer, employee, or agent of the Company, or is or was serving at the request of the Company as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or that, with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

Section 2. Derivative Actions. The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, or agent of the Company, or is or was serving at the request of the Company as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, except that no indemnification shall be made in respect of any claim, issue, or matter as to which that person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the Company unless and only to the extent that the Court of Common Pleas or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, that person is fairly and reasonably entitled to indemnity for such expenses as the Court of Common Please or the other court shall deem proper.

Section 3. Rights after Successful Defense. To the extent that a director, trustee, officer, employee, or agent has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 1 or Section 2, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Other Determinations of Rights. Except in a situation governed by Section 3, any indemnification under Section 1 or Section 2 (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the director, trustee, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or Section 2. The determination shall be made (a) by a majority vote, at a meeting of directors, of those directors who constitute a quorum and who also were not and are not parties to or threatened with any such action, suit, or proceeding or (b) if such a quorum is not obtainable (or even if obtainable) and a majority of disinterested directors so directs, in a written opinion by independent legal counsel (compensated by the Company) or (c) by the affirmative vote in person or by proxy of the holders of record of a majority of the shares held by persons who were not and are not parties to or threatened with any such action, suit, or proceeding and entitled to vote in the election of directors, without regard to voting power which may thereafter exist upon a default, failure, or other contingency or (d) by the Court of Common Pleas or the court in which such action, suit, or proceeding was brought.

Section 5. Advances of Expenses. Expenses (including attorneys' fees) incurred in defending any action, suit, or proceeding referred to in Section 1 or Section 2 may be paid by the Company in advance of final disposition of the action, suit, or proceeding, as authorized by the Board of Directors in the specific case, upon receipt of an undertaking by or on behalf of the director, trustee, officer, employee, or agent to repay the amount unless it shall ultimately be determined that he is entitled to be indemnified by the Company.

Section 6. Purchase of Insurance. The Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Company, or is or was serving at the request of the Company as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against him and incurred by him in any capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him against liability under the provisions of this Article or of the Ohio General Corporation Law.

Section 7. Mergers. In the case of a merger into this Company of a constituent corporation which, if its separate existence had continued, would have been required to indemnify directors, trustees, officers, employees, or agents in specified situations, any person who served as a director, officer, employee, or agent of the constituent corporation, or served at the request of the constituent corporation as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall be entitled to indemnification by this Company (as the surviving corporation) to the same extent he would have been entitled to indemnification by the constituent corporation if its separate existence had continued.

Section 8. Non-Exclusivity; Heirs. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled as a matter of law or under the Articles, these Regulations, any agreement, vote of shareholders or disinterested directors, any insurance purchased by the Company, or otherwise, both as to action in his official capacity and as to action in another capacity while holding an office, and shall continue as to a person who has ceased to be a director, trustee, officer, employee, or agent and shall insure to the benefit of the heirs, executors, and administrators of such a person.

ARTICLE VI
RECORD DATES

For any lawful purpose, including, without limitation, the determination of the shareholders who are entitled to receive notice of or to vote at a meeting of shareholders, the Board of Directors may fix a record date in accordance with the provisions of the Ohio General Corporation Law. The record date for the purpose of the determination of the shareholders who are entitled to receive notice of or to vote at a meeting of shareholders shall continue to be the record date for all adjournments of such meeting, unless the Board of Directors or the persons who shall have fixed the original record date shall, subject to the limitations set forth in the Ohio General Corporation Law, fix another date, and, in case a new record date is so fixed, notice thereof and of the date to which the meeting shall have been adjourned shall be given to shareholders of record as of such date in accordance with the same requirements as those applying to a meeting newly called. The Board of Directors may close the share transfer books against transfers of shares during the whole or any part of the period provided for in this Article, including the date of the meeting of shareholders and the period ending with the date, if any, to which adjourned. If no record date is fixed therefore, the record for determining the shareholders who are entitled to receive notice of or to vote at a meeting of shareholders shall be the date next preceding the day on which notice is given, or the date next preceding the day on which the meeting is held, as the case may be.

ARTICLE VII
CERTIFICATES FOR SHARES

Section 1. Form of Certificates and Signatures. Each holder of shares shall be entitled to one or more certificates, signed by the Chairman of the Board, the Vice Chairman of the Board, the President, an Executive Vice President, Senior Vice President, or a Vice President and by the Secretary, an Assistant Secretary, the Treasurer, or an Assistant Treasurer of the Company, which shall certify the number of class of shares held by him in the Company, but no certificate for shares shall be executed or delivered until such shares are fully paid. When such a certificate is countersigned by an incorporated transfer agent or registrar, the signature of any of said officers of the Company may be facsimile, engraved, stamped, or printed. Although any officer of the Company whose manual or facsimile signature is affixed to such a certificate ceases to be such officer before the certificate is delivered, such certificate nevertheless shall be effective in all respects when delivered.

Section 2. Transfer of Shares. Shares of the Company shall be transferable upon the books of the Company by the holders thereof, in person, or by a duly authorized attorney, upon surrender and cancellation of certificates for a like number of shares of the same class or series, with duly executed assignment and power of transfer endorsed thereon or attached thereto, and with such proof of the authenticity of the signatures to such assignment and power of transfer as the Company or its agents may reasonably require.

Section 3. Lost, Stolen, or Destroyed Certificates. The Company may issue a new certificate for shares in place of any certificate theretofore issued by it and alleged to have been lost, stolen, or destroyed, and the Board of Directors may, in its discretion, require the owner, or his legal representatives, to give the Company a bond containing such terms as the Board of Directors may require to protect the Company or any person injured by the execution and delivery of a new certificate.

Section 4. Transfer Agent and Registrar. The Board of Directors may appoint, or revoke the appointment of, transfer agents and registrars and may require all certificates for shares to bear the signature of such transfer agents and registrars, or any of them.

ARTICLE VIII
CORPORATE SEAL

The corporate seal of this Company shall be circular in form and shall contain the name of the Company. Failure to affix the corporate seal to any instrument executed on behalf of the Company shall not affect the validity of such instrument.

ARTICLE IX
AMENDMENTS

The Regulations of the Company may be amended, or new Regulations may be adopted, by the shareholders at a meeting held for such purpose, by affirmative vote of the holders of shares entitling them to exercise a majority of the voting power on such proposal or, without a meeting, by the written consent of the holders of shares entitling them to exercise two-thirds of the voting power on such proposal. If the Regulations are amended or new Regulations are adopted without a meeting of the shareholders, the Secretary of the Company shall mail a copy of the amendment or the new Regulations to each shareholder who would have been entitled to vote thereon and did not participate in the adoption thereof.

Exhibit 24

CONSENT OF CERTIFIED PUBLIC ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 2-73052 and 2-77353) relating to The Davey Tree Expert Company 1980 Employees Stock Option Plan and to The Davey Tree Expert Company 1982 Employee Stock Purchase Plan, and in the related Prospectuses, of our report, dated February 22, 1985 (March 21, 1985 as to Note D), with respect to the consolidated financial statements of The Davey Tree Expert Company for the year ended December 31, 1984.

Touche Ross & Co

TOUCHE ROSS & CO.

Akron, Ohio
March 25, 1985

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES
[Item 14(a)(1) and (2)]

OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
The Davey Tree Expert Company
Kent, Ohio

We have examined the consolidated balance sheets of The Davey Tree Expert Company and subsidiary companies as of December 31, 1984, 1983 and 1982, and the related consolidated statements of earnings, shareholders' equity and changes in financial position for each of the three years in the period ended December 31, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of The Davey Tree Expert Company and subsidiary companies at December 31, 1984, 1983 and 1982 and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1984, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examination also comprehended the schedules listed in the index at Item 14(a)(2). In our opinion, such schedules, when considered in relation to the basic financial statements, present fairly in all material respects the information shown therein.

Touche Ross & Co
TOUCHE ROSS & CO.

Akron, Ohio
February 22, 1985
(March 21, 1985
as to Note D)

THE DAVEY TREE EXPERT COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

(Dollars in Thousands)

ASSETS

	December 31 1984	1983	1982
CURRENT ASSETS:			
Cash and short-term investments	$ 771	$ 853	$ 736
Accounts receivable, no allowance considered necessary	13,276	11,649	8,840
Operating supplies	812	833	639
Prepaid expenses	419	292	328
Deferred income taxes	36	53	90
Refundable income taxes	389		
TOTAL CURRENT ASSETS	15,703	13,680	10,633
OTHER ASSETS	245	264	344
PROPERTY AND EQUIPMENT:			
Land and land improvements	1,307	1,045	1,018
Buildings and leasehold improvements	4,186	3,893	3,487
Equipment, principally revenue producing	52,969	45,177	36,860
Corporate Center under construction	2,569	91	
Short-term investments of funds restricted for construction	2,308		
	63,339	50,206	41,365
Less accumulated depreciation	32,518	27,183	23,007
NET PROPERTY AND EQUIPMENT	30,821	23,023	18,358
TOTAL ASSETS	$46,769	$36,967	$29,335

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31		
	1984	1983	1982
CURRENT LIABILITIES:			
Notes payable, bank		$ 700	
Accounts payable	$ 7,252	6,443	$ 5,347
Accrued liabilities	4,430	3,981	3,477
Income taxes payable	67	121	288
Current maturities on long-term debt	885	1,029	1,225
TOTAL CURRENT LIABILITIES	12,634	12,274	10,337
LONG-TERM DEBT	8,892	3,471	2,998
DEFERRED INCOME TAXES	1,186	802	220
OTHER LIABILITIES	283	275	254
TOTAL LIABILITIES	22,995	16,822	13,809
SHAREHOLDERS' EQUITY:			
Common shares	1,084	1,075	358
Additional paid-in capital	557	161	518
Retained earnings	27,075	23,051	19,301
	28,716	24,287	20,177
Less:			
Treasury shares, at cost	3,676	2,433	2,487
Subscriptions receivable from employees	118	291	476
Future contributions to ESOT	1,148	1,418	1,688
TOTAL SHAREHOLDERS' EQUITY	23,774	20,145	15,526
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$46,769	$36,967	$29,335

THE DAVEY TREE EXPERT COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Dollars in Thousands)

	Year Ended December 31					
	1984		1983		1982	
REVENUES	$118,915	100.0%	$104,557	100.0%	$84,618	100.0%
COSTS AND EXPENSES:						
Operating costs	78,252	65.8	69,113	66.1	56,266	66.5
Selling, general and administrative	24,181	20.3	20,946	20.0	18,061	21.3
Depreciation	7,973	6.7	6,492	6.2	5,536	6.6
	110,406	92.8	96,551	92.3	79,863	94.4
EARNINGS FROM OPERATIONS	8,509	7.2	8,006	7.7	4,755	5.6
INTEREST EXPENSE	(1,087)	(.9)	(834)	(.8)	(1,015)	(1.2)
OTHER INCOME - NET	160	.1	139	.1	337	.4
EARNINGS BEFORE INCOME TAXES	7,582	6.4	7,311	7.0	4,077	4.8
INCOME TAXES	2,959	2.5	2,889	2.8	1,395	1.6
NET EARNINGS	$ 4,623	3.9%	$ 4,422	4.2%	$ 2,682	3.2%
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING INCLUDING COMMON STOCK EQUIVALENTS	859,067		851,694		827,604	
NET EARNINGS PER COMMON SHARE	$ 5.38		$ 5.19		$ 3.24	

See notes to consolidated financial statements.

THE DAVEY TREE EXPERT COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF
SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 1984, 1983 AND 1982

(Dollars in Thousands)

	Par Value Common Shares	Additional Paid-In Capital
BALANCE, JANUARY 1, 1982	$ 358	$ 455
Shares purchased		
Shares sold to employees		40
Options exercised		23
Receipts on subscriptions		
Contributions to ESOT		
Net earnings		
Dividends, $.43 per share		
Net adjustment for foreign currency translation		
BALANCE, DECEMBER 31, 1982	358	518
Shares purchased		
Shares sold to employees		170
Options exercised		11
Receipts on subscriptions		
Contributions to ESOT		
Net earnings		
Dividends, $.60 per share		
Net adjustment for foreign currency translation		
Stock split (3 for 1), effected as 200% stock dividend	717	(538)
BALANCE, DECEMBER 31, 1983	1,075	161
Shares purchased		
Shares sold to employees		304
Options exercised	9	92
Receipts on subscriptions		
Contributions to ESOT		
Net earnings		
Dividends, $.70 per share		
Net adjustment for foreign currency translation		
BALANCE, DECEMBER 31, 1984	$1,084	$ 557

See notes to consolidated financial statements.

Retained Earnings	Treasury Shares	Subscriptions Receivable From Employees	Future Contributions to ESOT	Total
$16,995	$(2,455)	$(630)	$(1,958)	$12,765
	(87)			(87)
	44			84
	11			34
		154		154
			270	270
2,682				2,682
(344)				(344)
(32)				(32)
19,301	(2,487)	(476)	(1,688)	15,526
	(168)			(168)
	145			315
	77			88
		185		185
			270	270
4,422				4,422
(485)				(485)
(8)				(8)
(179)				
23,051	(2,433)	(291)	(1,418)	20,145
	(1,503)			(1,503)
	120			424
	140			241
		173		173
			270	270
4,623				4,623
(567)				(567)
(32)				(32)
$27,075	$(3,676)	$(118)	$(1,148)	$23,774

THE DAVEY TREE EXPERT COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF
CHANGES IN FINANCIAL POSITION

(Dollars in Thousands)

	Year Ended December 31		
	1984	1983	1982
CASH PROVIDED FROM OPERATIONS:			
Net earnings	$ 4,623	$ 4,422	$ 2,682
Items not affecting cash:			
Depreciation and amortization	8,013	6,529	5,560
Deferred income taxes	401	619	176
	13,037	11,570	8,418
Net book value of property and equipment disposals	129	188	201
Cash provided (used) by major components of working capital:			
Accounts receivable	(1,627)	(2,809)	(1,053)
Accounts payable and accrued liabilities	1,258	1,600	1,003
Other	(594)	(325)	449
	(963)	(1,534)	399
TOTAL CASH PROVIDED FROM OPERATIONS	12,203	10,224	9,018
CASH PROVIDED FROM FINANCING ACTIVITIES:			
Proceeds of long-term borrowings	6,305	1,500	80
Short-term financing - net		700	
ESOT payment of debt guaranteed by the Company	270	270	270
Sale of treasury shares:			
Receipts on subscriptions receivable	173	185	154
Proceeds from stock options exercised	241	88	34
Employee stock purchase plan	355	245	68
Other	69	70	16
Other - net		56	30
TOTAL CASH PROVIDED FROM FINANCING ACTIVITIES	7,413	3,114	652
TOTAL CASH PROVIDED	19,616	13,338	9,670

THE DAVEY TREE EXPERT COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF
CHANGES IN FINANCIAL POSITION (Continued)

(Dollars in Thousands)

	Year Ended December 31 1984	1983	1982
USES OF CASH:			
Additions to property and equipment	$13,592	$11,345	$ 7,579
Short-term investments of funds restricted for construction	2,308		
Purchase of treasury shares	1,503	168	87
Reduction of long-term debt	1,028	1,223	1,658
Reduction of short-term debt - net	700		
Dividends	567	485	344
	19,698	13,221	9,668
INCREASE (DECREASE) IN CASH	(82)	117	2
CASH, BEGINNING OF YEAR	853	736	734
CASH, END OF YEAR	$ 771	$ 853	$ 736

See notes to consolidated financial statements.

THE DAVEY TREE EXPERT COMPANY
AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS

THREE YEARS ENDED DECEMBER 31, 1984

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include the accounts of The Davey Tree Expert Company and its wholly-owned subsidiary companies, Davey Tree Surgery Company and Davey Tree Expert Co. of Canada, Limited. All significant intercompany transactions, accounts and profits have been eliminated.

Property and equipment are recorded at cost. Generally, the Company depreciates its land improvements, leasehold improvements and buildings by the straight-line method while using the double declining balance method for equipment. The estimated useful lives used in computing depreciation are: land improvements, 5-20 years; buildings and leasehold improvements, 5-40 years; equipment, 3-7 years; furniture and fixtures, 5-10 years.

Income Taxes - Deferred income taxes are provided to recognize the effect of timing differences between financial statement and income tax reporting for depreciation and other items. Investment tax credits are used to reduce the income tax provision in the year in which they are earned.

Pension Plans - The Company has pension plans which are available to substantially all of the Company's employees. Two of the plans are contributory. The Company's policy is to expense and contribute the actuarially determined cost for the year, which includes current service cost and amortization of prior service costs over periods from 10 to 30 years.

B. COMMON SHARES

At December 31, 1984 there were 3,000,000 shares of $1.00 par value common stock authorized. There were 1,083,685, 1,074,855 and 1,074,855 shares issued and 272,475, 256,859 and 276,609 shares in the treasury at December 31, 1984, 1983 and 1982, respectively. The 1982 shares have been retroactively adjusted for the three-for-one stock split effected in 1983.

The Company's stock is not listed or traded on an active stock market and market prices are, therefore, not available. Semi-annually, the fair value based upon the Company's performance and financial condition is determined by an investment banker.

C. ACCRUED LIABILITIES

Accrued liabilities consisted of:

	December 31		
	1984	1983	1982
	(000's omitted)		
Wages, salaries, etc.	$2,274	$2,085	$1,678
Taxes, other than taxes on income	1,002	996	738
Accrued vacation	877	790	826
Other	277	110	235
TOTAL	$4,430	$3,981	$3,477

D. SHORT-TERM AND LONG-TERM DEBT

Short-Term Debt

At December 31, 1984, the Company had unused short-term lines of credit with four banks totalling $3,000,000, generally at the banks' prime rate. Within the total commitment, the Company has the option to borrow specific amounts for periods of 30, 60 or 90 days at the London Interbank Offered Rate (LIBOR), which is generally less than the U.S. prime rate.

Long-Term Debt

Long-term debt consists of:

	December 31		
	1984	1983	1982
	(000's omitted)		
8.95% Industrial Development Bonds	$4,500		
Revolving credit agreement	3,100	$2,000	$ 500
Long-term debt of ESOT	1,148	1,418	1,688
3% Community Development Block Grant	350		
Term loan agreement		390	780
8% subordinated installment notes - employee purchase			147
8% subordinated installment notes - Davey Option Agreement	324	628	915
Subordinated note - stock redemption	355		
Other		64	193
	9,777	4,500	4,223
Less current maturities	885	1,029	1,225
TOTAL LONG-TERM DEBT	$8,892	$3,471	$2,998

D. SHORT-TERM AND LONG-TERM DEBT (Continued)

Long-Term Debt (Continued)

As of December 31, 1984, the total annual installments required to be paid on long-term debt in the years 1985 to 1989 are as follows: 1985, $885,000; 1986, $685,000; 1987, $686,000; 1988, $686,000; 1989, $786,000.

Corporate Center Financing

On April 19, 1984, the Company completed the purchase of 55 acres of land as a site for the new Corporate Center. Financing for the construction of the Center was provided by the issuance of 8.95% Industrial Development Bonds, and a 3% Community Development Block Grant in the amounts of $4,500,000 and $350,000, respectively.

The Industrial Development Bonds are to be repaid by equal quarterly principal payments of $125,000 commencing on May 1, 1985 and ending on February 1, 1994. The Community Development Block Grant is to be repaid by principal payments of $100,000 on August 1, 1989 and $250,000 on August 1, 1994.

In 1984, $317,000 of interest expense incurred during the construction period, net of $261,000 of interest income earned from investment of the proceeds of the Industrial Development Bonds issue, was capitalized and included in the cost of the Corporate Center under construction.

Revolving Credit Agreement

On March 21, 1985, a new Revolving Credit Agreement was executed to permit the Company to borrow, repay and reborrow up to $9,000,000. The Agreement provides for interest on any borrowings on the "Revolver" at prime, plus a commitment fee of 3/8 of 1% on the unborrowed commitment. In accordance with an informal arrangement, the banks expect the Company to maintain compensating balances equal to approximately 5% of the Revolving Credit Agreement commitment. Borrowings under the "Revolver" may be converted at the Company's option to a 5-year term loan payable in equal quarterly installments plus interest at a floating rate of 1/2 of 1% over the banks' prime rate.

Under the most restrictive covenants of the Agreement, there is a restriction on dividend payments ($1,172,000 of retained earnings were unrestricted at December 31, 1984), and the Company is obligated to maintain a minimum shareholders' equity, as defined, of $15,000,000; a minimum ratio of shareholders' equity to total liabilities, as defined, of .8 to 1 at June 30 of each year and 1 to 1 at December 31 of each year; and a minimum current ratio of 1 to 1.

D. SHORT-TERM AND LONG-TERM DEBT (Continued)

Long-Term Debt of ESOT

On March 21, 1985, the loan balance of $1,147,500 was converted to a 5-year term loan at an interest rate of 1/2% over prime until a fixed rate is opted by the Company. The loan agreement provides for equal quarterly principal payments of $28,688, commencing March 31, 1985, with a final installment on December 31, 1989, of the remaining unpaid principal balance.

Subordinated Notes

M. L. Davey, Jr. and certain members of his family and certain family trusts who owned an aggregate of 188,610 common shares entered into an option agreement with the Company at the time of the employees' purchase of the Company. In 1981, pursuant to the option agreement, the Company purchased 169,749 shares, paying $510,786 in cash and issuing 8% subordinated installment notes in the principal amount of $1,313,450, payable in four equal annual installments through March 15, 1985.

On April 9, 1984, the Company redeemed 15,000 shares of its common stock from a shareholder of the Company for $444,000. The payment terms of the transaction provided for a cash payment of $88,800 and a 5-year subordinated promissory note for $355,200, bearing interest at a rate equal to the average of the prime rate and the prevailing local passbook savings rate.

E. EMPLOYEE STOCK OWNERSHIP PLAN

On March 15, 1979, the Company consummated a plan which transferred control of the Company to its employees. As a part of this plan, the Company sold 360,000 Common Shares to the Company's new Employee Stock Ownership Trust (ESOT) for $2,700,000.

The Employee Stock Ownership Plan, in conjunction with the related trust (ESOT), provides for the grant to certain employees of certain ownership rights in, but not possession of, the Common Shares held by the trustee of the Trust. Annual allocations of shares are made to individual accounts established for the benefit of the participants. The 360,000 Common Shares purchased by the Trust collateralized a $2,700,000 loan obtained by the Trust to finance its purchase of the shares. The Company has guaranteed the repayment of the loan.

E. EMPLOYEE STOCK OWNERSHIP PLAN (Continued)

The number of shares released from collateral and available for allocation to ESOT participants is determined by dividing the sum of the current year's loan principal and interest payments by the sum of the current and future years' loan principal and interest payments. The Company makes annual cash contributions to the ESOT, net of dividends paid on the shares held as collateral, in order to repay the principal and to pay the interest on the ESOT debt; such contributions are reflected as an expense of the Company. The contributions to the ESOT for 1984, 1983 and 1982 were:

	1984	1983	1982
		(000's omitted)	
Principal repayment	$270	$270	$270
Interest	154	185	216
Total cash contributions required	424	455	486
Less dividends paid on collateral shares	105	114	101
ESOT expense	$319	$341	$385
Annual release of shares from collateral	36,536	39,213	41,928
Cumulative release of shares from collateral	248,384	211,848	172,635
Number of shares remaining in collateral	111,616	148,152	187,365

F. STOCK OPTION AND STOCK PURCHASE PLANS

Stock Option Plans - The Company has two qualified stock option plans available for officers, directors and key employees as follows at December 31, 1984:

	1973 Option Plan	1980 Option Plan		
Grant date	March 7, 1980	July 22, 1980	May 19, 1981	July 21, 1982
Options granted, net of forfeitures	20,175	36,000	34,200	18,000
Exercised in 1981	(2,700)			
Exercised in 1982	(1,275)	(2,100)	(600)	
Exercised in 1983		(8,400)	(1,800)	
Exercised in 1984	(8,830)	(11,400)	(6,990)	(300)
Options outstanding, December 31, 1984	7,370	14,100	24,810	17,700
Option purchase price	$ 8.26	$ 8.26	$ 9.97	$14.83

All option rights authorized under the plans have been granted; however, due to forfeitures, options for 1,800 shares are available for future grants. The option rights granted may be exercised in full one year after grant and expire five years after grant date.

Stock Purchase Plan - The Company has an employee stock purchase plan for which 90,000 shares have been reserved. The Plan provides the opportunity for all full-time employees with two years' service to purchase shares through payroll deductions. The purchase price for the shares offered under the Plan is 85% of the fair market value of the shares. The Plan will terminate when no more shares are available to be offered or December 31, 1991, whichever occurs first.

F. STOCK OPTION AND STOCK PURCHASE PLANS (Continued)

Purchases under the plan have been as follows:

	1984	1983	1982
Number of employees participating	328	273	146
Annual shares purchased	13,835	15,502	5,367
Average price paid	$25.73	$15.84	$12.61
Cumulative shares purchased	34,704	20,869	5,367
Shares available for future purchase	55,296	69,131	84,633

G. PENSION PLANS

Total pension expense was approximately $274,900 in 1984, $345,700 in 1983, and $386,500 in 1982. Net pension expense has declined principally because of favorable investment performance of the pension assets. The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 6%.

Accumulated plan benefit information, as calculated by consulting actuaries, as of January 1 of each year, and plan net assets for the Company's pension plans are:

	1984	1983	1982
	(000's omitted)		
Actuarial present value of accumulated plan benefits:			
Vested	$6,013	$5,604	$4,288
Non-vested	154	147	124
	$6,167	$5,751	$4,412
Net assets available for benefits, at market	$7,973	$6,909	$4,424

As of January 1, 1983, the actuary changed the computation of vested benefits on retired participants to include the estimated value of annuities held by an insurance company. Accordingly, the present value of accumulated plan benefits and net assets available for benefits increased by approximately $950,000 during 1983.

H. INCOME TAXES

The provision for United States Federal, state and local and Canadian income taxes includes:

	1984	1983	1982
	(000's omitted)		
Taxes currently payable before tax credits:			
U.S.	$3,141	$2,686	$1,482
Canadian	(11)	81	112
State and local	388	413	242
	3,518	3,180	1,836
Investment tax credits	(928)	(899)	(586)
Other tax credits	(32)	(11)	(31)
	2,558	2,270	1,219
Deferred taxes:			
U.S.	417	627	196
Canadian	(16)	(8)	(20)
	401	619	176
	$2,959	$2,889	$1,395

The differences between the U.S. Federal statutory rate and the effective tax rate are as follows:

	1984	1983	1982
Statutory tax rate	46.0%	46.0%	46.0%
State and local income taxes	2.4	3.0	3.2
Investment tax credits	(12.2)	(12.3)	(14.4)
Investment tax credit basis reduction	2.9	2.8	
Miscellaneous	(.1)		(.6)
Effective tax rate	39.0%	39.5%	34.2%

H. INCOME TAXES (Continued)

Deferred income taxes arise because certain income and expense items are recognized on the Company's financial statements in different fiscal years than for tax purposes. The major timing differences and resulting deferred income tax expense are as follows:

	1984	1983	1982
Investment tax credit basis reduction	$217	$206	
Capitalized construction interest	(58)		
Accrued vacations	7	(7)	$ 5
Accelerated depreciation	244	403	234
Other	7	25	(43)
Total U.S.	417	627	196
Outside the U.S.	(16)	(8)	(20)
	$401	$619	$176

I. SALES TO A MAJOR CUSTOMER

The Davey Tree Expert Company and its subsidiaries are engaged in the business of providing a broad line of horticultural services to corporate, institutional and residential customers throughout most of the United States and in parts of Canada. The Company had revenues from one customer under multiple long-term contracts aggregating approximately $29,500,000, $ 26,000,000 and $13,000,000 for the years ended December 31, 1984, 1983 and 1982, respectively.

J. OPERATING LEASES

The Company leases its corporate offices, other facilities which are used primarily for district office and warehouse operations, and certain automotive and computer equipment. These leases extend for varying periods of time up to five years and, in some cases, contain renewal options. Total rental expenses under such operating leases amounted to approximately $1,163,000, $1,030,100 and $938,800 for 1984, 1983 and 1982, respectively. As of December 31, 1984, future minimum rental payments, including taxes and other operating costs, for all operating leases having noncancelable lease terms in excess of one year, are as follows: 1985, $622,000; 1986, $357,000; 1987, $232,000; 1988, $105,000; and 1989, $29,000.

K. RESTATEMENT OF 1983 FINANCIAL STATEMENTS

Under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), the Company is entitled to deduct from its federal income tax expense, investment tax credits on purchases of qualified assets. The law also provides that future depreciation expense on those assets be reduced by one-half of the investment tax credit taken.

In 1983, the Company did not recognize the timing difference arising from the above change and, therefore, the income tax expense was understated and the net earnings were overstated in the financial statements. While the amount was not considered material, in order to make 1983 and succeeding years comparable, the 1983 financial statements have been restated as follows:

	Retained Earnings	Net Earnings	Earnings Per Share
As reported	$23,257	$ 4,628	$5.43
Restatement	(206)	(206)	(.24)
As restated	$23,051	$ 4,422	$5.19

THE DAVEY TREE EXPERT COMPANY AND SUBSIDIARY COMPANIES

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT
AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

(Dollars in Thousands)

Description	Balance at Beginning of Period	Depreciation Expenses	Retirements	Other Charges Add/(Deduct)	Balance at End of Period
Year-Ended December 31, 1982:					
Land & Land Improvements	$ 1,056	$ 71	$	$ (109) (B)	$ 1,018
Buildings & Leaseholds	3,001	380		109 (B) (3) (A)	3,487
Equipment, Principally Revenue Producing	33,968	7,128	4,202	(34) (A)	36,860
	$38,025	$7,579	$ 4,202	$ (37) (A)	$41,365
Year-Ended December 31, 1983:					
Land & Land Improvements	$ 1,018	$ 67	$ 40	$	$ 1,045
Buildings & Leaseholds	3,487	473	67		3,893
Equipment, Principally Revenue Producing	36,860	10,805	2,389	(8) (A)	45,268
	$41,365	$11,345	$ 2,496	$ (8)	$50,206
Year-Ended December 31, 1984:					
Land & Land Improvements	$ 1,045	$ 265	$ 3	$	$ 1,307
Buildings & Leaseholds	3,893	294	1		4,186
Equipment, Principally Revenue Producing	45,177	10,555	2,662	(66) (C) (35) (A)	52,969
Corporate Center Under Construction	91	2,478			2,569
Short-Term Investment of Funds Restricted for Construction		2,308			2,308
	$50,206	$15,900	$ 2,665	$ (101)	$63,339

(A) Effect of compliance with Statement No. 52 of the Financial Accounting Standards Board
(B) Reclassification of prior year addition (C) Write-off of Fully Depreciated Equip. @ Canadian Subsidiary

THE DAVEY TREE EXPERT COMPANY AND SUBSIDIARY COMPANIES

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

(Dollars in Thousands)

Description	Balance at Beginning of Period	Depreciation Expenses	Retirements	Other Charges Add/(Deduct)	Balance at End of Period
Year-Ended December 31, 1982:					
Land & Land Improvements	$ 37	$ 12	$	$	$ 49
Buildings & Leaseholds	864	156		(2) (A)	1,018
Equipment, Principally Revenue Producing	20,595	5,368	4,001	(22) (A)	21,940
	$21,496	$ 5,536	$4,001	$(24) (A)	$23,007
Year-Ended December 31, 1983:					
Land & Land Improvements	$ 49	$ 17	$ 1	$	$ 65
Buildings & Leaseholds	1,018	172	61		1,129
Equipment, Principally Revenue Producing	21,940	6,303	2,249	(5) (A)	25,989
	$23,007	$ 6,492	$2,311	$ (5) (A)	$27,183
Year-Ended December 31, 1984:					
Land & Land Improvements	$ 65	$ 15	$ 1	$	$ 79
Buildings & Leaseholds	1,129	219	1		1,345
Equipment, Principally Revenue Producing	25,989	7,739	2,546	(66) (C) (22) (A)	31,094
	$27,183	$ 7,973	$2,548	$(88)	$32,518

(A) Effect of compliance with Statement No. 52 of the Financial Accounting Standards Board

(C) Write-off of Fully Depreciated Equipment at Canadian Subsidiary

THE DAVEY TREE EXPERT COMPANY AND SUBSIDIARY COMPANIES

SCHEDULE IX - SHORT-TERM BORROWINGS

(Dollars in Thousands)

Notes Payable to Bank	Balance At End of Period	Weighted Average Interest Rate	Maximum Amount Outstanding During the Period	Average Amount Outstanding During the Period(1)	Weighted Average Interest Rate During the Period (2)
December 31, 1982	$		$ 400	$ 99	14.52%
December 31, 1983	700	11.0	800	150	10.99%
December 31, 1984			2,807	963	12.36%

(1) Average amount outstanding during the period is computed by dividing the total of daily outstanding principal balances by 360.

(2) Weighted average interest rate during the period is computed by multiplying the actual outstanding principal balances by the applicable interest rates and by the actual days outstanding and averaging the resultant totals.

THE DAVEY TREE EXPERT COMPANY AND SUBSIDIARY COMPANIES

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT DATA
(Dollars in Thousands)

	Charged to Costs and Expenses		
	Year-Ended December 31,		
	1984	1983	1982
Maintenance and Repairs	$5,549	$4,915	$4,499
Amortization of Intangible Assets	(A)	(A)	(A)
Pre-Operating Costs and Similar Deferrals	(A)	(A)	(A)
Taxes, Other Than Payroll & Income Taxes	(A)	1,131	(A)
Royalties	(A)	(A)	(A)
Advertising	1,641	1,100	961

(A) Amounts are not presented as such amounts are less than 1% of net sales