

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>THE DAVEY TREE EXPERT COMPANY EMPLOYEE RETIREMENT PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>12/01/1946</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>12/01/1946</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>12/01/1946</u>					
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>THE DAVEY TREE EXPERT COMPANY</u> <u>1500 NORTH MANTUA ST</u> <u>KENT, OH 44240</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>34-0176110</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>330-673-9511</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>561730</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>34-0176110</u>	2c Sponsor's telephone number <u>330-673-9511</u>	2d Business code (see instructions) <u>561730</u>	
2b Employer Identification Number (EIN) <u>34-0176110</u>					
2c Sponsor's telephone number <u>330-673-9511</u>					
2d Business code (see instructions) <u>561730</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2011	DAVID ADANTE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") THE DAVEY TREE EXPERT COMPANY 1500 NORTH MANTUA ST KENT, OH 44240	3b Administrator's EIN 34-0176110 3c Administrator's telephone number 330-673-9511
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	4173
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	2476
b Retired or separated participants receiving benefits.....	6b	290
c Other retired or separated participants entitled to future benefits.....	6c	1145
d Subtotal. Add lines 6a , 6b , and 6c	6d	3911
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	65
f Total. Add lines 6d and 6e	6f	3976
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	250
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1A 1G 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>THE DAVEY TREE EXPERT COMPANY EMPLOYEE RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>THE DAVEY TREE EXPERT COMPANY</u>	D Employer Identification Number (EIN) <u>34-0176110</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☐ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>	
2 Assets:	
a Market value	2a <u>21515475</u>
b Actuarial value	2b <u>20512980</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>336</u> <u>7417518</u>
b For terminated vested participants	3b <u>1003</u> <u>4263843</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>790216</u>
(2) Vested benefits	3c(2) <u>10041690</u>
(3) Total active	3c(3) <u>2861</u> <u>10831906</u>
d Total	3d <u>4200</u> <u>22513267</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.69</u> %
6 Target normal cost	6 <u>508073</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>09/20/2011</u>
Signature of actuary	Date
<u>RYAN S CARNEY</u>	<u>11-07181</u>
Type or print name of actuary	Most recent enrollment number
<u>TOWERS PERRIN PENNSYLVANIA, INC.</u>	<u>216-937-4000</u>
Firm name	Telephone number (including area code)
<u>1001 LAKESIDE AVENUE, SUITE 1900</u> <u>CLEVELAND, OH 44114-1172</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II	Beginning of year carryover and prefunding balances		
	(a) Carryover balance	(b) Prefunding balance	
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	599267		
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)			
9 Amount remaining (Item 7 minus item 8).....	599267		
10 Interest on item 9 using prior year's actual return of <u>27.63</u> %	165577		
11 Prior year's excess contributions to be added to prefunding balance:			
a Excess contributions (Item 38 from prior year)			
b Interest on (a) using prior year's effective rate of <u>7.97</u> %		0	
c Total available at beginning of current plan year to add to prefunding balance			
d Portion of (c) to be added to prefunding balance.....			
12 Reduction in balances due to elections or deemed elections.....			
13 Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	764844		

Part III	Funding percentages		
14 Funding target attainment percentage.....	14	87.72	%
15 Adjusted funding target attainment percentage.....	15	87.71	%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	113.82	%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17		%

Part IV	Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:						
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
01/26/2010		5	10/07/2010		10	
02/25/2010		5	11/03/2010		5	
04/21/2010		5	12/02/2010		5	
05/25/2010		10	12/30/2010		10	
06/28/2010		5	08/26/2011	63694		
08/17/2010		5				
			Totals ▶	18(b)	63694	18(c)
					65	

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	57244
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:		

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	508073
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	1864600	313797
b Waiver amortization installment		
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	821870
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	764844	764844
36 Additional cash requirement (item 34 minus item 35).....	36	57026
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	57244
38 Interest-adjusted excess contributions for current year (see instructions).....	38	218
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	
40 Unpaid minimum required contribution for all years	40	

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan THE DAVEY TREE EXPERT COMPANY EMPLOYEE RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 THE DAVEY TREE EXPERT COMPANY	D Employer Identification Number (EIN) 34-0176110	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

WELLS FARGO

94-1347393

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
26	TRUSTEE CORPORATE	353832	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

TOWERS WATSON

23-1159360

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	ACTUARIAL	40074	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

GRANT THORNTON, LLP

36-6055558

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	ACCOUNTING	9106	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name: RUSSELL NISWANDER	b EIN: 23-1159360
c Position: ACTUARY	
d Address: 1001 LAKESIDE AVE-STE 100 CLEVELAND, OH 44114	e Telephone: 216-937-4000
Explanation: THE SIGNING ACTUARY, RUSSELL NISWANDER, LEFT EMPLOYMENT AT TOWERS WATSON. THE NEW SIGNING ACTUARY IS RYAN CARNEY, AND THE ACTUARIAL FIRM REMAINS TOWERS WATSON.	

a Name:	b EIN:
c Position:	
d Address:	e Telephone:
Explanation:	

a Name:	b EIN:
c Position:	
d Address:	e Telephone:
Explanation:	

a Name:	b EIN;
c Position:	
d Address:	e Telephone:
Explanation:	

a Name:	b EIN;
c Position:	
d Address:	e Telephone:
Explanation:	

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning **01/01/2010** and ending **12/31/2010**

A Name of plan THE DAVEY TREE EXPERT COMPANY EMPLOYEE RETIREMENT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 THE DAVEY TREE EXPERT COMPANY	D Employer Identification Number (EIN) 34-0176110	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		63694
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	21515475	22696700
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	21515475	22760394

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	78263	80748
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	78263	80748

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	21437212	22679646
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	63694	
(B) Participants	2a(1)(B)	65	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		63759

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		2723315
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		2787074

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	981783	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		981783
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	49180	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	353832	
(4) Other	2i(4)	159845	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		562857
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1544640

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		1242434
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: GRANT THORNTON, LLP

(2) EIN: 36-6055558

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		2000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan THE DAVEY TREE EXPERT COMPANY EMPLOYEE RETIREMENT PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 THE DAVEY TREE EXPERT COMPANY		D Employer Identification Number (EIN) 34-0176110
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____ Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3 26
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☒ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☒ No		
Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2010 v.092308.1		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 67.0% Investment-Grade Debt: 28.0% High-Yield Debt: _____% Real Estate: _____% Other: 5.0%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☒ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

FINANCIAL STATEMENTS

The Davey Tree Expert Company Employee Retirement Plan

December 31, 2010

with Report of Independent Certified Public Accountants

The Davey Tree Expert Company Employee Retirement Plan

Financial Statements

December 31, 2010

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Report of Independent Certified Public Accountants

To the Plan Administrator
The Davey Tree Expert Company
Employee Retirement Plan

We were engaged to audit the accompanying statements of net assets available for benefits of The Davey Tree Expert Company Employee Retirement Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note E, which was certified by Wells Fargo Bank, N.A., the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of December 31, 2010 and 2009 and for the year ended December 31, 2010, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to express, and we do not express, an opinion on the accompanying financial statements. The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Grant Thornton LLP

Cleveland, Ohio
October 5, 2011

The Davey Tree Expert Company Employee Retirement Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2010	2009
Assets		
Investments, at fair value:		
Investment in the Davey Tree Master Trust	\$ 22,696,700	\$ 21,515,475
Employer contribution receivable	63,694	-
Total assets	22,760,394	21,515,475
Liabilities		
Administrative and investment expenses payable	80,748	78,263
Net assets available for benefits	<u>\$ 22,679,646</u>	<u>\$ 21,437,212</u>

See notes to financial statements.

The Davey Tree Expert Company Employee Retirement Plan

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2010

Additions

Employee contributions	\$	65
Employer contributions		63,694
Investment income:		
Plan interest in net appreciation in fair value of investments of the Davey Tree Master Trust		2,271,455
Plan interest in interest and dividends of the Davey Tree Master Trust		451,860
Total additions		<u>2,787,074</u>

Deductions

Benefits paid to participants (net of \$7,025 of annuity receipts)		981,783
Pension Benefit Guaranty Corporation premium fees		159,845
Administrative and investment expenses		403,012
Total deductions		<u>1,544,640</u>
Net increase		<u>1,242,434</u>

Net assets available for benefits:

Beginning of year		<u>21,437,212</u>
End of year	\$	<u><u>22,679,646</u></u>

See notes to financial statements.

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

A. Description of the Plan

The following description of The Davey Tree Expert Company Employee Retirement Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for more complete information. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Plan, established December 1, 1946, was most recently restated effective January 1, 2010.

With the January 1, 1997 Plan amendment, the Plan became a noncontributory defined benefit pension plan for all participants, except for members of a bargaining unit that negotiated participation, for which such employees may participate on a contribution basis. Previously, the Plan had been a contributory defined benefit pension plan for all nonbargaining employees of The Davey Tree Expert Company (the "Company"), plus those bargaining groups of the Company that negotiated participation.

Benefit Accruals Frozen Effective December 31, 2008--During the fourth quarter 2008, the Company's Board of Directors approved an amendment to freeze the benefit accruals for all nonbargained employees, effective December 31, 2008, and implement enhanced benefits to the Company's defined contribution saving plan--The Davey 401KSOP and ESOP--effective January 1, 2009.

Prior to the December 31, 2008 freeze, an employee could have become a participant in the Plan after one year of continuous service and attaining age 21. Full vesting of benefits, other than those associated with employee contributions, results after five years of eligible service. The eligibility requirements for benefits follow:

Normal retirement date	Age 65
Early retirement	Age 55 with 5 years of vesting service with a reduction for benefits commencing prior to age 65
Disability retirement	Age 55 with 5 years of vesting service with no reduction for benefits commencing prior to age 65
Termination	Deferred benefits with 5 years of service

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

A. Description of the Plan (continued)

Prior to the 1989 amendment, the basic monthly benefit for participants was equal to \$5.50 multiplied by the number of years of participation during which the participant made contributions to the Plan. The Plan was amended effective January 1, 1979, January 1, 1982 and January 1, 1985 to grant pension recipients monthly benefit increases of \$10.00 as of December 31, 1978, December 31, 1981 and December 31, 1984, respectively. The Plan was amended again effective January 1, 1994 to grant pension recipients prior to January 1, 1993 an increase in monthly pension benefits. This increase was based upon the participant's benefit prior to January 1, 1993 and the participant's credited service or year of retirement.

From 1989 until December 31, 1996, for nonbargaining groups, the basic monthly benefit at normal retirement date was 1/12 of the sum of the following:

- (1) Annual accrued retirement benefits as of December 31, 1988 under prior plans, plus
- (2) 0.40% of the participant's final average earnings up to \$20,000 times all years of benefit service after December 31, 1988, plus
- (3) 0.40% of the participant's final average earnings in excess of \$20,000 times those years of benefit service after December 31, 1988, during which the participant made the required employee contributions, plus
- (4) 0.40% of the participant's final average earnings in excess of the participant's covered compensation, times those years of benefit service after December 31, 1988 during which the participant made the required employee contributions.

Beginning January 1, 1997, for nonbargaining groups, the basic monthly benefit at normal retirement date became 1/12 of the sum of the following:

- (1) Annual accrued retirement benefits as of December 31, 1996 under prior plans, plus
- (2) The greater of (a) or (b) for each full or partial year of benefit service after December 31, 1996:
 - (a)
 - (i) 0.30% of the participant's compensation for such full or partial year, plus
 - (ii) 0.30% of the participant's compensation in excess of social security covered compensation for such full or partial year, provided that the participant's total years of benefit service do not exceed 35.
 - (b) \$80 per year

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

A. Description of the Plan (continued)

Effective January 1, 2002, the Plan was amended to provide for participants who retired prior to January 1, 1997 to receive increases in their monthly pension benefits according to the following schedule:

<u>Year Benefit Payments Commenced</u>	<u>Percentage of Increase</u>
1994-1996	1.0%
1991-1993	1.5
1988-1990	2.0
1985-1987	2.5
1982-1984	3.0
1979-1981	3.5
1978 and earlier	4.0

The minimum monthly increase shall be \$10.00 or an amount to raise the monthly benefit to no less than \$100.00 per month.

For bargaining groups, the basic monthly benefit at normal retirement is \$5.50 multiplied by the participant's total years of benefit service.

The Plan provides for several benefit payment options. The joint and 50% survivorship option is the default payment method for married participants as required under current pension laws.

Wells Fargo Bank N.A. (the "Trustee") served as the Plan's Trustee, until April 2011 when the Trustee was changed to PNC Bank, National Association. The Plan's investments are held in the Davey Tree Master Trust ("Master Trust") which was established for the investment of assets of the Plan and another retirement plan sponsored by an affiliate of the Company. Investments of the Master Trust include shares of funds managed by the Trustee and such transactions qualify as party-in-interest transactions, as defined by ERISA.

B. Summary of Accounting Policies

Basis of Accounting -- The financial statements have been prepared on the accrual basis of accounting as required by and consistent with accounting principles generally accepted in the United States ("U.S. GAAP").

Use of Estimates -- The preparation of the financial statements in conformity with U.S. GAAP requires plan management to make estimates and assumptions that affect the reported amounts. Actual results could differ from those estimates.

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

B. Summary of Accounting Policies (continued)

Evaluation of Subsequent Events -- Subsequent events and transactions were evaluated for potential recognition and presentation in the financial statements through the date the financial statements are being issued, October 5, 2011.

Investment Valuation and Income Recognition -- The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. With respect to the Plan's investment in the Master Trust, the fair value is based on the beginning of the year value of the Plan's interest in the trust plus actual contributions and allocated investment income (including appreciation/depreciation in fair value of investments) less actual distributions and allocated administrative expenses.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Actuarial Present Value of Accumulated Plan Benefits -- Accumulated plan benefits are those estimated future periodic payments that are attributable, under the Plan's provisions, to the service employees have rendered up to the valuation date. Accumulated plan benefits include benefits expected to be paid to: (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Retirement benefits payable under all circumstances—retirement, death, disability and termination of employment—are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Risks and Uncertainties -- The investment securities in the Master Trust are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported in the financial statements.

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

B. Summary of Accounting Policies (continued)

Administrative Expenses -- Actuarial, legal, audit, and Trustee expenses are paid by the Plan. Various administrative services are performed for the Plan by the Company at no charge.

Recent Accounting Guidance

The FASB Accounting Standards Codification--Changes to U.S. GAAP are established by the Financial Accounting Standards Board (the "FASB") issuing Accounting Standards Updates (or "ASUs") to the FASB's Accounting Standards Codification™ (the "Codification"). The Codification is the single source of nongovernmental authoritative U.S. GAAP. All other accounting guidance not included in the Codification is considered nonauthoritative. The Accounting Standards Updates are not authoritative in their own right; these updates serve only to update the Codification, provide background information about the guidance, and provide the bases for conclusions on the changes in the Codification.

In the description of the ASUs that follow, references relate to the Codification Topic and descriptive title.

Accounting Standards Update 2010-06, Improving Disclosures about Fair Value Measurements--In January 2010, the FASB issued ASU 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements," which adds disclosure requirements for transfers in and out of Levels 1 and 2, requires separate disclosures for activity relating to Level 3 measurements, and clarifies input and valuation techniques. This ASU was effective for interim and annual periods beginning after December 15, 2009, except for the Level 3 disclosures, which were effective for fiscal years beginning after December 15, 2010 and for interim periods within those years. The adoption of the revised guidance in ASU 2010-06 did not affect the net assets available for benefits or changes in net assets available for benefits.

Accounting Standards Update 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards-Fair Value Measurement--In May 2011, the FASB issued ASU 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards," to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 is explanatory in nature and does not require additional fair value measurements nor is it intended to result in significant changes in the application of current guidance. ASU 2011-04 is effective prospectively for interim and annual periods beginning after December 15, 2011 (that is, for the Plan year ending December 31, 2012). Management of the Plan does not expect the adoption of ASU 2011-04 to have a material impact on the Plan's net assets available for benefits or changes in net assets available for benefits.

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

C. Funding Policy

The Company's contributions to the Plan are designed to annually fund current service costs. The Company's contributions to the Plan are made in amounts not less than the minimum required under the applicable sections of ERISA and in accordance with the Internal Revenue Code ("IRC"). Minimum funding requirements of ERISA have been met.

Effective January 1, 1997, the Plan became noncontributory for all participants, except for members of a bargaining unit for which such participants may make \$5.00 per month contributions, regardless of compensation, to participate in the Plan.

D. Termination of the Plan

Although it has not expressed any intention to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, the net assets of the Plan would be distributed to the participants in an order of priority determined in accordance with ERISA, and with the Plan agreement.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC," a U.S. government agency) if the Plan terminates. Generally, the PBGC guarantees most vested, normal-age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

Whether all participants receive benefits should the Plan be terminated at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide these benefits, the priority of those benefits to be paid, and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the existing assets and the PBGC guarantee, while other benefits may not be provided for at all.

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

E. Investments

The Trustee of the Plan has certified the investments and related transactions of the Plan. The following is a summary of investments and related transactions of the Plan, arising from the Master Trust, certified by the Trustee to the plan administrator as complete and accurate and included in the Plan's financial statements, as of and for the year ended December 31, 2010:

Investments, at fair value	\$ 22,696,700
Plan interest in net appreciation in fair value of investments of The Davey Tree Master Trust	2,271,455
Plan interest in interest and dividends of The Davey Tree Master Trust	451,860

The Trustee of the Plan also certified the investments and related transactions of the Plan for the preceding year ended December 31, 2009.

The Plan purchases and sells units of the Master Trust at the current unit fair value of the Master Trust on the respective transaction dates.

The following table summarizes the fair value of investments of the Master Trust:

	December 31,	
	2010	2009
Common stocks	\$ 9,716,742	\$ 9,830,939
Mutual funds	6,255,843	5,317,139
Bond funds	6,628,353	6,211,364
Collective trust funds	440,198	492,341
Cash and short-term investments	826,103	569,594
Total investments, at fair value	<u>\$ 23,867,239</u>	<u>\$ 22,421,377</u>
Plan's interest in the Master Trust	<u>\$ 22,696,700</u>	<u>\$ 21,515,475</u>
Plan's percentage interest in the Master Trust	<u>95.1%</u>	<u>96.0%</u>

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

E. Investments (continued)

Investment income (loss) for the Master Trust was as follows:

	Year ended December 31, 2010
Net appreciation in fair value of investments:	
Common stocks	\$ 1,614,280
Mutual funds	440,829
Bond funds	263,544
	<u>2,318,653</u>
Interest	772
Dividends	461,272
	<u>462,044</u>
Investment advisory, management fees and other expenses	(751,019)
Total investment income	<u>\$ 2,029,678</u>

Investment income (loss) related to the Master Trust is allocated based on the relative interests of the participating plans.

F. Fair Value Measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It represents an exit price at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Plan would consider the principal or most advantageous market in which it would transact and would consider assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

F. Fair Value Measurements (continued)

Valuation Hierarchy--A three-level valuation hierarchy is used for fair value measurements. The three-level valuation hierarchy is based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are other than Level 1 inputs that are observable, either directly or indirectly, such as: (i) quoted prices in active markets for similar assets or liabilities; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active; or (iii) model-driven valuations or other inputs that are observable or can be corroborated by observable market data, for substantially the full term of the assets or liabilities.

Level 3 inputs are unobservable inputs based on our own assumptions about the assumptions a market participant would use to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The inputs or methodology used for valuing investments are not an indication of the risks associated with the investments.

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

F. Fair Value Measurements (continued)

The fair values of the Master Trust investments as at December 31, 2010 were as follows:

Description	Total Carrying Value at December 31, 2010	Fair Value Measurements at December 31, 2010 Using:		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Asset Category</u>				
Cash	\$ 826,103	\$ 826,103	\$ -	\$ -
Common stocks, mutual funds--U.S. large-cap				
Growth	3,257,016	3,257,016	-	-
Value	3,178,133	3,178,133	-	-
Common stocks, mutual funds--U.S. small/mid-cap				
Growth	1,433,496	1,433,496	-	-
Value	1,440,119	1,440,119	-	-
Common stocks, mutual funds--International				
Growth	2,800,046	2,800,046	-	-
Value	2,757,219	2,757,219	-	-
Bond funds, collective trust funds--Fixed income	5,971,603	5,531,405	440,198	-
Bond funds--Alternative investments	1,096,948	1,096,948	-	-
Mutual funds--Alternative investments	1,106,556	1,106,556	-	-
	<u>\$ 23,867,239</u>	<u>\$ 23,427,041</u>	<u>\$ 440,198</u>	<u>\$ -</u>

The fair values of the Master Trust investments as at December 31, 2009 were as follows:

Description	Total Carrying Value at December 31, 2009	Fair Value Measurements at December 31, 2009 Using:		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Asset Category</u>				
Cash	\$ 569,594	\$ 569,594	\$ -	\$ -
Common stocks, mutual funds--U.S. large-cap				
Growth	3,051,507	3,051,507	-	-
Value	3,005,306	3,005,306	-	-
Common stocks, mutual funds--U.S. small/mid-cap				
Growth	1,591,271	1,591,271	-	-
Value	1,842,608	1,842,608	-	-
Common stocks, mutual funds--International				
Growth	2,898,268	2,898,268	-	-
Value	2,759,118	2,759,118	-	-
Bond funds, collective trust funds--Fixed income	5,712,506	5,220,165	492,341	-
Bond funds--Alternative investments	991,199	991,199	-	-
	<u>\$ 22,421,377</u>	<u>\$ 21,929,036</u>	<u>\$ 492,341</u>	<u>\$ -</u>

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

F. Fair Value Measurements (continued)

Valuation Methodology and Valuation Hierarchy Classification

The following is a description of the valuation methodology used for the investments measured at fair value, including the general classification of the investments within the valuation hierarchy.

Common Stocks--Common stocks are valued at the closing price on the active market on which the security is traded and is classified within Level 1 of the valuation hierarchy.

Mutual Funds and Bond Funds--Mutual funds and bond funds are public investment vehicles valued using the Net Asset Value ("NAV") provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within Level 1 of the valuation hierarchy.

Collective Trust Funds--Collective trust funds are stated at fair value as determined by the issuer of the collected trust funds, reported at the NAV per unit based on the fair value of the underlying investments, and classified as Level 2. The collective trust funds can be redeemed daily, have no redemption restrictions and have no unfunded commitments.

G. Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits was determined by independent actuaries and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

The actuarial present value of accumulated plan benefits was as follows:

	December 31,	
	2010	2009
Vested benefits:		
Participants currently receiving benefits	\$ 6,495,792	\$ 6,757,747
Other participants	12,176,607	11,662,930
Total vested benefits	18,672,399	18,420,677
Nonvested benefits	660,919	693,538
Actuarial present value of accumulated plan benefits	<u>\$ 19,333,318</u>	<u>\$ 19,114,215</u>

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

G. Accumulated Plan Benefits (continued)

The increase in the actuarial present value of accumulated plan benefits was the result of the following:

	Year ended December 31, 2010
Actuarial present value of accumulated plan benefits, beginning of year	\$ 19,114,215
Increase (decrease) during the year attributable to:	
Benefit payments	(989,334)
Interest due to decrease in discount period	1,490,325
Benefits accumulated and other actuarial experience	(322,999)
Assumption changes	41,111
Net increase	<u>219,103</u>
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 19,333,318</u>

Significant assumptions underlying the actuarial computations for 2010 were as follows:

Discount rate	8.0%
Mortality basis after normal retirement age	RP-2000 mortality table without collar adjustment, projected to 2026 using scale AA for nonannuitants and projected to 2018 using scale AA for annuitants
Average retirement age	62

Significant assumptions underlying the actuarial computations for 2009 were as follows:

Discount rate	8.0%
Mortality basis after normal retirement age	RP-2000 mortality table without collar adjustment, projected to 2025 using scale AA for nonannuitants and projected to 2017 using scale AA for annuitants
Average retirement age	62

The Davey Tree Expert Company Employee Retirement Plan
Notes to Financial Statements
December 31, 2010

H. Tax Status

The Internal Revenue Service ("IRS") has determined and informed the Company, in a letter dated October 20, 2004, that the Plan is qualified and the trust established under the Plan is tax-exempt under the appropriate sections of the Internal Revenue Code (the "Code"). Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes that the Plan is operated in compliance with the applicable requirements of the Code.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize tax liabilities in the financial statements if the Plan has taken uncertain tax positions that more-likely-than-not, based solely on its technical merits, would not be sustained upon examination by the IRS. Plan management has evaluated the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain tax positions taken or expected to be taken that would require recognition.

The Plan is subject to routine audits by tax jurisdictions for tax years for which the applicable statutes of limitations have not expired. Plan management believes it is no longer subject to income tax examinations for years prior to 2007. Currently, no audits relative to the Plan are in progress.

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Davey Tree Expert Co. Employee Retirement Plan	B Three-digit plan number (PN) <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF The Davey Tree Expert Company	D Employer Identification Number (EIN) 34-0176110
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>			
2 Assets:			
a Market value	2a	21,515,475	
b Actuarial value	2b	20,512,980	
3 Funding target/participant count breakdown			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	336	7,417,518
b For terminated vested participants	3b	1,003	4,263,843
c For active participants:			
(1) Non-vested benefits	3c(1)		790,216
(2) Vested benefits	3c(2)		10,041,690
(3) Total active	3c(3)	2,861	10,831,906
d Total	3d	4,200	22,513,267
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	6.69 %	
6 Target normal cost	6	508,073	

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE Ryan S. Carney <i>RC</i> _____ Signature of actuary RYAN S. CARNEY _____ Type or print name of actuary TOWERS WATSON PENNSYLVANIA, INC. _____ Firm name 1001 LAKESIDE AVENUE, SUITE 1900 _____ Address of the firm CLEVELAND OH 44114-1172	9/20/11 _____ Date 11-06630 _____ Most recent enrollment number (216) 937-4000 _____ Telephone number (including area code)
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	599,267	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	599,267	0
10 Interest on item 9 using prior year's actual return of <u>27.63</u> %	165,577	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>7.97</u> %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	764,844	0

Part III Funding percentages

14 Funding target attainment percentage	14	87.71 %
15 Adjusted funding target attainment percentage	15	87.71 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	113.82 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/26/2010		5	10/07/2010		10
02/25/2010		5	11/03/2010		5
04/21/2010		5	12/02/2010		5
05/25/2010		10	12/30/2010		10
06/28/2010		5	08/26/2011	63,694	
08/17/2010		5			
Totals ▶			18(b)	63,694	18(c) 65

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	57,244

20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	508,073
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	1,864,600	313,797
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	821,870
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	764,844	0
36 Additional cash requirement (item 34 minus item 35)	36	57,026
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	57,244
38 Interest-adjusted excess contributions for current year (see instructions)	38	218
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

Davey Tree Expert Company Employee Retirement Plan

EIN: 34-0176110, PN: 001

2010 Form 5500

Schedule SB, line 22 - Description of Weighted Average Retirement Age

Retirement Age (1)	Assumed Rate (2)	Participants At Beginning (3)	Participants Retiring: (2) x (3) (4)	(1) x (4) (5)
60	0.25	1,000.00	250.00	15,000.00
61	0.30	750.00	225.00	13,725.00
62	0.40	525.00	210.00	13,020.00
63	0.55	315.00	173.25	10,914.75
64	0.45	141.75	63.79	4,082.56
65	1.00	77.96	<u>77.96</u>	<u>5,067.40</u>
			1,000.00	61,809.71
61,809.71	/	1,000	=	62

Davey Tree Expert Company Employee Retirement Plan

EIN: 34-0176110, PN: 001

2010 Form 5500

Schedule SB, line 25 – Change in Method

In accordance with 1.430(d)-1(g)(3)(ii)(A), automatic approval has been granted for the first plan year for which all the provisions of 1.430(d)-1, 1.430(f)-1, 1.430(g)-1, 1.430(i)-1, and 1.436-1 are reflected of any changes to funding methods permitted by the Pension Protection Act. 2010 is the first plan year for which all of these provisions were reflected, and thus all funding method changes are automatically approved

Davey Tree Expert Company Employee Retirement Plan
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 Schedule SB, line 26 – Schedule of Active Participant Data

Attained Age	Count	Under 1	1 to 4	Total Years of Credited Service							
				5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up
<25		76	26	0	0	0	0	0	0	0	0
25 to 29	Count	171	201	20	0	0	0	0	0	0	0
30 to 34	Count	130	225	115	11	0	0	0	0	0	0
35 to 39	Count	104	144	104	51	8	0	0	0	0	0
40 to 44	Count	100	122	63	53	45	11	0	0	0	0
45 to 49	Count	91	97	68	49	50	43	11	0	0	0
50 to 54	Count	44	87	58	32	27	34	30	11	0	0
55 to 59	Count	23	48	27	25	16	21	28	20	6	0
60 to 64	Count	10	23	14	11	8	11	4	9	2	4
65 to 69	Count	4	10	3	4	4	2	2	2	0	1
70 & up	Count	1	1	2	1	1	1	0	0	0	0

Davey Tree Expert Company Employee Retirement Plan
 EIN: 34-0176110, PN: 001
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 Schedule SB, line 32 - Schedule of Amortization Bases

Type of Base	Present Value of Remaining Installments as of 1/1/2010	Valuation date as of which Base was First Established	Remaining Amortization Period	Amortization Installment
2010 Shortfall	\$1,864,600	1/1/2010	7	\$313,797
Total	\$1,864,600			\$313,797

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Economic Assumptions

Expected Return on Assets	8.00%
Funding Interest rate basis:	
▶ Applicable month	September 2009
▶ Yield curve basis	Segment Rates
Funding interest rates:	
▶ First segment rate	5.03%
▶ Second segment rate	6.73%
▶ Third segment rate	6.82%
▶ Effective interest rate	6.69%
Annual rates of increase in:	
▶ Salaries	3.50%
▶ Future Social Security wage bases	4.50%
▶ Statutory limits on compensation and benefits	N/A

Demographic and Other Assumptions

Mortality:

- ▶ **Healthy** Separate rates for nonannuitants (based on RP2000 "Employees" table without collar or amount adjustments, projected to 2025 using Scale AA) and annuitants (based on RP2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2017 using Scale AA).
- ▶ **Disabled** Alternative disabled life mortality tables as defined under Revenue Ruling 96-7

Termination

Rates varying by age.
 Representative rates:

<i>Age</i>	<i>Male</i>	<i>Female</i>
25	.0993	.1245
40	.0632	.0738
55	.0500	.0500

Disability

Wyatt 1985 Disability Study Class 1 male and female rates.

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Schedule SB – Part V, Statement of Actuarial Assumptions/Methods

Retirement Rates varying by age and plan, average age 62

<i>Age</i>	<i>Rate</i>
60	25%
61	30%
62	40%
63	55%
64	45%
65	100%

Form of payment	Life annuity (100% electing).
Percent married	85% of male participants and 50% of female participants.
Spouse age	Wife three years younger than husband.
Covered pay	Prior year W-2 earnings.
Administrative expenses	Administrative expenses paid from the trust during the preceding plan year added to the current year's normal cost.

Methods

- ▶ Valuation date First day of plan year
 - ▶ Funding target Present value of accrued benefits
 - ▶ Target normal cost Present value of accrued benefits expected to accrue during the plan year plus related expenses expected to be paid from the trust (based on actual trust expenses paid in previous year.)
 - ▶ Actuarial value of assets Average of the fair market value of assets on the valuation date and the six months immediately preceding the valuation date, adjusted for contributions, benefits/expense payment and expected investment returns, including contribution receivables. The average asset value must be within 10% of fair value, including contributions receivable.
- The method of computing the actuarial value of assets complies with rules governing the calculation of such values under PPA. These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a bias to produce an actuarial value of assets that is below the market value of assets.

Benefits Not Valued

All benefits described in the Plan Provisions section of this report were valued except future employee contributions to the plan are deemed to be immaterial to the valuation. Towers Watson has reviewed the plan provisions with Davey Tree and, based on that review, is not aware of any significant benefits required to be valued that were not.

Change in Assumptions and Methods Since Prior Valuation

The required mortality table for the healthy participants used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements

The method for determining funding interest rates was changed from the yield curve based on bonds published in November 2008 to the segment rates (without transition) published in September 2009.

Data Sources

Towers Watson used asset data supplied by the trustee. Davey Tree, in conjunction with its third party administrator, furnished participant data as of the valuation date. Davey Tree also provided the dates and amounts of plan year 2009 contributions that will be paid in 2010. Data were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the company, the data were adjusted to reflect any significant events that occurred between the date the data were collected and the measurement date. Assumptions or estimates were made by the Towers Watson actuaries when data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Schedule SB, Part V – Summary of Plan Provisions

The most recent amendment reflected in the following plan provisions was adopted on December 5, 2008 and effective December 31, 2008.

Covered Employees All non-bargaining employees hired prior to December 31, 2008, plus those employees covered by bargaining groups who negotiated participation.

Participation Date Completion of one year of eligibility service and attainment of age 21.

Definitions

Vesting service Vesting service under the Surgery, Supplemental or Davey Tree Expert Company Pension Plans, as applicable, prior to January 1, 1989. After January 1, 1989, vesting service is measured on an elapsed time basis to the nearest 1/12th of a year.

Benefit service Benefit service under the Surgery, Supplemental or Davey Tree Expert Company Pension Plans, as applicable, prior to January 1, 1989. After January 1, 1989, benefit service is measured on an elapsed time basis to the nearest 1/12th of a year.

Pensionable pay W-2 earnings plus pre-tax ESOP contributions.

Employee contributions Prior to January 1, 1989, employee contributions were required in the Basic, Surgery and/or Supplemental Pension Plans, as applicable. After January 1, 1989 and prior to January 1, 1997, non-bargaining employee contributions were required based on the following schedule:

<i>Percent of compensation</i>	<i>Compensation range</i>
0%	First \$20,000
1%	Compensation between \$20,000 and \$30,000
2%	Compensation between \$30,000 and \$40,000
3%	Amount in excess of \$40,000

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Schedule SB - Part V, Summary of Plan Provisions

During periods when no non-bargaining employee contributions are made, no Benefit Service for the contributory portion on compensation in excess of \$20,000 is granted. Effective January 1, 1997, non-bargaining employee contributions are no longer required or permitted.

Participants covered by the United Steelworkers Local #8774 or #2281 make \$6.00 per month contributions and participants covered by the United Steelworkers Local #2003 make \$5.00 per month contributions, regardless of compensation range.

Covered compensation	Average of the Social Security Taxable Wage Basis for the 35-year period ending with the year the participant attains Social Security normal retirement age.
Normal retirement date (NRD)	Age 65 with five years of vesting service.
Annual pension benefit	The monthly accrued normal retirement benefit as of December 31, 1996 for a non-bargaining employee is equal to the sum of the following: a) Accrued benefits under the former Supplemental, Basic and/or Surgery Pension Plans prior to December 31, 1988, plus b) 0.40% of Final Average Monthly Compensation as of December 31, 1996 to a maximum of \$1,666.67 times years of Benefit Service as of December 31, 1996 without regard to whether required contributions were made, plus c) 0.40% of Final Average Monthly Compensation as of December 31, 1996 in excess of \$1,666.67 times years of benefit service as of December 31, 1996 , (only including years when required contributions were made), plus d) 0.40% of the excess of Final Average Monthly Compensation as of December 31, 1996 over the Participant's "Covered Compensation" (as defined by law) times years of Benefit Service as of December 31, 1996 (only including years when required contributions were made). Effective January 1, 1997 the annual accrued benefit for a non-bargaining employee is equal to the sum of the following: a) The annual pension benefit under the Plan as of December 31, 1996. b) For each full calendar year of Benefit Service after December 31, 1996, an annual amount equal to: 0.30% of Plan Compensation*, plus 0.30% of Plan Compensation* in excess of Social Security Covered Compensation for years of benefit service that do not exceed 35 years;

but no less than \$80.00 per year.

- c) For any partial calendar year of benefit service after December 31, 1996, an amount equal to
- 0.30% of Adjusted Plan Compensation**, plus
- 0.30% of Adjusted Plan Compensation** in excess of Social Security Covered Compensation for years of benefit service that do not exceed 35 years;
- but not less than \$80.00 per year,
- multiplied by the fraction of a year Benefit Service credited for that calendar year.

Effective for plan years on and after January 1, 2002, Adjusted Plan Compensation shall mean Plan Compensation (without annualizing) and only the \$80.00 per year minimum shall be multiplied by the fraction of a year of Benefit Service credited for such calendar year. In addition, employees who earned at least one hour of service on or after January 1, 2002 had their prior accruals recomputed for the plan years 1997 through 2001 based on using Plan Compensation (without annualizing) for Adjusted Plan Compensation and only applying the fractional year of benefit service multiplier to the \$80.00 minimum for such year. Amounts recomputed in the manner for the years 1997 through 2001 were held to be no less than the amounts originally accrued for such year prior to this simplification to the plan's formula.

* Plan compensation is the annual compensation paid each year beginning after December 31, 1996. Annual compensation means the wages, (including overtime and bonuses), paid for employment covered under the Plan as reported on Form W-2, including any salary reduction amounts contributed as pre-tax contributions to The Davey Tree Company Employee Stock Ownership Plan.

**For the years 1997 through 2001, Adjusted Plan Compensation is Plan Compensation for the partial calendar year multiplied by the following fraction:

365 (or 366 in a leap year)

The number of days of benefit service in the partial calendar year

For years on and after 2002, Adjusted Plan Compensation is equal to Plan Compensation (without annualizing).

With respect to the United Steelworkers Local #8774, the benefit is \$5.50 times benefit service (years making the required contributions).

Eligibility for Benefits

Normal retirement	Retirement on NRD.
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing five years of vesting service.
Disability retirement	Termination for permanent and total disability after both attaining age 55 and completing five years of vesting service.
Postponed retirement	Retirement after NRD.
Deferred vested	Termination for reasons other than death or retirement after completing five years of vesting service.
Preretirement spouse benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse.

Monthly Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD.
Early retirement	Monthly pension benefit determined as of early retirement date, reduced actuarially (UP-1984 Mortality Table, 7% interest) to reflect commencement prior to age 65. Representative early retirement factors are as follows:

<i>Age at retirement</i>	<i>Factor</i>
65 and over	100.0%
64	89.27
63	79.91
62	71.72
61	64.53
60	58.19
59	52.59
58	47.62
57	43.21
56	39.27
55	35.75

Postponed retirement	Monthly pension benefit determined as of actual retirement date.
Disabled retirement	The monthly accrued normal retirement benefit amount, as computed above, using service and compensation to disability date. No reduction is made to reflect commencement prior to age 65. Commencement of benefits begins on the later of five months of disability or date of physician's statement confirming disability.

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Schedule SB - Part V, Summary of Plan Provisions

Termination with deferred vested benefit	Monthly pension benefit determined as of termination date, reduced on the same basis as the early retirement benefit for commencement before the normal retirement date.
Return of employee contributions at termination of employment	Provided no other benefits are payable under the Plan, employee contributions with interest will be returned to the employee, provided the value is less than \$5,000. An election and spouse's approval are necessary.
Return of employee contributions at death	Provided no other benefits are payable under the Plan, employee contributions with interest will be returned to a designated beneficiary. If benefit payments had already commenced, contributions with interest less benefit payments received will be returned to a designated beneficiary.
Death with preretirement spouse benefit	50% of the monthly pension benefit as of the date of death, reduced for the 50% joint and survivor election and for early payment; both calculated on the assumption the employee had survived to the date of first payment (as early as the participant's 55 th birthday), elected to retire on that date, and then died immediately afterward.
Increases to retirees	Effective January 1, 2002, participants that retired prior to January 1, 1997, received increases in their monthly benefits according to the following schedule:

<i>Year benefit payments commenced</i>	<i>Percentage increase</i>
1994-1996	1.0%
1991-1993	1.5
1988-1990	2.0
1985-1987	2.5
1982-1984	3.0
1979-1981	3.5
1978 and earlier	4.0

The minimum monthly increase shall be \$10.00 or an amount to raise the monthly benefit to no less than \$100.00 per month.

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Schedule SB - Part V, Summary of Plan Provisions

Forms of payment	Preretirement spouse benefits are payable only as described above. Monthly pension benefits are paid as described above, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of the 50% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 50%, 66-2/3% and 100% joint and survivor annuity, or (for married participants) a life annuity.
Conversion factors for optional forms of payment	7.00 percent interest and the UP-1984 Mortality Table (set back three years for contingent annuitants)
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.

Plan Status for PBGC Reporting Purposes

Benefit accruals were frozen effective December 31, 2008 for all non-bargained employees.

Plan Provisions Effective After January 1, 2010

No future plan provisions were recognized in determining pension cost or in determining minimum and maximum contributions.

Changes in Plan Provisions Since Prior Year

There have been no changes in benefits valued since the prior year.

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Davey Tree Expert Co. Employee Retirement Plan	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">B Three-digit plan number (PN) ►</td> <td style="width: 40%; text-align: center;">001</td> </tr> <tr> <td colspan="2" style="height: 20px;"></td> </tr> <tr> <td colspan="2">D Employer Identification Number (EIN) 34-0176110</td> </tr> </table>	B Three-digit plan number (PN) ►	001			D Employer Identification Number (EIN) 34-0176110	
B Three-digit plan number (PN) ►	001						
D Employer Identification Number (EIN) 34-0176110							
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF The Davey Tree Expert Company							
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other							
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500							

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>			
2 Assets:			
a Market value	2a		21,515,475
b Actuarial value	2b		20,512,980
3 Funding target/participant count breakdown			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	336	7,417,518
b For terminated vested participants	3b	1,003	4,263,843
c For active participants:			
(1) Non-vested benefits	3c(1)		790,216
(2) Vested benefits	3c(2)		10,041,690
(3) Total active	3c(3)	2,861	10,831,906
d Total	3d	4,200	22,513,267
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5		6.69 %
6 Target normal cost	6		508,073

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE Ryan S. Carney <i>RC</i> _____ Signature of actuary RYAN S. CARNEY _____ Type or print name of actuary TOWERS WATSON PENNSYLVANIA, INC. _____ Firm name 1001 LAKESIDE AVENUE, SUITE 1900 _____ Address of the firm CLEVELAND OH 44114-1172 _____ Address of the firm	9/20/11 _____ Date 11-06630 _____ Most recent enrollment number (216) 937-4000 _____ Telephone number (including area code)
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	599,267	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	599,267	0
10 Interest on item 9 using prior year's actual return of <u>27.63</u> %	165,577	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>7.97</u> %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	764,844	0

Part III Funding percentages

14 Funding target attainment percentage	14	87.71 %
15 Adjusted funding target attainment percentage	15	87.71 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	113.82 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/26/2010		5	10/07/2010		10
02/25/2010		5	11/03/2010		5
04/21/2010		5	12/02/2010		5
05/25/2010		10	12/30/2010		10
06/28/2010		5	08/26/2011	63,694	
08/17/2010		5			
Totals ▶			18(b)	63,694	18(c) 65

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	57,244

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	508,073
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	1,864,600	313,797
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	821,870
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	764,844	0
36 Additional cash requirement (item 34 minus item 35)	36	57,026
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	57,244
38 Interest-adjusted excess contributions for current year (see instructions)	38	218
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

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Schedule SB, line 22 - Description of Weighted Average Retirement Age

Retirement Age (1)	Assumed Rate (2)	Participants At Beginning (3)	Participants Retiring: (2) x (3) (4)	(1) x (4) (5)
60	0.25	1,000.00	250.00	15,000.00
61	0.30	750.00	225.00	13,725.00
62	0.40	525.00	210.00	13,020.00
63	0.55	315.00	173.25	10,914.75
64	0.45	141.75	63.79	4,082.56
65	1.00	77.96	<u>77.96</u>	<u>5,067.40</u>
			1,000.00	61,809.71
61,809.71	/	1,000	=	62

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▶ Yield curve basis	Segment Rates
Funding interest rates:	
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 Representative rates:

Age	Male	Female
25	.0993	.1245
40	.0632	.0738
55	.0500	.0500

Disability

Wyatt 1985 Disability Study Class 1 male and female rates.

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Schedule SB – Part V, Statement of Actuarial Assumptions/Methods

Retirement Rates varying by age and plan, average age 62

Age	Rate
60	25%
61	30%
62	40%
63	55%
64	45%
65	100%

Form of payment	Life annuity (100% electing).
Percent married	85% of male participants and 50% of female participants.
Spouse age	Wife three years younger than husband.
Covered pay	Prior year W-2 earnings.
Administrative expenses	Administrative expenses paid from the trust during the preceding plan year added to the current year's normal cost.

Methods

- ▶ Valuation date First day of plan year
 - ▶ Funding target Present value of accrued benefits
 - ▶ Target normal cost Present value of accrued benefits expected to accrue during the plan year plus related expenses expected to be paid from the trust (based on actual trust expenses paid in previous year.)
 - ▶ Actuarial value of assets Average of the fair market value of assets on the valuation date and the six months immediately preceding the valuation date, adjusted for contributions, benefits/expense payment and expected investment returns, including contribution receivables. The average asset value must be within 10% of fair value, including contributions receivable.
- The method of computing the actuarial value of assets complies with rules governing the calculation of such values under PPA. These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a bias to produce an actuarial value of assets that is below the market value of assets.

Benefits Not Valued

All benefits described in the Plan Provisions section of this report were valued except future employee contributions to the plan are deemed to be immaterial to the valuation. Towers Watson has reviewed the plan provisions with Davey Tree and, based on that review, is not aware of any significant benefits required to be valued that were not.

Change in Assumptions and Methods Since Prior Valuation

The required mortality table for the healthy participants used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements

The method for determining funding interest rates was changed from the yield curve based on bonds published in November 2008 to the segment rates (without transition) published in September 2009.

Data Sources

Towers Watson used asset data supplied by the trustee. Davey Tree, in conjunction with its third party administrator, furnished participant data as of the valuation date. Davey Tree also provided the dates and amounts of plan year 2009 contributions that will be paid in 2010. Data were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the company, the data were adjusted to reflect any significant events that occurred between the date the data were collected and the measurement date. Assumptions or estimates were made by the Towers Watson actuaries when data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Schedule SB, Part V – Summary of Plan Provisions

The most recent amendment reflected in the following plan provisions was adopted on December 5, 2008 and effective December 31, 2008.

Covered Employees All non-bargaining employees hired prior to December 31, 2008, plus those employees covered by bargaining groups who negotiated participation.

Participation Date Completion of one year of eligibility service and attainment of age 21.

Definitions

Vesting service Vesting service under the Surgery, Supplemental or Davey Tree Expert Company Pension Plans, as applicable, prior to January 1, 1989. After January 1, 1989, vesting service is measured on an elapsed time basis to the nearest 1/12th of a year.

Benefit service Benefit service under the Surgery, Supplemental or Davey Tree Expert Company Pension Plans, as applicable, prior to January 1, 1989. After January 1, 1989, benefit service is measured on an elapsed time basis to the nearest 1/12th of a year.

Pensionable pay W-2 earnings plus pre-tax ESOP contributions.

Employee contributions Prior to January 1, 1989, employee contributions were required in the Basic, Surgery and/or Supplemental Pension Plans, as applicable. After January 1, 1989 and prior to January 1, 1997, non-bargaining employee contributions were required based on the following schedule:

<i>Percent of compensation</i>	<i>Compensation range</i>
0%	First \$20,000
1%	Compensation between \$20,000 and \$30,000
2%	Compensation between \$30,000 and \$40,000
3%	Amount in excess of \$40,000

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During periods when no non-bargaining employee contributions are made, no Benefit Service for the contributory portion on compensation in excess of \$20,000 is granted. Effective January 1, 1997, non-bargaining employee contributions are no longer required or permitted.

Participants covered by the United Steelworkers Local #8774 or #2281 make \$6.00 per month contributions and participants covered by the United Steelworkers Local #2003 make \$5.00 per month contributions, regardless of compensation range.

Covered compensation	Average of the Social Security Taxable Wage Basis for the 35-year period ending with the year the participant attains Social Security normal retirement age.
Normal retirement date (NRD)	Age 65 with five years of vesting service.
Annual pension benefit	The monthly accrued normal retirement benefit as of December 31, 1996 for a non-bargaining employee is equal to the sum of the following: a) Accrued benefits under the former Supplemental, Basic and/or Surgery Pension Plans prior to December 31, 1988, plus b) 0.40% of Final Average Monthly Compensation as of December 31, 1996 to a maximum of \$1,666.67 times years of Benefit Service as of December 31, 1996 without regard to whether required contributions were made, plus c) 0.40% of Final Average Monthly Compensation as of December 31, 1996 in excess of \$1,666.67 times years of benefit service as of December 31, 1996, (only including years when required contributions were made), plus d) 0.40% of the excess of Final Average Monthly Compensation as of December 31, 1996 over the Participant's "Covered Compensation" (as defined by law) times years of Benefit Service as of December 31, 1996 (only including years when required contributions were made). Effective January 1, 1997 the annual accrued benefit for a non-bargaining employee is equal to the sum of the following: a) The annual pension benefit under the Plan as of December 31, 1996. b) For each full calendar year of Benefit Service after December 31, 1996, an annual amount equal to: 0.30% of Plan Compensation*, plus 0.30% of Plan Compensation* in excess of Social Security Covered Compensation for years of benefit service that do not exceed 35 years;

but no less than \$80.00 per year.

- c) For any partial calendar year of benefit service after December 31, 1996, an amount equal to
- 0.30% of Adjusted Plan Compensation**, plus
- 0.30% of Adjusted Plan Compensation** in excess of Social Security Covered Compensation for years of benefit service that do not exceed 35 years;
- but not less than \$80.00 per year,
- multiplied by the fraction of a year Benefit Service credited for that calendar year.

Effective for plan years on and after January 1, 2002, Adjusted Plan Compensation shall mean Plan Compensation (without annualizing) and only the \$80.00 per year minimum shall be multiplied by the fraction of a year of Benefit Service credited for such calendar year. In addition, employees who earned at least one hour of service on or after January 1, 2002 had their prior accruals recomputed for the plan years 1997 through 2001 based on using Plan Compensation (without annualizing) for Adjusted Plan Compensation and only applying the fractional year of benefit service multiplier to the \$80.00 minimum for such year. Amounts recomputed in the manner for the years 1997 through 2001 were held to be no less than the amounts originally accrued for such year prior to this simplification to the plan's formula.

* Plan compensation is the annual compensation paid each year beginning after December 31, 1996. Annual compensation means the wages, (including overtime and bonuses), paid for employment covered under the Plan as reported on Form W-2, including any salary reduction amounts contributed as pre-tax contributions to The Davey Tree Company Employee Stock Ownership Plan.

**For the years 1997 through 2001, Adjusted Plan Compensation is Plan Compensation for the partial calendar year multiplied by the following fraction:

365 (or 366 in a leap year)

The number of days of benefit service in the partial calendar year

For years on and after 2002, Adjusted Plan Compensation is equal to Plan Compensation (without annualizing).

With respect to the United Steelworkers Local #8774, the benefit is \$5.50 times benefit service (years making the required contributions).

Eligibility for Benefits

Normal retirement	Retirement on NRD.
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing five years of vesting service.
Disability retirement	Termination for permanent and total disability after both attaining age 55 and completing five years of vesting service.
Postponed retirement	Retirement after NRD.
Deferred vested	Termination for reasons other than death or retirement after completing five years of vesting service.
Preretirement spouse benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse.

Monthly Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD.																								
Early retirement	Monthly pension benefit determined as of early retirement date, reduced actuarially (UP-1984 Mortality Table, 7% interest) to reflect commencement prior to age 65. Representative early retirement factors are as follows:																								
	<table> <tr> <th><i>Age at retirement</i></th><th><i>Factor</i></th></tr> <tr> <td>65 and over</td><td>100.0%</td></tr> <tr> <td>64</td><td>89.27</td></tr> <tr> <td>63</td><td>79.91</td></tr> <tr> <td>62</td><td>71.72</td></tr> <tr> <td>61</td><td>64.53</td></tr> <tr> <td>60</td><td>58.19</td></tr> <tr> <td>59</td><td>52.59</td></tr> <tr> <td>58</td><td>47.62</td></tr> <tr> <td>57</td><td>43.21</td></tr> <tr> <td>56</td><td>39.27</td></tr> <tr> <td>55</td><td>35.75</td></tr> </table>	<i>Age at retirement</i>	<i>Factor</i>	65 and over	100.0%	64	89.27	63	79.91	62	71.72	61	64.53	60	58.19	59	52.59	58	47.62	57	43.21	56	39.27	55	35.75
<i>Age at retirement</i>	<i>Factor</i>																								
65 and over	100.0%																								
64	89.27																								
63	79.91																								
62	71.72																								
61	64.53																								
60	58.19																								
59	52.59																								
58	47.62																								
57	43.21																								
56	39.27																								
55	35.75																								
Postponed retirement	Monthly pension benefit determined as of actual retirement date.																								
Disabled retirement	The monthly accrued normal retirement benefit amount, as computed above, using service and compensation to disability date. No reduction is made to reflect commencement prior to age 65. Commencement of benefits begins on the later of five months of disability or date of physician's statement confirming disability.																								

Davey Tree Expert Company Employee Retirement Plan

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Schedule SB - Part V, Summary of Plan Provisions

Termination with deferred vested benefit	Monthly pension benefit determined as of termination date, reduced on the same basis as the early retirement benefit for commencement before the normal retirement date.
Return of employee contributions at termination of employment	Provided no other benefits are payable under the Plan, employee contributions with interest will be returned to the employee, provided the value is less than \$5,000. An election and spouse's approval are necessary.
Return of employee contributions at death	Provided no other benefits are payable under the Plan, employee contributions with interest will be returned to a designated beneficiary. If benefit payments had already commenced, contributions with interest less benefit payments received will be returned to a designated beneficiary.
Death with preretirement spouse benefit	50% of the monthly pension benefit as of the date of death, reduced for the 50% joint and survivor election and for early payment; both calculated on the assumption the employee had survived to the date of first payment (as early as the participant's 55 th birthday), elected to retire on that date, and then died immediately afterward.
Increases to retirees	Effective January 1, 2002, participants that retired prior to January 1, 1997, received increases in their monthly benefits according to the following schedule:

<i>Year benefit payments commenced</i>	<i>Percentage increase</i>
1994-1996	1.0%
1991-1993	1.5
1988-1990	2.0
1985-1987	2.5
1982-1984	3.0
1979-1981	3.5
1978 and earlier	4.0

The minimum monthly increase shall be \$10.00 or an amount to raise the monthly benefit to no less than \$100.00 per month.

Davey Tree Expert Company Employee Retirement Plan
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Schedule SB - Part V, Summary of Plan Provisions

Forms of payment	Preretirement spouse benefits are payable only as described above. Monthly pension benefits are paid as described above, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of the 50% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 50%, 66-2/3% and 100% joint and survivor annuity, or (for married participants) a life annuity.
Conversion factors for optional forms of payment	7.00 percent interest and the UP-1984 Mortality Table (set back three years for contingent annuitants)
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.

Plan Status for PBGC Reporting Purposes

Benefit accruals were frozen effective December 31, 2008 for all non-bargained employees.

Plan Provisions Effective After January 1, 2010

No future plan provisions were recognized in determining pension cost or in determining minimum and maximum contributions.

Changes in Plan Provisions Since Prior Year

There have been no changes in benefits valued since the prior year.

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Davey Tree Expert Co. Employee Retirement Plan	B Three-digit plan number (PN) <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF The Davey Tree Expert Company	D Employer Identification Number (EIN) 34-0176110
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>			
2 Assets:			
a Market value	2a		21,515,475
b Actuarial value	2b		20,512,980
3 Funding target/participant count breakdown			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	336	7,417,518
b For terminated vested participants	3b	1,003	4,263,843
c For active participants:			
(1) Non-vested benefits	3c(1)		790,216
(2) Vested benefits	3c(2)		10,041,690
(3) Total active	3c(3)	2,861	10,831,906
d Total	3d	4,200	22,513,267
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5		6.69 %
6 Target normal cost	6		508,073

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE Ryan S. Carney <i>RC</i> _____ Signature of actuary RYAN S. CARNEY _____ Type or print name of actuary TOWERS WATSON PENNSYLVANIA, INC. _____ Firm name 1001 LAKESIDE AVENUE, SUITE 1900 _____ Address of the firm CLEVELAND OH 44114-1172	9/20/11 _____ Date 11-06630 _____ Most recent enrollment number (216) 937-4000 _____ Telephone number (including area code)
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	599,267	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	599,267	0
10 Interest on item 9 using prior year's actual return of <u>27.63</u> %	165,577	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>7.97</u> %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	764,844	0

Part III Funding percentages

14 Funding target attainment percentage	14	87.71 %
15 Adjusted funding target attainment percentage	15	87.71 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	113.82 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/26/2010		5	10/07/2010		10
02/25/2010		5	11/03/2010		5
04/21/2010		5	12/02/2010		5
05/25/2010		10	12/30/2010		10
06/28/2010		5	08/26/2011	63,694	
08/17/2010		5			
Totals ▶			18(b)	63,694	18(c) 65

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	57,244

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	508,073
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	1,864,600	313,797
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	821,870
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	764,844	0
36 Additional cash requirement (item 34 minus item 35)	36	57,026
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	57,244
38 Interest-adjusted excess contributions for current year (see instructions)	38	218
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

Davey Tree Expert Company Employee Retirement Plan

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Schedule SB, line 22 - Description of Weighted Average Retirement Age

Retirement Age (1)	Assumed Rate (2)	Participants At Beginning (3)	Participants Retiring: (2) x (3) (4)	(1) x (4) (5)
60	0.25	1,000.00	250.00	15,000.00
61	0.30	750.00	225.00	13,725.00
62	0.40	525.00	210.00	13,020.00
63	0.55	315.00	173.25	10,914.75
64	0.45	141.75	63.79	4,082.56
65	1.00	77.96	<u>77.96</u>	<u>5,067.40</u>
			1,000.00	61,809.71
61,809.71	/	1,000	=	62

Davey Tree Expert Company Employee Retirement Plan

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2010 Form 5500

Schedule SB, line 25 – Change in Method

In accordance with 1.430(d)-1(g)(3)(ii)(A), automatic approval has been granted for the first plan year for which all the provisions of 1.430(d)-1, 1.430(f)-1, 1.430(g)-1, 1.430(i)-1, and 1.436-1 are reflected of any changes to funding methods permitted by the Pension Protection Act. 2010 is the first plan year for which all of these provisions were reflected, and thus all funding method changes are automatically approved

Davey Tree Expert Company Employee Retirement Plan
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 Schedule SB, line 26 – Schedule of Active Participant Data

Attained Age	Count	Under 1	1 to 4	Total Years of Credited Service							
				5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up
<25		76	26	0	0	0	0	0	0	0	0
25 to 29	Count	171	201	20	0	0	0	0	0	0	0
30 to 34	Count	130	225	115	11	0	0	0	0	0	0
35 to 39	Count	104	144	104	51	8	0	0	0	0	0
40 to 44	Count	100	122	63	53	45	11	0	0	0	0
45 to 49	Count	91	97	68	49	50	43	11	0	0	0
50 to 54	Count	44	87	58	32	27	34	30	11	0	0
55 to 59	Count	23	48	27	25	16	21	28	20	6	0
60 to 64	Count	10	23	14	11	8	11	4	9	2	4
65 to 69	Count	4	10	3	4	4	2	2	2	0	1
70 & up	Count	1	1	2	1	1	1	0	0	0	0

Davey Tree Expert Company Employee Retirement Plan
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 Schedule SB, line 32 - Schedule of Amortization Bases

Type of Base	Present Value of Remaining Installments as of 1/1/2010	Valuation date as of which Base was First Established	Remaining Amortization Period	Amortization Installment
2010 Shortfall	\$1,864,600	1/1/2010	7	\$313,797
Total	\$1,864,600			\$313,797

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Economic Assumptions

Expected Return on Assets	8.00%
Funding Interest rate basis:	
▶ Applicable month	September 2009
▶ Yield curve basis	Segment Rates
Funding interest rates:	
▶ First segment rate	5.03%
▶ Second segment rate	6.73%
▶ Third segment rate	6.82%
▶ Effective interest rate	6.69%
Annual rates of increase in:	
▶ Salaries	3.50%
▶ Future Social Security wage bases	4.50%
▶ Statutory limits on compensation and benefits	N/A

Demographic and Other Assumptions

Mortality:

- ▶ Healthy Separate rates for nonannuitants (based on RP2000 "Employees" table without collar or amount adjustments, projected to 2025 using Scale AA) and annuitants (based on RP2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2017 using Scale AA).
- ▶ Disabled Alternative disabled life mortality tables as defined under Revenue Ruling 96-7

Termination

Rates varying by age.
Representative rates:

Age	Male	Female
25	.0993	.1245
40	.0632	.0738
55	.0500	.0500

Disability

Wyatt 1985 Disability Study Class 1 male and female rates.

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Retirement Rates varying by age and plan, average age 62

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 - ▶ Target normal cost Present value of accrued benefits expected to accrue during the plan year plus related expenses expected to be paid from the trust (based on actual trust expenses paid in previous year.)
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The method for determining funding interest rates was changed from the yield curve based on bonds published in November 2008 to the segment rates (without transition) published in September 2009.

Data Sources

Towers Watson used asset data supplied by the trustee. Davey Tree, in conjunction with its third party administrator, furnished participant data as of the valuation date. Davey Tree also provided the dates and amounts of plan year 2009 contributions that will be paid in 2010. Data were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the company, the data were adjusted to reflect any significant events that occurred between the date the data were collected and the measurement date. Assumptions or estimates were made by the Towers Watson actuaries when data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Schedule SB, Part V – Summary of Plan Provisions

The most recent amendment reflected in the following plan provisions was adopted on December 5, 2008 and effective December 31, 2008.

Covered Employees All non-bargaining employees hired prior to December 31, 2008, plus those employees covered by bargaining groups who negotiated participation.

Participation Date Completion of one year of eligibility service and attainment of age 21.

Definitions

Vesting service Vesting service under the Surgery, Supplemental or Davey Tree Expert Company Pension Plans, as applicable, prior to January 1, 1989. After January 1, 1989, vesting service is measured on an elapsed time basis to the nearest 1/12th of a year.

Benefit service Benefit service under the Surgery, Supplemental or Davey Tree Expert Company Pension Plans, as applicable, prior to January 1, 1989. After January 1, 1989, benefit service is measured on an elapsed time basis to the nearest 1/12th of a year.

Pensionable pay W-2 earnings plus pre-tax ESOP contributions.

Employee contributions Prior to January 1, 1989, employee contributions were required in the Basic, Surgery and/or Supplemental Pension Plans, as applicable. After January 1, 1989 and prior to January 1, 1997, non-bargaining employee contributions were required based on the following schedule:

<i>Percent of compensation</i>	<i>Compensation range</i>
0%	First \$20,000
1%	Compensation between \$20,000 and \$30,000
2%	Compensation between \$30,000 and \$40,000
3%	Amount in excess of \$40,000

Davey Tree Expert Company Employee Retirement Plan
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Schedule SB - Part V, Summary of Plan Provisions

During periods when no non-bargaining employee contributions are made, no Benefit Service for the contributory portion on compensation in excess of \$20,000 is granted. Effective January 1, 1997, non-bargaining employee contributions are no longer required or permitted.

Participants covered by the United Steelworkers Local #8774 or #2281 make \$6.00 per month contributions and participants covered by the United Steelworkers Local #2003 make \$5.00 per month contributions, regardless of compensation range.

Covered compensation	Average of the Social Security Taxable Wage Basis for the 35-year period ending with the year the participant attains Social Security normal retirement age.
Normal retirement date (NRD)	Age 65 with five years of vesting service.
Annual pension benefit	The monthly accrued normal retirement benefit as of December 31, 1996 for a non-bargaining employee is equal to the sum of the following: a) Accrued benefits under the former Supplemental, Basic and/or Surgery Pension Plans prior to December 31, 1988, plus b) 0.40% of Final Average Monthly Compensation as of December 31, 1996 to a maximum of \$1,666.67 times years of Benefit Service as of December 31, 1996 without regard to whether required contributions were made, plus c) 0.40% of Final Average Monthly Compensation as of December 31, 1996 in excess of \$1,666.67 times years of benefit service as of December 31, 1996 , (only including years when required contributions were made), plus d) 0.40% of the excess of Final Average Monthly Compensation as of December 31, 1996 over the Participant's "Covered Compensation" (as defined by law) times years of Benefit Service as of December 31, 1996 (only including years when required contributions were made). Effective January 1, 1997 the annual accrued benefit for a non-bargaining employee is equal to the sum of the following: a) The annual pension benefit under the Plan as of December 31, 1996. b) For each full calendar year of Benefit Service after December 31, 1996, an annual amount equal to: 0.30% of Plan Compensation*, plus 0.30% of Plan Compensation* in excess of Social Security Covered Compensation for years of benefit service that do not exceed 35 years;

but no less than \$80.00 per year.

- c) For any partial calendar year of benefit service after December 31, 1996, an amount equal to
- 0.30% of Adjusted Plan Compensation**, plus
- 0.30% of Adjusted Plan Compensation** in excess of Social Security Covered Compensation for years of benefit service that do not exceed 35 years;
- but not less than \$80.00 per year,
- multiplied by the fraction of a year Benefit Service credited for that calendar year.

Effective for plan years on and after January 1, 2002, Adjusted Plan Compensation shall mean Plan Compensation (without annualizing) and only the \$80.00 per year minimum shall be multiplied by the fraction of a year of Benefit Service credited for such calendar year. In addition, employees who earned at least one hour of service on or after January 1, 2002 had their prior accruals recomputed for the plan years 1997 through 2001 based on using Plan Compensation (without annualizing) for Adjusted Plan Compensation and only applying the fractional year of benefit service multiplier to the \$80.00 minimum for such year. Amounts recomputed in the manner for the years 1997 through 2001 were held to be no less than the amounts originally accrued for such year prior to this simplification to the plan's formula.

* Plan compensation is the annual compensation paid each year beginning after December 31, 1996. Annual compensation means the wages, (including overtime and bonuses), paid for employment covered under the Plan as reported on Form W-2, including any salary reduction amounts contributed as pre-tax contributions to The Davey Tree Company Employee Stock Ownership Plan.

**For the years 1997 through 2001, Adjusted Plan Compensation is Plan Compensation for the partial calendar year multiplied by the following fraction:

365 (or 366 in a leap year)

The number of days of benefit service in the partial calendar year

For years on and after 2002, Adjusted Plan Compensation is equal to Plan Compensation (without annualizing).

With respect to the United Steelworkers Local #8774, the benefit is \$5.50 times benefit service (years making the required contributions).

Eligibility for Benefits

Normal retirement	Retirement on NRD.
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing five years of vesting service.
Disability retirement	Termination for permanent and total disability after both attaining age 55 and completing five years of vesting service.
Postponed retirement	Retirement after NRD.
Deferred vested	Termination for reasons other than death or retirement after completing five years of vesting service.
Preretirement spouse benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse.

Monthly Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD.																								
Early retirement	Monthly pension benefit determined as of early retirement date, reduced actuarially (UP-1984 Mortality Table, 7% interest) to reflect commencement prior to age 65. Representative early retirement factors are as follows:																								
	<table> <tr> <th><i>Age at retirement</i></th><th><i>Factor</i></th></tr> <tr> <td>65 and over</td><td>100.0%</td></tr> <tr> <td>64</td><td>89.27</td></tr> <tr> <td>63</td><td>79.91</td></tr> <tr> <td>62</td><td>71.72</td></tr> <tr> <td>61</td><td>64.53</td></tr> <tr> <td>60</td><td>58.19</td></tr> <tr> <td>59</td><td>52.59</td></tr> <tr> <td>58</td><td>47.62</td></tr> <tr> <td>57</td><td>43.21</td></tr> <tr> <td>56</td><td>39.27</td></tr> <tr> <td>55</td><td>35.75</td></tr> </table>	<i>Age at retirement</i>	<i>Factor</i>	65 and over	100.0%	64	89.27	63	79.91	62	71.72	61	64.53	60	58.19	59	52.59	58	47.62	57	43.21	56	39.27	55	35.75
<i>Age at retirement</i>	<i>Factor</i>																								
65 and over	100.0%																								
64	89.27																								
63	79.91																								
62	71.72																								
61	64.53																								
60	58.19																								
59	52.59																								
58	47.62																								
57	43.21																								
56	39.27																								
55	35.75																								
Postponed retirement	Monthly pension benefit determined as of actual retirement date.																								
Disabled retirement	The monthly accrued normal retirement benefit amount, as computed above, using service and compensation to disability date. No reduction is made to reflect commencement prior to age 65. Commencement of benefits begins on the later of five months of disability or date of physician's statement confirming disability.																								

Davey Tree Expert Company Employee Retirement Plan

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Schedule SB - Part V, Summary of Plan Provisions

Termination with deferred vested benefit	Monthly pension benefit determined as of termination date, reduced on the same basis as the early retirement benefit for commencement before the normal retirement date.
Return of employee contributions at termination of employment	Provided no other benefits are payable under the Plan, employee contributions with interest will be returned to the employee, provided the value is less than \$5,000. An election and spouse's approval are necessary.
Return of employee contributions at death	Provided no other benefits are payable under the Plan, employee contributions with interest will be returned to a designated beneficiary. If benefit payments had already commenced, contributions with interest less benefit payments received will be returned to a designated beneficiary.
Death with preretirement spouse benefit	50% of the monthly pension benefit as of the date of death, reduced for the 50% joint and survivor election and for early payment; both calculated on the assumption the employee had survived to the date of first payment (as early as the participant's 55 th birthday), elected to retire on that date, and then died immediately afterward.
Increases to retirees	Effective January 1, 2002, participants that retired prior to January 1, 1997, received increases in their monthly benefits according to the following schedule:

<i>Year benefit payments commenced</i>	<i>Percentage increase</i>
1994-1996	1.0%
1991-1993	1.5
1988-1990	2.0
1985-1987	2.5
1982-1984	3.0
1979-1981	3.5
1978 and earlier	4.0

The minimum monthly increase shall be \$10.00 or an amount to raise the monthly benefit to no less than \$100.00 per month.

Davey Tree Expert Company Employee Retirement Plan
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Schedule SB - Part V, Summary of Plan Provisions

Forms of payment	Preretirement spouse benefits are payable only as described above. Monthly pension benefits are paid as described above, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of the 50% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 50%, 66-2/3% and 100% joint and survivor annuity, or (for married participants) a life annuity.
Conversion factors for optional forms of payment	7.00 percent interest and the UP-1984 Mortality Table (set back three years for contingent annuitants)
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.

Plan Status for PBGC Reporting Purposes

Benefit accruals were frozen effective December 31, 2008 for all non-bargained employees.

Plan Provisions Effective After January 1, 2010

No future plan provisions were recognized in determining pension cost or in determining minimum and maximum contributions.

Changes in Plan Provisions Since Prior Year

There have been no changes in benefits valued since the prior year.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2010**This Form is Open to Public Inspection**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Davey Tree Expert Co. Employee Retirement Plan	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF The Davey Tree Expert Company	D Employer Identification Number (EIN) 34-0176110
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>		
2 Assets:		
a Market value	2a	21,515,475
b Actuarial value	2b	20,512,980
3 Funding target/participant count breakdown	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a 336	7,417,518
b For terminated vested participants	3b 1,003	4,263,843
c For active participants:		
(1) Non-vested benefits	3c(1)	790,216
(2) Vested benefits	3c(2)	10,041,690
(3) Total active	3c(3) 2,861	10,831,906
d Total	3d 4,200	22,513,267
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐		
a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b	
5 Effective interest rate	5	6.69 %
6 Target normal cost	6	508,073

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE Ryan S. Carney <i>RC</i>	 9/20/11
Signature of actuary	Date
RYAN S. CARNEY	11-06630
Type or print name of actuary	Most recent enrollment number
TOWERS WATSON PENNSYLVANIA, INC.	(216) 937-4000
1001 LAKESIDE AVENUE, SUITE 1900	Telephone number (including area code)
CLEVELAND OH 44114-1172	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	599,267	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	599,267	0
10 Interest on item 9 using prior year's actual return of <u>27.63</u> %	165,577	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>7.97</u> %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	764,844	0

Part III Funding percentages

14 Funding target attainment percentage	14	87.71 %
15 Adjusted funding target attainment percentage	15	87.71 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	113.82 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/26/2010		5	10/07/2010		10
02/25/2010		5	11/03/2010		5
04/21/2010		5	12/02/2010		5
05/25/2010		10	12/30/2010		10
06/28/2010		5	08/26/2011	63,694	
08/17/2010		5			
Totals ▶			18(b)	63,694	18(c) 65

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	57,244

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	508,073
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	1,864,600	313,797
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	821,870
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	764,844	0
36 Additional cash requirement (item 34 minus item 35)	36	57,026
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	57,244
38 Interest-adjusted excess contributions for current year (see instructions)	38	218
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

Davey Tree Expert Company Employee Retirement Plan

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Schedule SB, line 22 - Description of Weighted Average Retirement Age

Retirement Age (1)	Assumed Rate (2)	Participants At Beginning (3)	Participants Retiring: (2) x (3) (4)	(1) x (4) (5)
60	0.25	1,000.00	250.00	15,000.00
61	0.30	750.00	225.00	13,725.00
62	0.40	525.00	210.00	13,020.00
63	0.55	315.00	173.25	10,914.75
64	0.45	141.75	63.79	4,082.56
65	1.00	77.96	<u>77.96</u>	<u>5,067.40</u>
			1,000.00	61,809.71
61,809.71	/	1,000	=	62

Davey Tree Expert Company Employee Retirement Plan

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2010 Form 5500

Schedule SB, line 25 – Change in Method

In accordance with 1.430(d)-1(g)(3)(ii)(A), automatic approval has been granted for the first plan year for which all the provisions of 1.430(d)-1, 1.430(f)-1, 1.430(g)-1, 1.430(i)-1, and 1.436-1 are reflected of any changes to funding methods permitted by the Pension Protection Act. 2010 is the first plan year for which all of these provisions were reflected, and thus all funding method changes are automatically approved

Davey Tree Expert Company Employee Retirement Plan
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 Schedule SB, line 26 – Schedule of Active Participant Data

Attained Age	Count	Under 1	1 to 4	Total Years of Credited Service							
				5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up
<25		76	26	0	0	0	0	0	0	0	0
25 to 29	Count	171	201	20	0	0	0	0	0	0	0
30 to 34	Count	130	225	115	11	0	0	0	0	0	0
35 to 39	Count	104	144	104	51	8	0	0	0	0	0
40 to 44	Count	100	122	63	53	45	11	0	0	0	0
45 to 49	Count	91	97	68	49	50	43	11	0	0	0
50 to 54	Count	44	87	58	32	27	34	30	11	0	0
55 to 59	Count	23	48	27	25	16	21	28	20	6	0
60 to 64	Count	10	23	14	11	8	11	4	9	2	4
65 to 69	Count	4	10	3	4	4	2	2	2	0	1
70 & up	Count	1	1	2	1	1	1	0	0	0	0

Davey Tree Expert Company Employee Retirement Plan
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 Schedule SB, line 32 - Schedule of Amortization Bases

Type of Base	Present Value of Remaining Installments as of 1/1/2010	Valuation date as of which Base was First Established	Remaining Amortization Period	Amortization Installment
2010 Shortfall	\$1,864,600	1/1/2010	7	\$313,797
Total	\$1,864,600			\$313,797

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Economic Assumptions

Expected Return on Assets	8.00%
Funding Interest rate basis:	
▶ Applicable month	September 2009
▶ Yield curve basis	Segment Rates
Funding interest rates:	
▶ First segment rate	5.03%
▶ Second segment rate	6.73%
▶ Third segment rate	6.82%
▶ Effective interest rate	6.69%
Annual rates of increase in:	
▶ Salaries	3.50%
▶ Future Social Security wage bases	4.50%
▶ Statutory limits on compensation and benefits	N/A

Demographic and Other Assumptions

Mortality:

- ▶ Healthy Separate rates for nonannuitants (based on RP2000 "Employees" table without collar or amount adjustments, projected to 2025 using Scale AA) and annuitants (based on RP2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2017 using Scale AA).
- ▶ Disabled Alternative disabled life mortality tables as defined under Revenue Ruling 96-7

Termination

Rates varying by age.
 Representative rates:

Age	Male	Female
25	.0993	.1245
40	.0632	.0738
55	.0500	.0500

Disability

Wyatt 1985 Disability Study Class 1 male and female rates.

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Schedule SB – Part V, Statement of Actuarial Assumptions/Methods

Retirement Rates varying by age and plan, average age 62

<i>Age</i>	<i>Rate</i>
60	25%
61	30%
62	40%
63	55%
64	45%
65	100%

Form of payment	Life annuity (100% electing).
Percent married	85% of male participants and 50% of female participants.
Spouse age	Wife three years younger than husband.
Covered pay	Prior year W-2 earnings.
Administrative expenses	Administrative expenses paid from the trust during the preceding plan year added to the current year's normal cost.

Methods

- ▶ Valuation date First day of plan year
- ▶ Funding target Present value of accrued benefits
- ▶ Target normal cost Present value of accrued benefits expected to accrue during the plan year plus related expenses expected to be paid from the trust (based on actual trust expenses paid in previous year.)
- ▶ Actuarial value of assets Average of the fair market value of assets on the valuation date and the six months immediately preceding the valuation date, adjusted for contributions, benefits/expense payment and expected investment returns, including contribution receivables. The average asset value must be within 10% of fair value, including contributions receivable.

The method of computing the actuarial value of assets complies with rules governing the calculation of such values under PPA. These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a bias to produce an actuarial value of assets that is below the market value of assets.

Benefits Not Valued

All benefits described in the Plan Provisions section of this report were valued except future employee contributions to the plan are deemed to be immaterial to the valuation. Towers Watson has reviewed the plan provisions with Davey Tree and, based on that review, is not aware of any significant benefits required to be valued that were not.

Change in Assumptions and Methods Since Prior Valuation

The required mortality table for the healthy participants used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements

The method for determining funding interest rates was changed from the yield curve based on bonds published in November 2008 to the segment rates (without transition) published in September 2009.

Data Sources

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Covered Employees All non-bargaining employees hired prior to December 31, 2008, plus those employees covered by bargaining groups who negotiated participation.

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Covered compensation	Average of the Social Security Taxable Wage Basis for the 35-year period ending with the year the participant attains Social Security normal retirement age.
Normal retirement date (NRD)	Age 65 with five years of vesting service.
Annual pension benefit	The monthly accrued normal retirement benefit as of December 31, 1996 for a non-bargaining employee is equal to the sum of the following: a) Accrued benefits under the former Supplemental, Basic and/or Surgery Pension Plans prior to December 31, 1988, plus b) 0.40% of Final Average Monthly Compensation as of December 31, 1996 to a maximum of \$1,666.67 times years of Benefit Service as of December 31, 1996 without regard to whether required contributions were made, plus c) 0.40% of Final Average Monthly Compensation as of December 31, 1996 in excess of \$1,666.67 times years of benefit service as of December 31, 1996, (only including years when required contributions were made), plus d) 0.40% of the excess of Final Average Monthly Compensation as of December 31, 1996 over the Participant's "Covered Compensation" (as defined by law) times years of Benefit Service as of December 31, 1996 (only including years when required contributions were made). Effective January 1, 1997 the annual accrued benefit for a non-bargaining employee is equal to the sum of the following: a) The annual pension benefit under the Plan as of December 31, 1996. b) For each full calendar year of Benefit Service after December 31, 1996, an annual amount equal to: 0.30% of Plan Compensation*, plus 0.30% of Plan Compensation* in excess of Social Security Covered Compensation for years of benefit service that do not exceed 35 years;

but no less than \$80.00 per year.

- c) For any partial calendar year of benefit service after December 31, 1996, an amount equal to
- 0.30% of Adjusted Plan Compensation**, plus
- 0.30% of Adjusted Plan Compensation** in excess of Social Security Covered Compensation for years of benefit service that do not exceed 35 years;
- but not less than \$80.00 per year,
- multiplied by the fraction of a year Benefit Service credited for that calendar year.

Effective for plan years on and after January 1, 2002, Adjusted Plan Compensation shall mean Plan Compensation (without annualizing) and only the \$80.00 per year minimum shall be multiplied by the fraction of a year of Benefit Service credited for such calendar year. In addition, employees who earned at least one hour of service on or after January 1, 2002 had their prior accruals recomputed for the plan years 1997 through 2001 based on using Plan Compensation (without annualizing) for Adjusted Plan Compensation and only applying the fractional year of benefit service multiplier to the \$80.00 minimum for such year. Amounts recomputed in the manner for the years 1997 through 2001 were held to be no less than the amounts originally accrued for such year prior to this simplification to the plan's formula.

* Plan compensation is the annual compensation paid each year beginning after December 31, 1996. Annual compensation means the wages, (including overtime and bonuses), paid for employment covered under the Plan as reported on Form W-2, including any salary reduction amounts contributed as pre-tax contributions to The Davey Tree Company Employee Stock Ownership Plan.

**For the years 1997 through 2001, Adjusted Plan Compensation is Plan Compensation for the partial calendar year multiplied by the following fraction:

365 (or 366 in a leap year)

The number of days of benefit service in the partial calendar year

For years on and after 2002, Adjusted Plan Compensation is equal to Plan Compensation (without annualizing).

With respect to the United Steelworkers Local #8774, the benefit is \$5.50 times benefit service (years making the required contributions).

Eligibility for Benefits

Normal retirement	Retirement on NRD.
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing five years of vesting service.
Disability retirement	Termination for permanent and total disability after both attaining age 55 and completing five years of vesting service.
Postponed retirement	Retirement after NRD.
Deferred vested	Termination for reasons other than death or retirement after completing five years of vesting service.
Preretirement spouse benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse.

Monthly Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD.																								
Early retirement	Monthly pension benefit determined as of early retirement date, reduced actuarially (UP-1984 Mortality Table, 7% interest) to reflect commencement prior to age 65. Representative early retirement factors are as follows:																								
	<table> <tr> <th><i>Age at retirement</i></th><th><i>Factor</i></th></tr> <tr> <td>65 and over</td><td>100.0%</td></tr> <tr> <td>64</td><td>89.27</td></tr> <tr> <td>63</td><td>79.91</td></tr> <tr> <td>62</td><td>71.72</td></tr> <tr> <td>61</td><td>64.53</td></tr> <tr> <td>60</td><td>58.19</td></tr> <tr> <td>59</td><td>52.59</td></tr> <tr> <td>58</td><td>47.62</td></tr> <tr> <td>57</td><td>43.21</td></tr> <tr> <td>56</td><td>39.27</td></tr> <tr> <td>55</td><td>35.75</td></tr> </table>	<i>Age at retirement</i>	<i>Factor</i>	65 and over	100.0%	64	89.27	63	79.91	62	71.72	61	64.53	60	58.19	59	52.59	58	47.62	57	43.21	56	39.27	55	35.75
<i>Age at retirement</i>	<i>Factor</i>																								
65 and over	100.0%																								
64	89.27																								
63	79.91																								
62	71.72																								
61	64.53																								
60	58.19																								
59	52.59																								
58	47.62																								
57	43.21																								
56	39.27																								
55	35.75																								
Postponed retirement	Monthly pension benefit determined as of actual retirement date.																								
Disabled retirement	The monthly accrued normal retirement benefit amount, as computed above, using service and compensation to disability date. No reduction is made to reflect commencement prior to age 65. Commencement of benefits begins on the later of five months of disability or date of physician's statement confirming disability.																								

Davey Tree Expert Company Employee Retirement Plan

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Schedule SB - Part V, Summary of Plan Provisions

Termination with deferred vested benefit	Monthly pension benefit determined as of termination date, reduced on the same basis as the early retirement benefit for commencement before the normal retirement date.
Return of employee contributions at termination of employment	Provided no other benefits are payable under the Plan, employee contributions with interest will be returned to the employee, provided the value is less than \$5,000. An election and spouse's approval are necessary.
Return of employee contributions at death	Provided no other benefits are payable under the Plan, employee contributions with interest will be returned to a designated beneficiary. If benefit payments had already commenced, contributions with interest less benefit payments received will be returned to a designated beneficiary.
Death with preretirement spouse benefit	50% of the monthly pension benefit as of the date of death, reduced for the 50% joint and survivor election and for early payment; both calculated on the assumption the employee had survived to the date of first payment (as early as the participant's 55 th birthday), elected to retire on that date, and then died immediately afterward.
Increases to retirees	Effective January 1, 2002, participants that retired prior to January 1, 1997, received increases in their monthly benefits according to the following schedule:

<i>Year benefit payments commenced</i>	<i>Percentage increase</i>
1994-1996	1.0%
1991-1993	1.5
1988-1990	2.0
1985-1987	2.5
1982-1984	3.0
1979-1981	3.5
1978 and earlier	4.0

The minimum monthly increase shall be \$10.00 or an amount to raise the monthly benefit to no less than \$100.00 per month.

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Forms of payment	Preretirement spouse benefits are payable only as described above. Monthly pension benefits are paid as described above, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of the 50% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 50%, 66-2/3% and 100% joint and survivor annuity, or (for married participants) a life annuity.
Conversion factors for optional forms of payment	7.00 percent interest and the UP-1984 Mortality Table (set back three years for contingent annuitants)
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.

Plan Status for PBGC Reporting Purposes

Benefit accruals were frozen effective December 31, 2008 for all non-bargained employees.

Plan Provisions Effective After January 1, 2010

No future plan provisions were recognized in determining pension cost or in determining minimum and maximum contributions.

Changes in Plan Provisions Since Prior Year

There have been no changes in benefits valued since the prior year.

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Davey Tree Expert Co. Employee Retirement Plan	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF The Davey Tree Expert Company	D Employer Identification Number (EIN) 34-0176110	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>			
2 Assets:			
a Market value	2a	21,515,475	
b Actuarial value	2b	20,512,980	
3 Funding target/participant count breakdown			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	336	7,417,518
b For terminated vested participants	3b	1,003	4,263,843
c For active participants:			
(1) Non-vested benefits	3c(1)		790,216
(2) Vested benefits	3c(2)		10,041,690
(3) Total active	3c(3)	2,861	10,831,906
d Total	3d	4,200	22,513,267
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	6.69 %	
6 Target normal cost	6	508,073	

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Ryan S. Carney <i>RC</i> Signature of actuary	9/20/11 Date
	RYAN S. CARNEY Type or print name of actuary	11-06630 Most recent enrollment number
	TOWERS WATSON PENNSYLVANIA, INC. Firm name	(216) 937-4000 Telephone number (including area code)
	1001 LAKESIDE AVENUE, SUITE 1900 CLEVELAND OH 44114-1172 Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	599,267	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	599,267	0
10 Interest on item 9 using prior year's actual return of <u>27.63</u> %	165,577	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>7.97</u> %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	764,844	0

Part III Funding percentages

14 Funding target attainment percentage	14	87.71 %
15 Adjusted funding target attainment percentage	15	87.71 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	113.82 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/26/2010		5	10/07/2010		10
02/25/2010		5	11/03/2010		5
04/21/2010		5	12/02/2010		5
05/25/2010		10	12/30/2010		10
06/28/2010		5	08/26/2011	63,694	
08/17/2010		5			
Totals ▶			18(b)	63,694	18(c) 65

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	57,244

20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	508,073
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	1,864,600	313,797
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	821,870
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	764,844	0
36 Additional cash requirement (item 34 minus item 35)	36	57,026
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	57,244
38 Interest-adjusted excess contributions for current year (see instructions)	38	218
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

Davey Tree Expert Company Employee Retirement Plan

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Schedule SB, line 22 - Description of Weighted Average Retirement Age

Retirement Age (1)	Assumed Rate (2)	Participants At Beginning (3)	Participants Retiring: (2) x (3) (4)	(1) x (4) (5)
60	0.25	1,000.00	250.00	15,000.00
61	0.30	750.00	225.00	13,725.00
62	0.40	525.00	210.00	13,020.00
63	0.55	315.00	173.25	10,914.75
64	0.45	141.75	63.79	4,082.56
65	1.00	77.96	<u>77.96</u>	<u>5,067.40</u>
			1,000.00	61,809.71
61,809.71	/	1,000	=	62

Davey Tree Expert Company Employee Retirement Plan

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Schedule SB, line 25 – Change in Method

In accordance with 1.430(d)-1(g)(3)(ii)(A), automatic approval has been granted for the first plan year for which all the provisions of 1.430(d)-1, 1.430(f)-1, 1.430(g)-1, 1.430(i)-1, and 1.436-1 are reflected of any changes to funding methods permitted by the Pension Protection Act. 2010 is the first plan year for which all of these provisions were reflected, and thus all funding method changes are automatically approved

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 Schedule SB, line 26 – Schedule of Active Participant Data

Attained Age	Count	Under 1	1 to 4	Total Years of Credited Service							
				5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up
<25		76	26	0	0	0	0	0	0	0	0
25 to 29	Count	171	201	20	0	0	0	0	0	0	0
30 to 34	Count	130	225	115	11	0	0	0	0	0	0
35 to 39	Count	104	144	104	51	8	0	0	0	0	0
40 to 44	Count	100	122	63	53	45	11	0	0	0	0
45 to 49	Count	91	97	68	49	50	43	11	0	0	0
50 to 54	Count	44	87	58	32	27	34	30	11	0	0
55 to 59	Count	23	48	27	25	16	21	28	20	6	0
60 to 64	Count	10	23	14	11	8	11	4	9	2	4
65 to 69	Count	4	10	3	4	4	2	2	2	0	1
70 & up	Count	1	1	2	1	1	1	0	0	0	0

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 Schedule SB, line 32 - Schedule of Amortization Bases

Type of Base	Present Value of Remaining Installments as of 1/1/2010	Valuation date as of which Base was First Established	Remaining Amortization Period	Amortization Installment
2010 Shortfall	\$1,864,600	1/1/2010	7	\$313,797
Total	\$1,864,600			\$313,797

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Economic Assumptions

Expected Return on Assets	8.00%
Funding Interest rate basis:	
▶ Applicable month	September 2009
▶ Yield curve basis	Segment Rates
Funding interest rates:	
▶ First segment rate	5.03%
▶ Second segment rate	6.73%
▶ Third segment rate	6.82%
▶ Effective interest rate	6.69%
Annual rates of increase in:	
▶ Salaries	3.50%
▶ Future Social Security wage bases	4.50%
▶ Statutory limits on compensation and benefits	N/A

Demographic and Other Assumptions

Mortality:

- ▶ Healthy Separate rates for nonannuitants (based on RP2000 "Employees" table without collar or amount adjustments, projected to 2025 using Scale AA) and annuitants (based on RP2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2017 using Scale AA).
- ▶ Disabled Alternative disabled life mortality tables as defined under Revenue Ruling 96-7

Termination

Rates varying by age.
 Representative rates:

Age	Male	Female
25	.0993	.1245
40	.0632	.0738
55	.0500	.0500

Disability

Wyatt 1985 Disability Study Class 1 male and female rates.

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Schedule SB – Part V, Statement of Actuarial Assumptions/Methods

Retirement Rates varying by age and plan, average age 62

<i>Age</i>	<i>Rate</i>
60	25%
61	30%
62	40%
63	55%
64	45%
65	100%

Form of payment	Life annuity (100% electing).
Percent married	85% of male participants and 50% of female participants.
Spouse age	Wife three years younger than husband.
Covered pay	Prior year W-2 earnings.
Administrative expenses	Administrative expenses paid from the trust during the preceding plan year added to the current year's normal cost.

Methods

- ▶ Valuation date First day of plan year
- ▶ Funding target Present value of accrued benefits
- ▶ Target normal cost Present value of accrued benefits expected to accrue during the plan year plus related expenses expected to be paid from the trust (based on actual trust expenses paid in previous year.)
- ▶ Actuarial value of assets Average of the fair market value of assets on the valuation date and the six months immediately preceding the valuation date, adjusted for contributions, benefits/expense payment and expected investment returns, including contribution receivables. The average asset value must be within 10% of fair value, including contributions receivable.

The method of computing the actuarial value of assets complies with rules governing the calculation of such values under PPA. These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a bias to produce an actuarial value of assets that is below the market value of assets.

Benefits Not Valued

All benefits described in the Plan Provisions section of this report were valued except future employee contributions to the plan are deemed to be immaterial to the valuation. Towers Watson has reviewed the plan provisions with Davey Tree and, based on that review, is not aware of any significant benefits required to be valued that were not.

Change in Assumptions and Methods Since Prior Valuation

The required mortality table for the healthy participants used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements

The method for determining funding interest rates was changed from the yield curve based on bonds published in November 2008 to the segment rates (without transition) published in September 2009.

Data Sources

Towers Watson used asset data supplied by the trustee. Davey Tree, in conjunction with its third party administrator, furnished participant data as of the valuation date. Davey Tree also provided the dates and amounts of plan year 2009 contributions that will be paid in 2010. Data were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the company, the data were adjusted to reflect any significant events that occurred between the date the data were collected and the measurement date. Assumptions or estimates were made by the Towers Watson actuaries when data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Schedule SB, Part V – Summary of Plan Provisions

The most recent amendment reflected in the following plan provisions was adopted on December 5, 2008 and effective December 31, 2008.

Covered Employees All non-bargaining employees hired prior to December 31, 2008, plus those employees covered by bargaining groups who negotiated participation.

Participation Date Completion of one year of eligibility service and attainment of age 21.

Definitions

Vesting service Vesting service under the Surgery, Supplemental or Davey Tree Expert Company Pension Plans, as applicable, prior to January 1, 1989. After January 1, 1989, vesting service is measured on an elapsed time basis to the nearest 1/12th of a year.

Benefit service Benefit service under the Surgery, Supplemental or Davey Tree Expert Company Pension Plans, as applicable, prior to January 1, 1989. After January 1, 1989, benefit service is measured on an elapsed time basis to the nearest 1/12th of a year.

Pensionable pay W-2 earnings plus pre-tax ESOP contributions.

Employee contributions Prior to January 1, 1989, employee contributions were required in the Basic, Surgery and/or Supplemental Pension Plans, as applicable. After January 1, 1989 and prior to January 1, 1997, non-bargaining employee contributions were required based on the following schedule:

<i>Percent of compensation</i>	<i>Compensation range</i>
0%	First \$20,000
1%	Compensation between \$20,000 and \$30,000
2%	Compensation between \$30,000 and \$40,000
3%	Amount in excess of \$40,000

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During periods when no non-bargaining employee contributions are made, no Benefit Service for the contributory portion on compensation in excess of \$20,000 is granted. Effective January 1, 1997, non-bargaining employee contributions are no longer required or permitted.

Participants covered by the United Steelworkers Local #8774 or #2281 make \$6.00 per month contributions and participants covered by the United Steelworkers Local #2003 make \$5.00 per month contributions, regardless of compensation range.

Covered compensation	Average of the Social Security Taxable Wage Basis for the 35-year period ending with the year the participant attains Social Security normal retirement age.
Normal retirement date (NRD)	Age 65 with five years of vesting service.
Annual pension benefit	The monthly accrued normal retirement benefit as of December 31, 1996 for a non-bargaining employee is equal to the sum of the following: a) Accrued benefits under the former Supplemental, Basic and/or Surgery Pension Plans prior to December 31, 1988, plus b) 0.40% of Final Average Monthly Compensation as of December 31, 1996 to a maximum of \$1,666.67 times years of Benefit Service as of December 31, 1996 without regard to whether required contributions were made, plus c) 0.40% of Final Average Monthly Compensation as of December 31, 1996 in excess of \$1,666.67 times years of benefit service as of December 31, 1996 , (only including years when required contributions were made), plus d) 0.40% of the excess of Final Average Monthly Compensation as of December 31, 1996 over the Participant's "Covered Compensation" (as defined by law) times years of Benefit Service as of December 31, 1996 (only including years when required contributions were made). Effective January 1, 1997 the annual accrued benefit for a non-bargaining employee is equal to the sum of the following: a) The annual pension benefit under the Plan as of December 31, 1996. b) For each full calendar year of Benefit Service after December 31, 1996, an annual amount equal to: 0.30% of Plan Compensation*, plus 0.30% of Plan Compensation* in excess of Social Security Covered Compensation for years of benefit service that do not exceed 35 years;

but no less than \$80.00 per year.

- c) For any partial calendar year of benefit service after December 31, 1996, an amount equal to
- 0.30% of Adjusted Plan Compensation**, plus
- 0.30% of Adjusted Plan Compensation** in excess of Social Security Covered Compensation for years of benefit service that do not exceed 35 years;
- but not less than \$80.00 per year,
- multiplied by the fraction of a year Benefit Service credited for that calendar year.

Effective for plan years on and after January 1, 2002, Adjusted Plan Compensation shall mean Plan Compensation (without annualizing) and only the \$80.00 per year minimum shall be multiplied by the fraction of a year of Benefit Service credited for such calendar year. In addition, employees who earned at least one hour of service on or after January 1, 2002 had their prior accruals recomputed for the plan years 1997 through 2001 based on using Plan Compensation (without annualizing) for Adjusted Plan Compensation and only applying the fractional year of benefit service multiplier to the \$80.00 minimum for such year. Amounts recomputed in the manner for the years 1997 through 2001 were held to be no less than the amounts originally accrued for such year prior to this simplification to the plan's formula.

* Plan compensation is the annual compensation paid each year beginning after December 31, 1996. Annual compensation means the wages, (including overtime and bonuses), paid for employment covered under the Plan as reported on Form W-2, including any salary reduction amounts contributed as pre-tax contributions to The Davey Tree Company Employee Stock Ownership Plan.

**For the years 1997 through 2001, Adjusted Plan Compensation is Plan Compensation for the partial calendar year multiplied by the following fraction:

365 (or 366 in a leap year)

The number of days of benefit service in the partial calendar year

For years on and after 2002, Adjusted Plan Compensation is equal to Plan Compensation (without annualizing).

With respect to the United Steelworkers Local #8774, the benefit is \$5.50 times benefit service (years making the required contributions).

Eligibility for Benefits

Normal retirement	Retirement on NRD.
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing five years of vesting service.
Disability retirement	Termination for permanent and total disability after both attaining age 55 and completing five years of vesting service.
Postponed retirement	Retirement after NRD.
Deferred vested	Termination for reasons other than death or retirement after completing five years of vesting service.
Preretirement spouse benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse.

Monthly Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD.
Early retirement	Monthly pension benefit determined as of early retirement date, reduced actuarially (UP-1984 Mortality Table, 7% interest) to reflect commencement prior to age 65. Representative early retirement factors are as follows:

<i>Age at retirement</i>	<i>Factor</i>
65 and over	100.0%
64	89.27
63	79.91
62	71.72
61	64.53
60	58.19
59	52.59
58	47.62
57	43.21
56	39.27
55	35.75

Postponed retirement	Monthly pension benefit determined as of actual retirement date.
Disabled retirement	The monthly accrued normal retirement benefit amount, as computed above, using service and compensation to disability date. No reduction is made to reflect commencement prior to age 65. Commencement of benefits begins on the later of five months of disability or date of physician's statement confirming disability.

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Termination with deferred vested benefit	Monthly pension benefit determined as of termination date, reduced on the same basis as the early retirement benefit for commencement before the normal retirement date.
Return of employee contributions at termination of employment	Provided no other benefits are payable under the Plan, employee contributions with interest will be returned to the employee, provided the value is less than \$5,000. An election and spouse's approval are necessary.
Return of employee contributions at death	Provided no other benefits are payable under the Plan, employee contributions with interest will be returned to a designated beneficiary. If benefit payments had already commenced, contributions with interest less benefit payments received will be returned to a designated beneficiary.
Death with preretirement spouse benefit	50% of the monthly pension benefit as of the date of death, reduced for the 50% joint and survivor election and for early payment; both calculated on the assumption the employee had survived to the date of first payment (as early as the participant's 55 th birthday), elected to retire on that date, and then died immediately afterward.
Increases to retirees	Effective January 1, 2002, participants that retired prior to January 1, 1997, received increases in their monthly benefits according to the following schedule:

<i>Year benefit payments commenced</i>	<i>Percentage increase</i>
1994-1996	1.0%
1991-1993	1.5
1988-1990	2.0
1985-1987	2.5
1982-1984	3.0
1979-1981	3.5
1978 and earlier	4.0

The minimum monthly increase shall be \$10.00 or an amount to raise the monthly benefit to no less than \$100.00 per month.

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Forms of payment	Preretirement spouse benefits are payable only as described above. Monthly pension benefits are paid as described above, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of the 50% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 50%, 66-2/3% and 100% joint and survivor annuity, or (for married participants) a life annuity.
Conversion factors for optional forms of payment	7.00 percent interest and the UP-1984 Mortality Table (set back three years for contingent annuitants)
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.

Plan Status for PBGC Reporting Purposes

Benefit accruals were frozen effective December 31, 2008 for all non-bargained employees.

Plan Provisions Effective After January 1, 2010

No future plan provisions were recognized in determining pension cost or in determining minimum and maximum contributions.

Changes in Plan Provisions Since Prior Year

There have been no changes in benefits valued since the prior year.

See attached statement