

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, 1982

Commission file number: 1933 Act
Registration Nos. 2-63058 and 2-63059

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

Ohio
(State of Incorporation) 34-0176110
(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:
None

(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 1983 Annual Meeting of Shareholders are incorporated by reference in Part III of this Annual Report on Form 10-K.

Market value of voting stock: Not applicable; see Item 5.

Common Shares outstanding at March 15, 1983: 266,832

Index to Exhibits is located on sequential page 37

FORM 10-K

THE DAVEY TREE EXPERT COMPANY

Year Ended December 31, 1982

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, maintenance, 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, 1982, the Registrant had sales of approximately \$13,000,000 (15% 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 \$4,000,000, 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 1981 and 1982 were approximately \$9,200,000 and \$7,600,000, respectively. In addition, the Registrant must continually assure its compliance with the Occupational Safety and Health Act.

Employees. The Registrant employs between 2,500 and 3,000 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.

<u>Location</u>	<u>Acreage</u>	<u>Building Sq. Ft.</u>
Livermore, California	10.0	17,500
Winter Park, Florida	1.0	2,500
Chamblee, Georgia	1.0	5,000
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)	14.9	71,100
Toledo, Ohio	1.0	9,800
Wooster, Ohio	228.0	7,200
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	-0-

The Registrant leases its corporate office in Kent, Ohio, pursuant to a lease expiring in 1984 at an annual rental of approximately \$86,000. 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 1982 to a vote of security holders, through the solicitation of proxies or otherwise.

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, 1983 there were 408 record holders of the Registrant's Common Shares. During the year ended December 31, 1981, the Registrant paid a dividend of \$.20 per share in each of the first three quarters and \$.30 per share in the fourth quarter. During the year ended December 31, 1982, the Registrant paid a dividend of \$.30 per share in each of the first three quarters and \$.40 per share in the fourth quarter. The Registrant's agreements with its lenders provide cash dividends may not exceed the lesser of (a) 30% of net earnings or (b) net earnings less debt service, in each case as defined, with all such amounts being cumulative from January 1, 1981. See Note C to Consolidated Financial Statements beginning on page F-10 of the Annual Report on Form 10-K.

Item 6. Selected Financial Data.

	Years Ended December 31,				
	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
	(000's omitted, except per share data)				
Operating Results:					
Revenues	\$84,618	\$76,724	\$67,211	\$60,243	\$52,085
Net Earnings	\$ 2,682	\$ 2,628	\$ 2,467	\$ 1,832	\$ 904
Net Earnings Per Common Share	\$10.14	\$9.54	\$7.72	\$5.63	\$2.59
At Year-End:					
Total Assets	<u>\$29,335</u>	<u>\$26,823</u>	<u>\$22,851</u>	<u>\$21,845</u>	<u>\$19,406</u>
Total Long-Term Debt	<u>\$ 2,998</u>	<u>\$ 4,631</u>	<u>\$ 3,416</u>	<u>\$ 5,868</u>	<u>\$ 2,500</u>
Cash Dividends Per Common Share	\$1.30	\$.90	\$.65	\$.50	\$.48

Net earnings, net earnings per common share, and total assets for the years 1978 through 1980 have been restated due to a change in the method of accounting for vacation expense to comply with Statement No. 43 of the Financial Accounting Standards Board.

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.

	<u>1982</u>	<u>1981</u>	<u>1980</u>
Working Capital (in 000's)	\$ 296	\$ 718	\$2,489
Current Ratio	1.0:1	1.1:1	1.3:1
Cash Flow from Operations (in 000's)	\$8,448	\$7,624	\$6,432
Capital Expenditures (in 000's)	\$7,579	\$9,146	\$5,586
Cash Flow to Capital Expenditures Ratio	1.1:1	.8:1	1.2:1
Cash Flow as % of Revenues	10.0%	9.9%	9.6%

In 1982, as was the case in 1981, working capital (current assets less current liabilities) declined dramatically during the last quarter, and at year-end, was \$422,000 lower than 1981 and \$2,193,000 lower than 1980. The 1982 and 1981 declines were caused principally from higher than normal capital expenditures late in the year, which depleted excess cash and forced borrowings under the Revolving Credit Agreement. In the last quarter of 1982, expenditures for new equipment totaled \$3,684,000, or nearly 50% of the total expenditures for the year. These expenditures were principally the result of two large utility contracts being awarded to the Company's West Coast subsidiary in the fourth quarter, and which commenced operation on January 1, 1983. In 1981, management accelerated expenditures that had been planned for 1982 back into 1981 to take full advantage of the provisions of the Economic Recovery Tax Act of 1981.

Management believes that this working capital condition is temporary and that it does not and will not adversely affect the Company's liquidity position. It continues to be management's objective to finance capital expenditures from internally-generated funds (cash flow), as much as is possible, so long as that posture does not prevent the Company 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.

	<u>1982</u>	<u>1981</u>	<u>1980</u>
Equity to Debt Ratio	1.1:1	.9:1	1.0:1
Debt as % of Assets	47.1%	52.4%	49.2%
Equity as % of Assets	52.9%	47.6%	50.8%

The employees' acquisition of the Registrant in 1979 resulted in a major restructuring of the debt and equity sections of the balance sheet; the equity to debt relationship was completely inverted and the ratio fell below 1:1 for the first time in years (at the end of 1979, the ratio was .7:1). In 1980, as a result of the sale of the Registrant's Pine Knoll property and the corresponding reduction of long-term debt with the proceeds, and the record earnings achieved in both 1979 and 1980, the equity to debt ratio was restored to 1:1. In 1981, the employees' acquisition of the Registrant was concluded through the purchase of the M. L. Davey, Jr., family shares, and the equity to debt ratio again fell below 1:1 as a result; liabilities were increased and equity was decreased by approximately \$1,650,000. At the end of 1982, the relationship of equity to debt was at its highest level in four years and management believes that this favorable trend will continue. However, it also believes that a ratio of less than 1:1 is not necessarily unhealthy and continually evaluates opportunities which could require additional debt financing.

The Registrant will continue to finance its business needs with borrowings under the Revolving Credit Agreement and short-term lines of credit. At December 31, 1982, the Registrant had available for use \$6,500,000 in credit commitments under these arrangements, which management believes to be sufficient.

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

	<u>1982</u>	<u>1981</u>	<u>1980</u>
Earnings Per Share	\$10.14	\$ 9.54	\$ 7.72
Dividends Per Share	\$ 1.30	\$.90	\$.65
Book Value Per Share	\$58.35	\$48.26	\$36.21
ESOT Market Valuation Per Share	\$50.55	\$44.50	\$29.90

The purchase of the M. L. Davey, Jr., family shares in 1981 resulted in a decrease in Common Shares outstanding of approximately 56,500 Common Shares, which had a positive effect on the 1981 measurements presented above.

Dividends paid per share were increased significantly for the third year in a row. In 1982, they were increased \$.40 per share, or 44% over 1981, compared to an increase in 1981 of \$.25 per share, or 38% over 1980.

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, and the increase in 1982 and 1981 reflect this objective.

The Registrant's Common Shares are not listed, or actively traded, and market prices are, therefore, not available. Each year, an independent consultant 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. These 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.

	1982	1981	1980
Increase in Revenues	10.3%	14.2%	11.6%
Operating Earnings as % of Revenues	5.6%	6.4%	5.8%
Pre-Tax Earnings as % of Revenues	4.8%	5.2%	5.9%
Net Earnings as % of Revenues	3.2%	3.4%	3.7%

Revenues for 1982 of \$84,618,000 set a new record and increased \$7,894,000, or 10% over 1981, compared to a 14% increase in 1981 and 12% increase in 1980. Revenues increased in all of the Registrant's major service lines, particularly in the West Coast subsidiary, despite the adverse economic conditions in existence generally throughout the country.

Operating costs in 1982 increased 11% over 1981 and as a percentage of revenues increased to 66.5% as compared with 66.1%, but were still below the higher level experienced in 1980 of 67.5%. Higher direct labor costs on the increased utility revenues in the West Coast subsidiary accounted for most of the change.

Selling, general and administrative costs have increased at a slightly faster rate than revenues during the past three years, and as a result, these costs have increased as a percentage of revenues from 20.7% in 1980 to 21.0% in 1981 and 21.3% in 1982. The principal reason for these increases has been the addition of administrative and operations management personnel to accommodate the substantial growth the Company has experienced over the past four years. Management believes that this trend may continue for the near future, but that it is necessary and should have a positive long-term effect.

Depreciation expense in 1982 again increased at a faster rate than revenues, 13%, compared with a 21% increase in 1981 and a 12% increase in 1980. The Registrant 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 preceding years. Capital expenditures in 1982 were \$7,579,000 compared to \$9,146,000 in 1981 and \$5,586,000 in 1980. As a percentage of revenues, depreciation expense in 1982 was 6.6% compared to 6.5% in 1981 and 6.0% in 1980.

Interest expense decreased to \$1,015,000 in 1982 compared to \$1,213,000 in 1981, and \$1,028,000 in 1980 due to lower levels of seasonal and long-term borrowings during the year and lower prime interest rates.

As a result of the above factors, earnings before income taxes and net earnings increased in 1982 to record levels, although as a percentage of revenues, they declined 4.8% and 3.2%, respectively. Management believes that this decline in the earnings percentage is temporary, and in addition to a brighter economic outlook, has taken steps to improve profit margins in all service lines.

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

	<u>1982</u>	<u>1981</u>	<u>1980</u>
Average Assets Employed (in 000's)	\$28,079	\$24,837	\$22,348
Asset Turnover (Revenues to Average Assets)	3.0	3.1	3.0
Return on Average Assets	9.6%	10.6%	11.0%

The return on assets for 1980 is somewhat distorted when compared to 1981 and 1982, due to the large gain on the sale of real estate included in net earnings in 1980. Nonetheless, the return on assets employed in 1982 declined from the levels achieved in the prior two years. The asset turnover was maintained at a level of 3.0, but the decline in the net earnings to revenue percentage caused a lower return on assets. As stated earlier, management believes this downturn to be temporary and its goals are to maintain an asset turnover rate in excess of 3.0 and gradually improve the net earnings to revenue 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-2 through F-17 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.

(a) Directors. The Registrant's Directors, with information furnished by them to the Registrant as of March 31, 1983, are as follows:

<u>Name (Age)</u>	<u>Principal Occupation, Business Experience and Other Directorships</u>	<u>Director Since</u>
Martin L. Davey, Jr. (65)	Chairman of the Board of the Registrant since January, 1979; Vice Chairman of the Board from November, 1977 to January, 1979.	1946
John W. Joy (60)	Chief Executive Officer of the Registrant since January, 1979, and President and Chief Operating Officer of the Registrant since November, 1977.	1964
James H. Pohl (59)	Executive Vice President of the Registrant since January, 1979, and Treasurer of the Registrant for more than five years; Senior Vice President-Finance and Administration of the Registrant for more than a year prior to January, 1979.	1952
Howard L. Eckel, Jr. (52)	Senior Vice President-Operations of the Registrant since January, 1979; Vice President of Utility Services of the Registrant from March, 1977 to January, 1979.	1977
Eugene W. Haupt (60)	Vice President of the Registrant and General Manager of Davey Tree Surgery Company, a subsidiary of the Registrant, for more than five years.	1979
R. Douglas Cowan (42)	Vice President-Finance of the Registrant since January, 1979; Controller of the Registrant for more than a year prior to January, 1979.	1982
Thomas W. Blazey (63)	Retired; formerly Vice President of The B. F. Goodrich Company, a diversified manufacturer of chemical, plastic, and rubber products for more than five years.	1980(1)(2)

<u>Name (Age)</u>	<u>Principal Occupation, Business Experience and Other Directorships</u>	<u>Director Since</u>
Richard E. Dunn (55)	Vice President for Business Affairs and Treasurer of Kent State University, Kent, Ohio, for more than five years.	1980(1)(2)
William D. Ginn (59)	Partner, Thompson, Hine and Flory, Cleveland, Ohio, attorneys, for more than five years; Director of Nordson Corporation, a manufacturer of industrial equipment.	1973(1)(2)
Edward P. Taylor (73)	Retired; Agriculturist.	1973(1)(2)
Bert D. Stamp (64)	Retired; formerly Senior Vice President-Field Services of the Registrant from January, 1979 to January, 1982 Vice President of Field Services of the Registrant from March, 1977 to January, 1979.	1966

- (1) Member of the Compensation Committee, which met three times during 1982 for the purpose of fixing compensation for executive officers of the Registrant and considering employee benefit programs generally.
- (2) Member of the Audit Committee, which met two times during 1982 for the purpose of reviewing the Registrant's internal system of accounting controls, reviewing the scope and results of audits by the Registrant's independent auditors, and recommending the appointment of independent auditors.

During 1982, there were five meetings of the Registrant's Board of Directors, in addition to several meetings of various Committees of the Board of Directors. Each Director attended at least 75 percent of the total number of meetings held by the Board of Directors and the Committees of the Board on which he served. Members of the Board of Directors who are not executive officers of the Registrant are compensated at the rate of \$3,600 per year, plus \$400 for the first and \$200 for each additional Board or Committee meeting attended on the same day. The Board of Directors does not have a Nominating Committee.

(b) Officers. The executive officers of the Registrant and their positions and ages are as follows:

<u>Name</u>	<u>Position</u>	<u>Age</u>
Martin L. Davey, Jr.	Chairman of the Board	65
John W. Joy	President and Chief Executive Officer	60
James H. Pohl	Executive Vice President and Treasurer	59
Howard L. Eckel, Jr.	Sr. Vice President - Operations	52
Eugene W. Haupt	Vice President and General Manager - Davey Tree Surgery Company	60
R. Douglas Cowan	Vice President - Finance	42
Dr. Roger C. Funk	Vice President - Research and Development	38
William F. Heim	Vice President and General Manager - Utility Services	55
Edward J. Johnson	Vice President - Field Services	49
Gordon L. Ober	Vice President and General Manager - Lawnscape Services	33
Donald J. Shope	Vice President and General Manager - Tree Care Services	49
C. Robert Klein	Secretary	61
David E. Adante	Assistant Treasurer	31
Colette Connors	Assistant Secretary	66
Rosemary Nicholas	Assistant Secretary	39

Mr. Davey was elected Chairman of the Board in January, 1979. From November, 1977 to January, 1979, he served as Vice Chairman of the Board.

Mr. Joy was elected President and Chief Executive Officer in January, 1979. From November, 1977 to January, 1979, he served as President and Chief Operating Officer.

Mr. Pohl has served as Executive Vice President and Treasurer since January, 1979, and had served as Senior Vice President, Finance and Administration since April, 1975.

Mr. Eckel was elected Senior Vice President, Operations in January, 1979. He had served as Vice President of Utility Services since March, 1977.

Mr. Haupt has been a Vice President of the Registrant and General Manager of Davey Tree Surgery Company for more than five years.

Mr. Cowan was elected Vice President, Finance in January, 1979. He had served as Controller of the Registrant for more than a year prior to January, 1979.

Dr. Funk was elected Vice President, Research and Development in January, 1979. He has been Director of Research and Development since August, 1978. Prior to August, 1978, Dr. Funk was technical advisor-horticulture for the Registrant.

Mr. Heim was elected Vice President and General Manager, Utility Services in January, 1979, after having served as Central and Midwest Regional Utility Manager from January, 1975.

Mr. Johnson was elected Vice President, Field Services in September, 1981. He served as Operations Coordinator of Tree Care Services from January, 1980 to September, 1981. Prior to January, 1980, he served as Manager of the Parr & Hanson Division.

Mr. Ober was elected Vice President, Lawnscape in May, 1980, after having served as General Manager of Lawnscape services since October, 1978. Prior to October, 1978, he served as a District Manager.

Mr. Shope was elected Vice President and General Manager-Tree Care Services in January, 1979, after having served as Sales Manager-Tree Care Services from August, 1977.

Mr. Klein has been Secretary of the Registrant for more than five years.

Mr. Adante was elected Assistant Treasurer in May, 1982 and from July, 1979 to May, 1982, was Internal Auditor of the Registrant. For more than one year prior to 1979 was a trust officer for Centran Bank.

Miss Connors has been Assistant Secretary of the Registrant for more than five years.

Mrs. Nicholas was elected Assistant Secretary in May, 1982 and has been 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.

Item 11. Management Remuneration and Transactions.

The information regarding management remuneration and transactions appearing under the heading "Remuneration of Directors and Officers" in the Registrant's definitive Proxy Statement for its 1983 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 1983 Annual Meeting of Shareholders is hereby incorporated by reference.

PART IV

Item 13. 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 pages F-1 and F-2 of this Annual Report on Form 10-K.

(a)(3) Exhibits. See the Index to Exhibits on sequentially numbered page 37 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.

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended, by Registrants Which Have Not Registered Securities Pursuant to Section 12 of that Act.

At the time of the filing of this Annual Report on Form 10-K, the Registrant has not sent to security holders:

(1) the annual report to security holders covering the Registrant's last fiscal year; or

(2) the proxy statement, form of proxy, or other proxy soliciting material with respect to the annual meeting of security holders.

The annual report to security holders and proxy material is to be furnished to security holders subsequent to the filing of this Annual Report on Form 10-K, and the Registrant will furnish copies of these to the Commission when they are sent to security holders.

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AND FINANCIAL STATEMENT SCHEDULES
[Item 13(a)(1) and (2)]

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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, 1982, 1981 and 1980 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, 1982. 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, 1982, 1981 and 1980 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, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examinations also comprehended the schedules listed in the index at Item 13(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 21, 1983

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31		
	<u>1982</u>	<u>1981</u>	<u>1980</u>
CURRENT LIABILITIES:			
Accounts payable	\$ 5,347	\$ 4,579	\$ 3,889
Accrued liabilities	3,477	3,242	2,657
Income taxes payable	288	191	243
Current maturities on long-term debt	<u>1,225</u>	<u>1,170</u>	<u>798</u>
TOTAL CURRENT LIABILITIES	10,337	9,182	7,587
LONG-TERM DEBT	2,998	4,631	3,416
DEFERRED INCOME TAXES	220	14	
OTHER LIABILITIES	<u>254</u>	<u>231</u>	<u>249</u>
TOTAL LIABILITIES	13,809	14,058	11,252
SHAREHOLDERS' EQUITY:			
Common shares - \$1.00 par value, authorized 600,000 shares, issued 358,285 shares in 1982, 357,860 shares in 1981 and 356,960 shares in 1980	358	358	357
Additional paid-in capital	518	455	433
Retained earnings	<u>19,301</u>	<u>16,995</u>	<u>14,630</u>
Less:	<u>20,177</u>	<u>17,808</u>	<u>15,420</u>
Treasury shares, at cost, 92,203 shares in 1982, 93,356 shares in 1981 and 36,673 shares in 1980	2,487	2,455	803
Subscriptions receivable from employees	476	630	790
Future contributions to ESOT	<u>1,688</u>	<u>1,958</u>	<u>2,228</u>
TOTAL SHAREHOLDERS' EQUITY	<u>15,526</u>	<u>12,765</u>	<u>11,599</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$29,335</u>	<u>\$26,823</u>	<u>\$22,851</u>

THE DAVEY TREE EXPERT COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Dollars in Thousands)

	Year Ended December 31					
	<u>1982</u>		<u>1981</u>		<u>1980</u>	
REVENUES	\$84,618	100.0%	\$76,724	100.0%	\$67,211	100.0%
COSTS AND EXPENSES:						
Operating costs	56,266	66.5	50,764	66.1	45,379	67.5
Selling, general and administrative	18,061	21.3	16,134	21.0	13,886	20.7
Depreciation	5,536	6.6	4,885	6.5	4,036	6.0
	<u>79,863</u>	<u>94.4</u>	<u>71,783</u>	<u>93.6</u>	<u>63,301</u>	<u>94.2</u>
EARNINGS FROM OPERA- TIONS	4,755	5.6	4,941	6.4	3,910	5.8
INTEREST EXPENSE	(1,015)	(1.2)	(1,213)	(1.5)	(1,028)	(1.5)
GAIN ON SALE OF REAL ESTATE					686	1.0
OTHER INCOME - NET	<u>337</u>	<u>.4</u>	<u>303</u>	<u>.3</u>	<u>372</u>	<u>.6</u>
EARNINGS BEFORE IN- COME TAXES	4,077	4.8	4,031	5.2	3,940	5.9
INCOME TAXES	<u>1,395</u>	<u>1.6</u>	<u>1,403</u>	<u>1.8</u>	<u>1,473</u>	<u>2.2</u>
NET EARNINGS	<u>\$ 2,682</u>	<u>3.2%</u>	<u>\$ 2,628</u>	<u>3.4%</u>	<u>\$ 2,467</u>	<u>3.7%</u>
NET EARNINGS PER COMMON SHARE	<u>\$ 10.14</u>		<u>\$ 9.54</u>		<u>\$ 7.72</u>	

See notes to consolidated financial statements.

**THE DAVEY TREE EXPERT COMPANY
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED STATEMENTS OF
SHAREHOLDERS' EQUITY**

YEARS ENDED DECEMBER 31, 1982, 1981 AND 1980

(Dollars in Thousands)

	<u>Common Shares</u>	<u>Additional Paid-In Capital</u>
BALANCE, JANUARY 1, 1980	\$355	\$389
Shares purchased		
Shares sold to employees		
Options exercised	2	44
Receipts on subscriptions		
Contributions to ESOT		
Net earnings		
Dividends, \$.65 per share		
	<hr/>	<hr/>
BALANCE, DECEMBER 31, 1980	357	433
Shares purchased		
Shares sold to employees		
Options exercised	1	22
Receipts on subscriptions		
Contributions to ESOT		
Net earnings		
Dividends, \$.90 per share		
Net adjustment for foreign currency translation		
	<hr/>	<hr/>
BALANCE, DECEMBER 31, 1981	358	455
Shares purchased		
Shares sold to employees		40
Options exercised		23
Receipts on subscriptions		
Contributions to ESOT		
Net earnings		
Dividends, \$1.30 per share		
Net adjustment for foreign currency translation		
	<hr/>	<hr/>
BALANCE, DECEMBER 31, 1982	<u>\$358</u>	<u>\$518</u>

See notes to consolidated financial statements.

<u>Retained Earnings</u>	<u>Treasury Shares</u>	<u>Subscriptions Receivable From Employees</u>	<u>Future Contributions to ESOT</u>	<u>Total</u>
\$12,370	\$ (803)	\$ (939)	\$ (2,498)	\$ 8,874
	(15)			(15)
	15			15
1		149		46
				150
2,467			270	270
(208)				2,467
				(208)
14,630	(803)	(790)	(2,228)	11,599
	(1,678)			(1,678)
	26			26
				23
		160		160
2,628			270	270
(250)				2,628
				(250)
(13)				(13)
16,995	(2,455)	(630)	(1,958)	12,765
	(87)			(87)
	44			44
	11			34
		154		154
2,682			270	270
(344)				2,682
				(344)
(32)				(32)
<u>\$19,301</u>	<u>\$ (2,487)</u>	<u>\$ (476)</u>	<u>\$ (1,688)</u>	<u>\$15,526</u>

**THE DAVEY TREE EXPERT COMPANY
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED STATEMENTS OF
CHANGES IN FINANCIAL POSITION**

(Dollars in Thousands)

	<u>Year Ended December 31</u>		
	<u>1982</u>	<u>1981</u>	<u>1980</u>
SOURCE OF FUNDS:			
Net earnings	\$ 2,682	\$ 2,628	\$ 2,467
Add (deduct) items not affecting working capital:			
Depreciation and amortization	5,560	4,892	4,038
Deferred income taxes and other	<u>206</u>	<u>104</u>	<u>(73)</u>
Funds provided from operations	8,448	7,624	6,432
Proceeds of long-term borrowings	80	2,347	
Net book value of property and equipment disposals	201	136	1,326
Contributions to ESOT	270	270	270
Sale of treasury shares:			
Receipts on subscriptions receivable	154	160	150
Proceeds from stock options exercised	34	23	46
Employee stock purchase plan	68		
Other	<u>16</u>	<u>26</u>	<u>15</u>
TOTAL SOURCE OF FUNDS	9,271	10,586	8,239
APPLICATION OF FUNDS:			
Additions to property and equipment	7,579	9,146	5,586
Reduction of long-term debt	1,713	1,132	2,452
Purchase of treasury shares	87	1,678	15
Dividends	344	250	208
Other	<u>(30)</u>	<u>151</u>	<u>(94)</u>
TOTAL APPLICATION OF FUNDS	9,693	12,357	8,167
INCREASE (DECREASE) IN WORKING CAPITAL	\$ (422)	\$ (1,771)	\$ 72
CHANGES IN WORKING CAPITAL BY COMPONENTS:			
Cash and short-term investments	\$ 2	\$ (1,514)	\$ 1,020
Accounts receivable	1,053	1,527	(344)
Operating supplies	(401)	33	226
Prepaid expenses	49	(15)	3
Deferred income taxes	30	(207)	29
Accounts payable	(768)	(690)	(235)
Accrued liabilities	(235)	(585)	(523)
Income taxes payable	(97)	52	(104)
Current maturities on long-term debt	<u>(55)</u>	<u>(372)</u>	
INCREASE (DECREASE) IN WORKING CAPITAL	\$ (422)	\$ (1,771)	\$ 72

See notes to consolidated financial statements.

THE DAVEY TREE EXPERT COMPANY
AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS

THREE YEARS ENDED DECEMBER 31, 1982

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, 5-28 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 accrue 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.

Earnings Per Share - Net earnings per Common Share are computed by dividing net earnings for the period by the weighted average number of Common Shares outstanding during the period: 264,398 shares in 1982, 275,255 shares in 1981, and 319,476 shares in 1980.

B. ACCRUED LIABILITIES

Accrued liabilities consisted of:

	<u>December 31</u>		
	<u>1982</u>	<u>1981</u>	<u>1980</u>
	(000's omitted)		
Wages, salaries, etc.	\$1,678	\$1,670	\$1,371
Taxes, other than taxes on income	738	745	655
Accrued vacation	826	681	581
Other	<u>235</u>	<u>146</u>	<u>50</u>
TOTAL	<u>\$3,477</u>	<u>\$3,242</u>	<u>\$2,657</u>

C. LONG-TERM DEBT

Long-term debt consisted of:

	<u>December 31</u>		
	<u>1982</u>	<u>1981</u>	<u>1980</u>
	(000's omitted)		
Term loan agreement	\$ 780	\$1,170	\$1,560
Revolving credit agreement	500	1,000	
Long-term debt of ESOT (Note I)	1,688	1,958	2,227
8% subordinated install- ment notes - employee purchase (Note I)	147	289	427
8% subordinated install- ment notes - Davey Option Agreement (Note I)	915	1,188	
Other	<u>193</u>	<u>196</u>	
	4,223	5,801	4,214
Less current maturities	<u>1,225</u>	<u>1,170</u>	<u>798</u>
TOTAL LONG-TERM DEBT	<u>\$2,998</u>	<u>\$4,631</u>	<u>\$3,416</u>

On March 14, 1979, the Company entered into a Loan and Revolving Credit Agreement with two banks obtaining a term loan in the principal amount of \$3,900,000. The term loan requires payments in 27 quarterly installments of \$97,500 commencing June 30, 1979, and a final installment on March 31, 1986, of the remaining unpaid principal balance; however, during 1980, as a result of the sale of real estate, the Company made additional principal payments of \$1,657,500 which were applied to the loan in the inverse order of maturity. The final installment on the term loan is due, therefore, on December 31, 1984.

C. LONG-TERM DEBT (Continued)

The Agreement contains a year-to-year revolving feature which permits the Company to borrow, repay and reborrow up to the lesser of \$4,000,000 or 90% of the Company's net book value of revenue producing equipment. Borrowings under the "Revolver" do not currently require principal payments inasmuch as the "Revolver" is renewable annually by agreement of both the Company and the banks; furthermore, borrowings under the "Revolver" may be converted by the Company to a five-year term loan, payable in equal annual installments, at an interest rate of 1/2% over the banks' prime rate. Accordingly, at December 31, 1982 and 1981, borrowings under the Revolving Credit Agreement have been classified as long-term debt.

The Agreement has been amended effective January 1, 1983. Under the most restrictive covenants of the amended Agreement, the Company must maintain a minimum shareholders' equity, as defined, of \$7,000,000; a minimum ratio of shareholders' equity to total liabilities, as defined, of .9 to 1, increasing to 1 to 1 at December 31, 1983; a minimum current ratio of 1 to 1; and the cumulative amount of all cash dividends declared since January 1, 1981, cannot exceed the lesser of (a) 30% of the cumulative net earnings, as defined, from January 1, 1981, or (b) the cumulative net earnings less the cumulative debt service, as defined, from January 1, 1981. At December 31, 1982, the Company was in compliance with these covenants of the Agreement, as amended.

The Agreement provides for interest on the term loan at the banks' prime rate plus 2-1/4%, and interest on any borrowings on the Revolving Credit Agreement at the banks' prime rate plus a commitment fee of 1/2 of 1% on unborrowed commitments. In accordance with an informal arrangement, the banks expect the Company to maintain compensating balances equal to approximately 10% of the \$4,000,000 Revolving Credit Agreement commitment.

As of December 31, 1982, the total annual installments required to be paid on long-term debt in the years 1983 to 1987 are as follows: 1983, \$1,225,000; 1984, \$1,028,000; 1985, \$592,000; 1986, \$878,000; 1987, \$-0-.

In addition, the Company has short-term lines of credit with six banks totaling \$2,500,000, generally at the banks' prime rate.

D. PENSION PLANS

Total pension expense was approximately \$386,500 in 1982, \$287,500 in 1981 and \$357,000 in 1980. Pension expenses have been affected by increases in benefits and increases in the number of employees covered by the plans. 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:

	<u>1982</u>	<u>1981</u>	<u>1980</u>
	(000's omitted)		
Actuarial present value of accumulated plan benefits:			
Vested	\$4,288	\$3,861	\$3,753
Non-vested	<u>124</u>	<u>127</u>	<u>75</u>
	<u>\$4,412</u>	<u>\$3,988</u>	<u>\$3,828</u>
Net assets available for benefits, at market	<u>\$4,424</u>	<u>\$4,175</u>	<u>\$3,405</u>

E. INCOME TAXES

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

	<u>1982</u>	<u>1981</u>	<u>1980</u>
	(000's omitted)		
Taxes payable before tax credits:			
U.S.	\$1,482	\$1,290	\$1,467
Canadian	112	132	85
State and local	<u>242</u>	<u>270</u>	<u>309</u>
	1,836	1,692	1,861
Investment tax credits - net	(586)	(640)	(396)
Other tax credits	<u>(31)</u>	<u>(2)</u>	<u>(5)</u>
Taxes currently payable	1,219	1,050	1,460
Deferred taxes:			
U.S.	196	356	20
Canadian	<u>(20)</u>	<u>(3)</u>	<u>(7)</u>
	<u>\$1,395</u>	<u>\$1,403</u>	<u>\$1,473</u>

E. INCOME TAXES (Continued)

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

	<u>1982</u>	<u>1981</u>	<u>1980</u>
Statutory tax rate	46.0%	46.0%	46.0%
State and local income taxes	3.2	3.6	4.2
Investment tax credits	(14.4)	(16.0)	(9.9)
Capital gains rate-sale of real estate			(3.1)
Miscellaneous	<u>(.6)</u>	<u>1.2</u>	<u>.2</u>
Effective tax rate	<u>34.2%</u>	<u>34.8%</u>	<u>37.4%</u>

The major timing differences resulting in deferred income tax expense are as follows:

	<u>1982</u>	<u>1981</u>	<u>1980</u>
Accrued vacations	\$ 5	\$232	
Accelerated depreciation	234	118	
Other	(43)	6	\$ 20
Total U.S.	<u>196</u>	<u>356</u>	<u>20</u>
Outside the U.S.	<u>(20)</u>	<u>(3)</u>	<u>(7)</u>
	<u>\$176</u>	<u>\$353</u>	<u>\$ 13</u>

F. 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 \$13,000,000, \$11,500,000 and \$10,500,000 for the years ended December 31, 1982, 1981 and 1980, respectively.

G. STOCK OPTION AND STOCK PURCHASE PLANS

In 1973, the shareholders approved a qualified stock option plan and 20,000 Common Shares were reserved for the granting of options to officers, directors and other key employees. On December 5, 1973, options for 17,200 shares were granted at a price of \$10.50 per share and 13,100 options were subsequently exercised. On March 6, 1980, the remaining options for 6,900 shares were granted at a price of \$24.78 per share, and at December 31, 1982, options for 1,325 shares have been exercised and options for 5,575 shares were outstanding. Options granted may be exercised in full one year after the date of grant and expire five years from that date.

G. STOCK OPTION AND STOCK PURCHASE PLANS (Continued)

In 1973, the shareholders approved a stock purchase plan and 20,000 Common Shares were reserved for the offering of shares to officers, directors and other key employees. In addition, 2,175 shares held as treasury shares were made available for offer under the general terms and conditions contained in this plan. On December 5, 1973, 16,800 shares were offered for sale at a price of \$10.50 per share and 13,430 shares were purchased. On February 8, 1980, 8,745 shares were offered for sale at a price of \$22.50 per share and 2,050 shares were purchased. As of December 31, 1982, a total of 15,480 shares have been purchased and 6,695 shares remain available for future offerings.

In 1980, the shareholders approved the 1980 Employees Stock Option Plan and 30,000 Common Shares were reserved for the granting of options to officers, directors and other key employees. On July 22, 1980, options for 12,000 Common Shares were granted at a price of \$24.78 per share. On May 19, 1981, options for 12,000 Common Shares were granted at a price of \$29.90 per share, of which 400 options were forfeited due to a retirement. On July 21, 1982, options for 6,400 common shares were granted at a price of \$44.50 per share. The options granted may be exercised in full one year after the date of grant and expire five years from that date. At December 31, 1982, options for 900 shares have been exercised and options for 29,100 shares were unexercised.

In 1982, the shareholders approved the 1982 Employee Stock Purchase Plan and 30,000 Common Shares were reserved for the offering of shares to the employees of the Company. 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 a) when no more shares are available to be offered, or b) December 31, 1991, whichever occurs first. For the period July 1, 1982 to December 31, 1982, 1,789 shares were purchased by a total of 146 employees at a price of \$37.825 per share. At December 31, 1982, 28,211 shares remain available for future purchase.

H. 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 \$938,800, \$842,900 and \$789,200 for 1982, 1981 and 1980, respectively. As of December 31, 1982, future minimum rental payments, excluding taxes and other operating costs, for all operating leases having noncancelable lease terms in excess of one year, are as follows: 1983, \$796,000; 1984, \$497,000; 1985, \$233,000; 1986, \$76,000; and 1987, \$30,000.

I. EMPLOYEES' PURCHASE OF THE COMPANY

On March 15, 1979, the Company consummated a plan which transferred control of the Company to its employees. The principal features of the Employee Purchase Plan included (a) the repurchase by the Company of 219,050 outstanding Common Shares, (b) the sale by the Company of 64,552 Common Shares to certain present employees of the Company (c) the sale by the Company of 120,000 Common Shares to the Company's new Employee Stock Ownership Trust (ESOT) and (d) an option agreement to purchase Common Shares owned by the M.L. Davey, Jr. family and certain family trusts.

Repurchase of Outstanding Common Shares - Of the 219,050 shares repurchased, 186,070 shares were repurchased for cash in the amount of \$4,186,575 and 32,980 shares were repurchased by issuance of the Company's 8% subordinated installment notes in the principal amount of \$593,640 (before discount of \$33,131 for interest imputed at 12% per APB Opinion #21) and cash in the amount of \$230,860. The notes are payable in four equal annual installments commencing March 15, 1980.

Sale of Common Shares to Employees - Of the 64,552 shares sold to employees, 6,780 shares were sold for cash in the amount of \$152,550 and 57,772 shares were sold for 8% promissory notes in the principal amount of \$1,030,546 (before discount of \$86,321 for interest imputed at 12% per APB Opinion #21) and cash in the amount of \$269,324. The notes are payable to the Company in six equal annual installments commencing March 15, 1980 and are reflected as subscriptions receivable in shareholders' equity.

Sale of Common Shares to ESOT - The Employee Stock Ownership Plan, in conjunction with a trust (ESOT) established thereunder, provides for the grant to certain employees of the Company as participants of certain ownership rights in, but not possession of, the Common Shares held by the trustee of the Trust and allocated to individual accounts established for the benefit of the participants. The 120,000 Common Shares purchased by the Trust collateralized a \$2,700,000 loan obtained by the Trust to finance its purchase of the shares in accordance with the applicable provisions of the Internal Revenue Code, and the Company has guaranteed the repayment of the loan. 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

I. EMPLOYEES' PURCHASE OF THE COMPANY (Continued)

interest payments. The bank loan agreement provides for interest at 11-1/2% and requires principal payments of 27 quarterly installments of \$67,500 commencing June 30, 1979 and a final installment on March 31, 1986, of the remaining unpaid principal balance. The Company makes annual cash contributions to the ESOT in order to repay the principal and to pay the interest on the debt, and such contributions, net of dividends paid on the shares held as collateral, are reflected as an expense of the Company. The contributions to the ESOT for 1982, 1981 and 1980 were:

	<u>1982</u>	<u>1981</u>	<u>1980</u>
	(000's omitted)		
Principal repayment	\$270	\$270	\$270
Interest	216	249	278
Other cash requirements of ESOT	<u> </u>	<u>(4)</u>	<u> 5</u>
Total cash contributions required	486	515	553
Less dividends paid on collateral shares	<u>101</u>	<u> 82</u>	<u>129</u>
ESOT expense	<u>\$385</u>	<u>\$433</u>	<u>\$424</u>
Annual release of shares from collateral	<u>13,976</u>	<u>14,881</u>	<u>15,795</u>
Cumulative release of shares from collateral	<u>57,545</u>	<u>43,569</u>	<u>28,688</u>
Number of shares remaining in collateral	<u>62,455</u>	<u>76,431</u>	<u>91,312</u>

Option Agreement - M.L. Davey, Jr., Chairman of the Board, and certain members of his family and certain family trusts who owned an aggregate of 62,870 Common Shares entered into an option agreement with the Company at the time of the Employees' purchase of the Company. Under the terms of the agreement, the Company generally had the right to purchase the shares at any time prior to April 15, 1984.

I. EMPLOYEES' PURCHASE OF THE COMPANY (Continued)

On November 28, 1980, the Company gave notice that it was exercising its option to purchase 62,870 shares, subject to the agreement. On December 2, 1980, the Company was notified that M.L. Davey, Jr., certain members of his family and certain family trusts were exercising their right to exclude a portion of their shares from the option and were retaining 10% or 6,287 shares. In accordance with a formula provided by the agreement, the purchase price per share at December 31, 1980 was determined to be \$32.24, or \$1,824,236 for the 56,583 shares. Under the terms of the agreement, 28% of the total purchase price, or \$510,786 was paid in cash on March 15, 1981 and the Company issued 8% subordinated installment notes for the balance in the principal amount of \$1,313,450 (before discount of \$175,000 for interest imputed at 15% per APB Opinion #21). The notes will be paid in four equal annual installments, commencing March 15, 1982.

THE DAVEY TREE EXPERT COMPANY AND SUBSIDIARY COMPANIES

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT

(Dollars in Thousands)

Classification	Balance at Beginning of Period	Additions at Cost	Retirements	Other Changes Add (Deduct)	Balance at End of Period
Year Ended December 31, 1980:					
Property Held for Sale	\$ 1,201	\$	\$1,201		\$ 838
Land and Land Improvements	809	29			2,368
Buildings and Leaseholds	1,910	460	2		
Equipment, Principally					
Revenue Producing	<u>25,749</u>	<u>5,097</u>	<u>2,455</u>		<u>28,391</u>
	<u>\$29,669</u>	<u>\$5,586</u>	<u>\$3,658</u>		<u>\$31,597</u>
Year Ended December 31, 1981:					
Land and Land Improvements	\$ 838	\$ 225	\$ 6	\$ (1)[A]	\$ 1,056
Buildings and Leaseholds	2,368	710	70	(7)[A]	3,001
Equipment, Principally					
Revenue Producing	<u>28,391</u>	<u>8,211</u>	<u>2,555</u>	<u>(79)[A]</u>	<u>33,968</u>
	<u>\$31,597</u>	<u>\$9,146</u>	<u>\$2,631</u>	<u>\$ (87)[A]</u>	<u>\$38,025</u>
Year Ended December 31, 1982:					
Land and Land Improvements	\$ 1,056	\$ 71	\$	\$(109)[B]	\$ 1,018
Buildings and Leaseholds	3,001	380		109 [B]) (3)[A])	3,487
Equipment, Principally					
Revenue Producing	<u>33,968</u>	<u>7,128</u>	<u>4,202</u>	<u>(34)[A]</u>	<u>36,860</u>
	<u>\$38,025</u>	<u>\$7,579</u>	<u>\$4,202</u>	<u>\$ (37)[A]</u>	<u>\$41,365</u>

[A] Effect of compliance with Statement No. 52 of the Financial Accounting Standards Board
[B] Reclassification of prior year addition

THE DAVEY TREE EXPERT COMPANY AND SUBSIDIARY COMPANIES

SCHEDULE IX - SHORT-TERM BORROWINGS

(Dollars in Thousands)

<u>Notes Payable to Banks</u>	<u>Balance at End of Period</u>	<u>Weighted Average Interest Rate</u>	<u>Maximum Amount Outstanding During the Period</u>	<u>Average Amount Outstanding During the Period (1)</u>	<u>Weighted Average Interest Rate During the Period (2)</u>
December 31, 1980			\$400	\$81	19.49%
December 31, 1981			300	40	17.28%
December 31, 1982			400	99	14.52%

(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 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, 1980:					
Property Held for Sale	\$ 34	\$ 6	\$ 40		\$ 27
Land and Land Improvements	18	9			816
Buildings and Leaseholds	723	93			
Equipment, Principally Revenue Producing	<u>16,714</u>	<u>3,928</u>	<u>2,292</u>		<u>18,350</u>
	<u>\$17,489</u>	<u>\$4,036</u>	<u>\$2,332</u>		<u>\$19,193</u>
Year Ended December 31, 1981:					
Land and Land Improvements	\$ 27	\$ 10	\$ 64	\$ (6) [A]	\$ 37
Buildings and Leaseholds	816	118			864
Equipment, Principally Revenue Producing	<u>18,350</u>	<u>4,757</u>	<u>2,446</u>	<u>(66) [A]</u>	<u>20,595</u>
	<u>\$19,193</u>	<u>\$4,885</u>	<u>\$2,510</u>	<u>\$(72) [A]</u>	<u>\$21,496</u>
Year Ended December 31, 1982:					
Land and Land Improvements	\$ 37	\$ 12	\$	\$ (2) [A]	\$ 49
Buildings and Leaseholds	864	156			1,018
Equipment, Principally Revenue Producing	<u>20,595</u>	<u>5,368</u>	<u>4,001</u>	<u>(22) [A]</u>	<u>21,940</u>
	<u>\$21,496</u>	<u>\$5,536</u>	<u>\$4,001</u>	<u>\$(24) [A]</u>	<u>\$23,007</u>

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, <u>1982</u>	<u>1981</u>	<u>1980</u>
Maintenance and Repairs	<u>\$4,499</u>	<u>\$4,347</u>	<u>\$3,817</u>
Amortization of Intangible Assets	(A)	(A)	(A)
Taxes, Other than Payroll and Income Taxes	(A)	(A)	(A)
Royalties	(A)	(A)	(A)
Advertising	<u>\$ 961</u>	<u>\$ 796</u>	<u>\$ 818</u>

(A) Amounts are not presented as such amounts are less than 1% of Net Sales

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 to be signed on its behalf by the undersigned thereunder duly authorized.

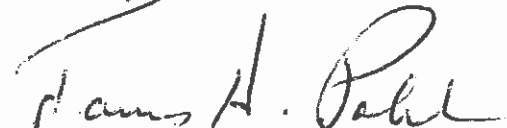
THE DAVEY TREE EXPERT COMPANY

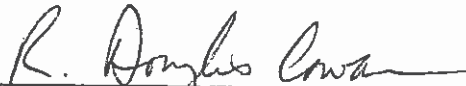

By: JAMES H. POHL, Executive
Vice President and Treasurer

March 30, 1983

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March , 1983.

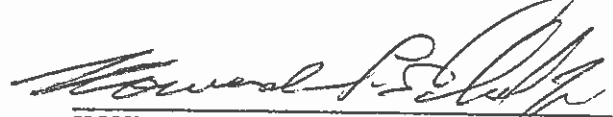

J. W. JOY, Director;
President and Chief
Executive Officer
(Principal Executive Officer)



JAMES H. POHL, Director;
Executive Vice President
(Principal Financial Officer)


R. DOUGLAS COWAN
Vice President-Finance
(Principal Accounting Officer)



WILLIAM D. GINN, Director

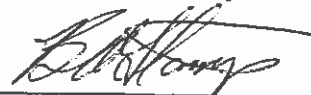

THOMAS W. BLAZEY, Director


HOWARD L. ECKEL, JR., Director


M. L. DAVEY, JR., Director


EUGENE W. HAUPT, Director


RICHARD E. DUNN, Director


B. D. STAMP, Director


EDWARD P. TAYLOR, Director

INDEX TO EXHIBITS

[Item 13(a)(3)]

<u>Exhibit No.</u>	<u>Description</u>	<u>Location or Sequential Page</u>
3	Registrant's Articles of Incorporation and Regulations	Incorporated by reference to Exhibits 3(a) and 3(b) to Registrant's Registration Statement on Form S-1 (No. 2-63058) and to Exhibit 5 to Registrant's Quarterly Report on Form 10-Q for quarter ended June 30, 1979
10(a)	Registrant's 1980 Employee Stock Option Plan	
10(b)	Amendment to Registrant's 1980 Employee Stock Option Plan	
22	Subsidiaries of the Registrant	
24	Consent of independent auditors to incorporation of their opinion in Registrant's Registration Statements on Form S-8 (No. 2-73052 and No. 2-77353)	
28	Undertakings with respect to Registrant's Registration Statements on Form S-8	

THE DAVEY TREE EXPERT COMPANY
1980 EMPLOYEES STOCK OPTION PLAN

1. Purpose. This 1980 Employees Stock Option Plan (the "Plan") is designed to enable The Davey Tree Expert Company (the "Company") and its subsidiaries, by the grant of options to purchase Common Shares of the Company, to retain and attract executive, managerial, technical, and professional personnel for the Company and its subsidiaries and to provide additional incentive to such personnel through increased stock ownership in the Company. As used in this Plan, the term "subsidiary" means a corporation of which the Company owns, directly or indirectly, shares entitling the holder thereof at the time to exercise a majority of the voting power in the election of directors of the other corporation without regard to voting power which may thereafter exist upon default, failure, or other contingency.

2. Administration. The Plan shall be administered by the Compensation Committee of the Company's Board of Directors (the "Committee"), which shall consist of not less than three Directors appointed by and serving during the pleasure of the Company's Board of Directors. No Director who has at any time within one year been eligible to participate in the Plan, or in any other stock option or stock appreciation rights plan of the Company or any of its affiliates, may serve as a member of the Committee. The Committee shall have full power and authority to grant options under the Plan, to construe and interpret the provisions of the Plan, and to supervise its administration. All decisions of the Committee shall be made by a majority of its members and shall be final.

3. Shares subject to the Plan. The shares subject to this Plan are the Company's authorized Common Shares, \$1 par value, ("Common Shares") and will be treasury shares, except to the extent that the shareholders of the Company in the future may release such shares from pre-emptive rights of shareholders. The total number of Common Shares that may be issued and sold upon the exercise of all options granted under the Plan may not exceed 30,000, subject, however, to adjustment in accordance with Section 12. The Company may reacquire Common Shares at the time options are exercised or from time to time in advance, whenever the Board of Directors deems such purchase advisable. If an option is surrendered or ceases to be exercisable for any reason other than the exercise of related stock appreciation rights, the Common Shares as to which the option has ceased to

be exercisable shall again be available for offering under the Plan. Upon exercise of stock appreciation rights, the option or applicable part of the option related to the stock appreciation rights shall be deemed to have been exercised, and the Common Shares that would otherwise have been issued upon exercise of the option shall not again be available for offering under the Plan.

4. Eligible Employees. The Committee shall, from time to time, designate the employees to whom options are granted. Options may be granted to any salaried employee of the Company or of any subsidiary with executive, managerial, technical, or professional responsibility, including any Director or officer who is a salaried employee. An employee may hold more than one option.

5. Option Price. The option price under each option shall be determined by the Committee or by the Board of Directors and shall not be less than 100% of the fair market value of the Common Shares on the date of the granting of the option. In no event, however, may previously unissued Common Shares be issued at a price less than that permitted by the Ohio General Corporation Law. The fair market value shall, for purposes of the Plan, be determined by the Committee.

6. Notice of Grant of Option. Upon the granting of any option to an employee, the Committee shall promptly cause the employee to be notified of the grant and terms of the option. The date on which the Committee approves the grant of the option shall be considered to be the date on which the option is granted.

7. Exercise of Options.

(a) Except as otherwise provided in Section 8, an option may be exercised only while the optionee is in the employ of the Company or of a subsidiary. Unless an option is accelerated as provided in Subsection 7(b), an optionee to whom an option has been granted must remain in the continuous employ of the Company or of a subsidiary for one year from the date on which the option is granted before he may exercise any part of the option. Thereafter, and during the life of the option, the option may be exercised at any time as to all of the Common Shares subject to the option, or from time to time, as to any portion of such Common Shares. No fraction of a Common Share may, however, be purchased upon the exercise of an option.

(b) Notwithstanding the date an option becomes exercisable pursuant to the provisions of Subsection 7(a), an

option shall become exercisable in whole or in part prior to (i) any merger or consolidation in which the Company is not the surviving corporation, (ii) any sale of all or substantially all of the assets of the Company, (iii) any liquidation or dissolution of the Company, or (iv) the termination of any tender or exchange offer for 25% or more of the total number of outstanding Common Shares; unless the corporation surviving the merger or consolidation, acquiring the assets, or making the tender or exchange offer assumes or substitutes new options for all options outstanding under the Plan on a basis approved by the Committee. As soon as practicable prior to the anticipated effective date of any such proposed transaction, the Committee shall cause to be given to each optionee written notice identifying the proposed transaction and specifying a date, which shall not be more than 10 days prior to the anticipated effective date of the proposed transaction, prior to which the option may be exercised. The exercise of an option which becomes exercisable under this Subsection (b) shall be, and the exercise of an option which is already exercisable without regard to this Subsection (b) in the discretion of the optionee may be, conditioned upon consummation of the proposed transaction, in which case the optionee need not make payment for the Common Shares to be purchased upon exercise of the option until five days after written notice by the Company to the optionee that the proposed transaction has been consummated. If the proposed transaction is abandoned, any shares not purchased upon exercise of the option shall continue to be available for purchase in accordance with the other provisions of the Plan.

8. Exercise of Options After Termination of Employment. No option may be exercised after termination of an optionee's employment for any reason except as provided in this Section 8.

(a) If the termination of employment is due to permanent disability or to retirement under the applicable retirement plan or policy of the Company or of a subsidiary, the optionee shall have the right to exercise the option in whole or in part within the earlier of (i) three months after the date of the termination of the optionee's employment or (ii) the expiration of the life of the option.

(b) If the termination of employment is due to the death of the optionee, the optionee's estate, personal representative, or beneficiary shall have the right to exercise the option in whole or in part within the earlier of (i) six months after the date of the optionee's death or (ii) the expiration of the life of the option.

(c) If the termination of employment is due to any reason other than permanent disability, retirement under the applicable retirement plan or policy of the Company or of a subsidiary, or death, the optionee may exercise the option in whole or in part only with the consent of the Committee or the Company's Board of Directors. In such event, the consent of the Committee or the Company's Board of Directors must be obtained and the option exercised within the earlier of (i) three months after the date of the termination of the optionee's employment or (ii) the expiration of the life of the option.

9. Termination of Options.

(a) Unless terminated earlier under Subsections (b) or (c), an option granted under the Plan shall terminate, and the right of the optionee or of any other person to purchase Common Shares upon exercise of the option shall expire, at the time determined by the Committee and specified in the notice of grant of the option, which may not be later than ten years from the date the option is granted.

(b) An option shall terminate, and the right of the optionee or of any other person to purchase Common Shares upon exercise of the option shall expire, upon consummation of any merger or consolidation in which the Company is not the surviving corporation, any sale of all or substantially all of the assets of the Company, or any liquidation or dissolution of the Company.

(c) If this Plan is not approved by the Company's shareholders within 12 months before or after the Plan is adopted by the Company's Board of Directors, any option granted prior to the meeting shall be terminated, and the right of the optionee or any other person to purchase Common Shares upon exercise of the option shall expire.

10. Exercise of Options and Payment for Shares.

Options shall be exercised by delivery of written notice of exercise to the Company accompanied, except as provided in Section 7(b), by payment of the option price. Common Shares subject to an option shall be issued or, in the case of treasury shares, sold only upon exercise of the option in whole or in part and, except as provided in Section 7(b), upon full payment of the option price. An optionee shall have none of the rights of a shareholder with respect to the Common Shares subject to the option until the Common Shares are issued or transferred to him.

Resolution No.
December 8, 1981

THE DAVEY TREE EXPERT COMPANY
BOARD OF DIRECTORS RESOLUTION AMENDING
1980 EMPLOYEES STOCK OPTION PLAN AND
TERMINATING 1980 STOCK APPRECIATION RIGHTS PLAN

WHEREAS, the Board of Directors believes that the Company's ability to utilize the 1980 Employees Stock Option Plan (the "1980 Plan") as an incentive to retain and attract key employees for the Company and its subsidiaries would be enhanced if the 1980 Plan were amended to permit options granted under the Plan to meet the requirements of "incentive stock options" contained in Section 422A of the Internal Revenue Code, as amended by the Economic Recovery Tax Act of 1981 (the "1981 Act"); and

WHEREAS, the Board of Directors believes that, in light of the tax burden to optionees that is eliminated by amendment to the 1980 Plan to provide for the grant of incentive stock options thereunder, it is in the best interest of the Company and its shareholders and of no detriment to present holders of stock appreciation rights under the Company's 1980 Stock Appreciation Rights (the "SAR Plan") to terminate the SAR Plan and all stock appreciation rights heretofore granted thereunder;

NOW, THEREFORE, BE IT RESOLVED, that the Plan be, and it hereby is, amended as follows:

A. The following additional sentence is added at the end of Section 1:

"Wherever the term 'option' appears in the 1980 Plan, such term shall be deemed to include the term 'incentive stock option' within the meaning of Section 422A of the Internal Revenue Code, as amended by the Economic Recovery Act of 1981."

B. The following additional sentences are added at the end of Section 4:

"In no event, however, shall an option be granted to an employee who at the time of grant owns stock in the Company possessing more than ten percent of the combined voting power of all classes of stock of the Company. In the case of an option

11. Assignability. An option granted under the Plan may not be transferred or assigned by the optionee otherwise than by will or the laws of descent and distribution, to the extent contemplated by Section 8(b), and may be exercised during the optionee's lifetime only by him or by his guardian or legal representative. A corporation surviving a merger or consolidation with the Company, acquiring all or substantially all of the assets of the Company, or acquiring 25% or more of the total number of outstanding Common Shares may, without the consent of the optionee, assume or substitute a new option for an option granted under the Plan, provided the Committee approves the basis on which the assumptions or substitution is made.

12. Adjustments Upon Change in Shares. In the event of any change in the Common Shares subject to this Plan or to an option granted under the Plan by reason of a merger, consolidation, reorganization, partial or complete liquidation or other corporate transaction or event having an effect similar to any of the foregoing or of a stock dividend, stock split, or other capital adjustment, the total number and class of shares that may be issued and sold upon exercise of options to be granted under the Plan, the number and class of shares subject to each outstanding option, and the option price with respect to such shares shall be appropriately adjusted by the Committee, whose determination shall be final.

13. Purchase for Investment. Each person exercising an option may be required by the Company to furnish a representation that he is acquiring the Common Shares upon exercise of the option as an investment and not with a view to distribution if the Company, in its sole discretion, determines that the representation is needed to insure that the resale or other disposition of the Common Shares will not involve a violation of the Securities Act of 1933, as amended, or of applicable state securities laws. Any such representation shall cease to be applicable when the representation is no longer needed for such purpose. To assure compliance with the representation, the Company may place a legend or other symbol on any certificate for Common Shares issued or sold under the Plan and may issue stop transfer orders or similar instructions to the transfer agent for its Common Shares.

14. Compliance with Securities Laws. No Common Shares may be issued and sold and no share certificate may be delivered upon exercise of an option until the Company has taken such action, if any, as is then required to comply with the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the Ohio Securities Act, as amended, any

other applicable securities laws of any other jurisdiction, and any exchange on which the Common Shares may be listed.

15. Duration and Termination of the Plan. The Plan shall remain in effect until March 7, 1990, and shall then terminate, unless terminated at an earlier date by action of the Board of Directors; provided, however, that termination of the Plan shall not affect options previously granted.

16. Amendment of the Plan. The Board of Directors may from time to time amend this Plan, although no such amendment may, without the approval of shareholders, increase the total number of Common Shares that may be issued and sold upon exercise of options granted under the Plan (except in accordance with Section 12), reduce the option price at which options may be exercised, extend the time within which options may be granted under the Plan or the time within which an option may be exercised, or change the requirements relating to either eligibility for participation in the Plan or administration of the Plan. Except in accordance with Section 12, neither the Board of Directors nor the Committee may, without the consent of the optionee, alter or impair an option previously granted under the Plan.

17. Effective Date. This Plan shall become effective when adopted by the Company's Board of Directors, subject to approval by the Company's shareholders within 12 months before or after such adoption.

18. Description. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine gender.

granted after December 31, 1980, the aggregate fair market value, determined as of the date of granting of the option, of the Common Shares for which any employee may be granted [incentive stock]* options in any calendar year under all stock option plans of the Company or a parent or subsidiary corporation shall not exceed \$100,000 plus any unused limit carryover to such year."

C. The following additional paragraph is added to Section 7:

(c) Notwithstanding any other Provisions of the Plan, including the provisions of Section 7(b), no option granted to an individual hereunder may be exercised while there is outstanding in the name of such individual any previously granted incentive stock option to purchase Common Shares of the Company.

RESOLVED FURTHER, that, with respect to all options granted under the Plan and exercised on or after January 1, 1981, or outstanding on that date, the Company elects to have the amendments to the Internal Revenue Code made by Section 251 of the 1981 Act apply so that incentive stock option treatment shall be available for such options, to the extent permitted by that Section, and that the officers of the Company be, and they hereby are, authorized and empowered, for and on behalf of the Company, to execute, deliver, and file such instruments in such manner and at the time that may be prescribed by the Secretary of the Treasury or his delegate to properly effect and evidence such election.

RESOLVED FURTHER, that the Compensation Committee of the Board of Directors cause written notice of the amendments to the 1980 Plan set forth in this resolution, and of the Company's election pursuant to the preceding paragraph hereof, to be given to each holder of an outstanding option under the 1980 Plan and cause each such holder of an outstanding option under the 1980 Plan to receive an instrument whereby he may provide his consent, as required by Section 16 of the 1980 Plan, to the alterations of the options granted to him as contemplated herein.

*Language in brackets to be omitted unless future Internal Revenue Services rulings indicate that the \$100,000 plus carryover limitation applies to only incentive stock options.

RESOLVED FURTHER, that the SAR Plan and all stock appreciation rights granted thereunder be, and the same hereby are terminated.

RESOLVED FURTHER, that the officers of the Company be, and they hereby are, authorized and empowered to execute and deliver such further documents and to take such other action as they may deem necessary, convenient or appropriate to effectuate the purposes and intent of this resolution.

THE DAVEY TREE EXPERT COMPANY

Exhibit No. 22

The Registrant has two wholly-owned subsidiaries, Davey Tree Surgery Company (incorporated in California) and Davey Tree Expert Co. of Canada, Limited (incorporated in Canada), each of which does business under its corporate name.

UNDERTAKINGS WITH RESPECT TO
REGISTRATION STATEMENTS ON FORM S-8

The Registrant hereby makes the following undertakings with respect to (1) its Registration Statement on Form S-8 (No. 2-73052) relating to The Davey Tree Expert Company 1980 Employees Stock Option Plan and 1980 Stock Appreciation Rights Plan and (2) its Registration Statement on Form S-8 (No. 2-77353) relating to The Davey Tree Expert Company 1982 Employee Stock Purchase Plan:

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the Prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement, including (but not limited to) any addition or deletion of a managing underwriter.

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the Registration Statement is on Form S-3 or Form S-8 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned Registrant hereby undertakes to deliver or cause to be delivered with the prospectus to each employee to whom the prospectus is sent or given a copy of the Registrant's annual report to stockholders for its last fiscal year, unless such employee otherwise has received a copy of such report, in which case the Registrant shall state in the prospectus that it will promptly furnish, without charge, a copy of such report on written request of the employee. If the last fiscal year of the Registrant has ended within 120 days prior to the use of the prospectus, the annual report of the Registrant for the preceding fiscal year may be so delivered, but within such 130 day period the annual report for the last fiscal year will be furnished to each such employee.

(d) The undersigned Registrant hereby undertakes to transmit or cause to be transmitted to all employees participating in the plan who do not otherwise receive such material as stockholders of the Registrant, at the time and in the manner such material is sent to its stockholders, copies of all reports, proxy statements, and other communications distributed to its stockholders generally.

(e) Where interests in a plan are registered herewith, the undersigned Registrant and plan hereby undertake to transmit or cause to be transmitted promptly, without charge, to any participant in the plan who makes a written request, a copy of the then latest annual report of the plan filed pursuant to Section 15(d) of the Securities Exchange Act of 1934 (Form 11-K). If such report is filed separately on Form 11-K, such form shall be delivered upon written request. If such report is filed as a part of the Registrant's annual report on Form 10-K, that entire report (excluding exhibits) shall be delivered upon written request. If such report, is filed as a part of the Registrant's annual report to stockholders delivered pursuant to paragraph (1) or (2) of this undertaking, additional delivery shall not be required.

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 21, 1983, with respect to the consolidated financial statements of The Davey Tree Expert Company for the year ended December 31, 1982.

Touche Ross & Co

TOUCHE ROSS & CO.

Akron, Ohio
March 30, 1983