

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997  
 /  TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NO. 1-4422

ROLLINS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE 51-0068479  
(State or other (I.R.S. Employer  
jurisdiction of Identification No.)  
incorporation or  
organization)

2170 PIEDMONT ROAD, N.E., ATLANTA, GEORGIA 30324  
(Address of principal executive offices)  
TELEPHONE NUMBER (404) 888-2000

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, \$1 Par Value	The New York Stock Exchange The Pacific Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No  / /

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.  / /

The aggregate market value of Rollins, Inc. common stock, held by non-affiliates on March 2, 1998 was \$363,060,329, based on the closing price on the New York Stock Exchange on such date of \$20 11/16 per share.

Rollins, Inc. had 33,254,095 shares of common stock outstanding as of March 2, 1998.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Rollins, Inc.'s Annual Report to Stockholders for the calendar year ended December 31, 1997 are incorporated by reference into Part II, Items 5-8, and Part IV, Item 14.

Portions of the Proxy Statement for the 1998 Annual Meeting of Stockholders of Rollins, Inc. are incorporated by reference into Part III, Items 10, 11, 12 and 13.

PART I

ITEM 1. BUSINESS

(A) GENERAL DEVELOPMENT OF BUSINESS.

In July 1997, the Registrant, Rollins, Inc., completed the sale of the Landscaping and Lawn Care divisions of its subsidiary, Orkin Exterminating Company, Inc. (Orkin). The gross proceeds related to the sale of Orkin's Landscaping and Lawn Care divisions were approximately \$37 million. The gain on

the sale was \$15,300,000 (\$9,486,000 after tax or \$0.28 per share). In October 1997, the Registrant completed the sale of its Rollins Protective Services (RPS) business segment. The gross proceeds related to the sale of RPS were approximately \$200 million. The gain on the sale was \$161,000,000 (\$96,600,000 after tax or \$2.84 per share). Although both of these divestitures provided an excellent return to the Company, the most significant benefit provided is the greater focus on the core business operations of Orkin.

(B) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS.

As a result of the divestiture of the RPS business segment as detailed in Item 1. (a) above, the Registrant no longer has the Rollins Protective industry segment. Therefore, this section is no longer applicable.

(C) NARRATIVE DESCRIPTION OF BUSINESS.

(1)(i) The Registrant is a national company with headquarters located in Atlanta, Georgia, providing services to both residential and commercial customers. The two primary services provided are termite and pest control.

Orkin Exterminating Company, Inc., a wholly owned subsidiary (Orkin), founded in 1901, is one of the world's largest termite and pest control companies. It provides customized services to approximately 1.6 million customers through a network of 422 company-owned and franchised branch locations serving customers in the United States, the District of Columbia, the Bahamas, Canada, Mexico, and Puerto Rico. It provides customized pest control services to homes and businesses, including hotels, food service establishments, dairy farms and transportation companies. Orkin's continuous regular service provides protection against household pests, rodents and termites.

(ii) The Registrant has made no announcement of, nor did any information become public about, a new line of business or product requiring the investment of a material amount of the Registrant's total assets.

(iii) Sources and availability of raw materials present no particular problem to the Registrant, since its businesses are primarily in service-related industries.

(iv) Other than the Orkin-Registered Trademark- trademark, which is material to the company, governmental licenses, patents, trademarks and franchises are of minor importance to the Registrant's service operations. Local licenses and permits are required in order for the Registrant to conduct its termite and pest control services in certain localities. In view of the widespread operations of the Registrant's service operations, the failure of a few local governments to license a facility would not have a material adverse effect on the results of operations of the Registrant.

(v) The business of the Registrant is affected by the seasonal nature of the Registrant's termite and pest control services. The metamorphosis of termites in the spring and summer (the occurrence of which is determined by the timing of the change in seasons) has historically resulted in an increase in the revenue and income of the Registrant's termite and pest control operations during such period.

(vi) Inapplicable.

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(vii) The Registrant and its subsidiaries do not have a material part of their business that is dependent upon a single customer or a few customers, the loss of which would have a material effect on the business of the Registrant.

(viii) The dollar amount of service contracts and backlog orders as of the end of the Registrant's 1997 and 1996 calendar years was approximately \$12,457,000 and \$12,727,000, respectively. Backlog services and orders are usually provided within the month following the month of receipt, except in the area of prepaid pest control where services are usually provided within twelve months of receipt. (Backlog orders for 1996 have been restated to exclude backlog of the Registrant's RPS business segment and Orkin's Landscaping and Lawn Care divisions which were divested in 1997).

(ix) Inapplicable.

(x) The Registrant believes that Orkin competes favorably with competitors as one of the world's largest termite and pest control companies.

The principal methods of competition in the Registrant's termite and pest control business are service and guarantees, including the money-back guarantee on termite and pest control, and the termite retreatment and damage repair guarantee to qualified homeowners.

(xi) Expenditures by the Registrant on research activities relating to the development of new products or services are not significant. Some of the new and improved service methods and products are researched, developed and produced by unaffiliated universities and companies. Also a portion of these methods and products are produced to the specifications provided by the Registrant.

(xii) Other than the impact on the Registrant of the 1997 Provision for Termite Contracts which was established to address the abnormal occurrence of termite claims, and the related cost to more frequently reapply materials, the capital expenditures, earnings and competitive position of the Registrant and its subsidiaries are not materially affected by compliance with Federal, state and local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment.

(xiii) The number of persons employed by the Registrant and its subsidiaries as of the end of 1997 was 8,934.

(D) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES.

Inapplicable.

ITEM 2. PROPERTIES.

The Registrant's administrative headquarters and central warehouse, both of which are owned by the Registrant, are located at 2170 Piedmont Road, N.E., Atlanta, Georgia 30324. The Registrant owns or leases several hundred branch offices and operating facilities used in its businesses. None of the branch offices, individually considered, represents a materially important physical property of the Registrant. The facilities are suitable and adequate to meet the current and reasonably anticipated future needs of the Registrant.

ITEM 3. LEGAL PROCEEDINGS.

In the normal course of business, the Company is a defendant in a number of lawsuits which allege that plaintiffs have been damaged as a result of the rendering of services by Company personnel and equipment. The Company is actively contesting these actions. It is the opinion of Management that the outcome of these actions will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Inapplicable.

ITEM 4.A. EXECUTIVE OFFICERS OF THE REGISTRANT.

Each of the executive officers of the Registrant was elected by the Board of Directors to serve until the Board of Directors' meeting immediately following the next annual meeting of stockholders or until his earlier removal by the Board of Directors or his resignation. The following table lists the executive officers of the Registrant and their ages, offices with the Registrant, and the dates from which they have continually served in their present offices with the Registrant.

<TABLE>  
<CAPTION>

NAME OFFICE	AGE	OFFICE WITH REGISTRANT	DATE FIRST TO PRESENT
<S>	<C>	<C>	<C>
R. Randall Rollins (1).....	66	Chairman of the Board and Chief Executive Officer	10/22/91
Gary W. Rollins (1).....	53	President and Chief Operating Officer	1/24/84
Gene L. Smith (2).....	52	Chief Financial Officer, Secretary, and Treasurer	1/22/91 1/26/93

</TABLE>

(1) R. Randall Rollins and Gary W. Rollins are brothers.

(2) Gene L. Smith served as the Registrant's Vice President of Finance for the period 12/30/85 to 1/21/91.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Information containing dividends and stock prices on page 8 and the principal markets on which common shares are traded on page 21 of the 1997

Annual Report to Stockholders are incorporated herein by reference. The number of stockholders of record on December 31, 1997 was 3,139.

ITEM 6. SELECTED FINANCIAL DATA.

Selected Financial Data on page 1 of the 1997 Annual Report to Stockholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Management's Discussion and Analysis of Financial Condition and Results of Operations included on pages 9 through 11 of the 1997 Annual Report to Stockholders is incorporated herein by reference. The effects of inflation on operations were not material for the periods being reported.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The following consolidated financial statements and supplementary data of the Registrant and its consolidated subsidiaries, included in the 1997 Annual Report to Stockholders, are incorporated herein by reference.

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Financial Statements:

Statements of Income for each of the three years in the period ended December 31, 1997, page 13.

Statements of Earnings Retained for each of the three years in the period ended December 31, 1997, page 13.

Statements of Financial Position as of December 31, 1997 and 1996, page 12.

Statements of Cash Flows for each of the three years in the period ended December 31, 1997, page 14.

Notes to Financial Statements, pages 15 through 19.

Report of Independent Auditors, page 20.

Supplementary Data:

Quarterly Information, page 8.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Inapplicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The response to Item 10, applicable to the Directors of the Registrant, is incorporated herein by reference to the information set forth under the caption "Election of Directors" in the Proxy Statement for the Annual Meeting of Stockholders to be held April 28, 1998. Additional information concerning executive officers is included in Part I, Item 4.A. of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION.

The response to Item 11 is incorporated herein by reference to the information set forth under the caption "Executive Compensation" in the Proxy Statement for the Annual Meeting of Stockholders to be held April 28, 1998.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The response to Item 12 is incorporated herein by reference to the information set forth under the captions "Capital Stock" and "Election of Directors" in the Proxy Statement for the Annual Meeting of Stockholders to be held April 28, 1998.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The section entitled "Compensation Committee Interlocks and Insider Participation" in the Proxy Statement for the Annual Meeting of Stockholders to be held April 28, 1998 is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

The following are filed as part of this report:

(a) 1. Financial Statements

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The following financial statements are incorporated herein by reference to portions of the 1997 Annual Report to Stockholders included with this Form 10-K:

Statements of Income for each of the three years in the period ended December 31, 1997, page 13.

Statements of Earnings Retained for each of the three years in the period ended December 31, 1997, page 13.

Statements of Financial Position as of December 31, 1997 and 1996, page 12.

Statement of Cash Flows for each of the three years in the period ended December 31, 1997, page 14.

Notes to Financial Statements, pages 15 through 19.

Report of Independent Auditors, page 20.

(a) 2. Financial Statement Schedule

II VALUATION AND QUALIFYING ACCOUNTS

Schedules not listed above have been omitted as either not applicable, immaterial or disclosed in the financial statements or notes thereto.

(a) 3. Exhibits

<TABLE>

- <S>
- (3) (i) The Certificate of Incorporation of Rollins, Inc.
- (ii) By-laws of Rollins, Inc. are incorporated herein by reference to Exhibit 3(b) as filed with its Form 10-K for the year ended December 31, 1993.
- (10) Rollins, Inc. 1984 Employee Incentive Stock Option Plan is incorporated herein by reference to Exhibit 10 as filed with its Form 10-K for the year ended December 31, 1996.
- (10) (a) Rollins, Inc. 1994 Employee Stock Incentive Plan is incorporated herein by reference to Exhibit A of the March 18, 1994 Proxy Statement for the Annual Meeting of Stockholders held on April 26, 1994.
- (10) (b) Asset Purchase Agreement, dated as of October 1, 1997, by and among Rollins, Ameritech Monitoring Services, Inc. and Ameritech Corporation is incorporated herein by reference to Exhibit 2.1 as filed with its Form 8-K Current Report filed October 16, 1997.
- (13) Portions of the Annual Report to Stockholders for the year ended December 31, 1997 which are specifically incorporated herein by reference.
- (21) Subsidiaries of Registrant.
- (23) Consent of Independent Public Accountants.
- (24) Powers of Attorney for Directors.
- (27) Financial Data Schedule.

</TABLE>

(b) A form 8-K Current Report was filed on October 16, 1997. The report, dated October 3, 1997, disclosed the October 3, 1997 sale of Rollins, Inc.'s security monitoring assets, which were operated through its Rollins Protective Services division, to Ameritech Monitoring Services, Inc. for approximately \$200,000,000 in cash and assumed liabilities. An asset purchase agreement dated as of October 1, 1997 was filed as Exhibit 2.1.

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SIGNATURES

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

<TABLE>

<S>

<C> <C>  
ROLLINS, INC.

By: /s/ R. RANDALL ROLLINS  
-----

R. Randall Rollins

CHAIRMAN OF THE BOARD OF DIRECTORS  
(PRINCIPAL EXECUTIVE OFFICER)  
March 25, 1998

</TABLE>

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

/S/ R. RANDALL ROLLINS	/S/ GENE L. SMITH
-----	-----
R. Randall Rollins CHAIRMAN OF THE BOARD OF DIRECTORS (PRINCIPAL EXECUTIVE OFFICER) March 25, 1998	Gene L. Smith CHIEF FINANCIAL OFFICER, SECRETARY, AND TREASURER (PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER) March 25, 1998

The Directors of Rollins, Inc. (listed below) executed a power of attorney appointing Gary W. Rollins their attorney-in-fact, empowering him to sign this report on their behalf.

Wilton Looney, Director  
John W. Rollins, Director  
Henry B. Tippie, Director  
James B. Williams, Director  
Bill J. Dismuke, Director

/S/ GARY W. ROLLINS
-----
Gary W. Rollins, AS ATTORNEY-IN-FACT & DIRECTOR, PRESIDENT AND CHIEF OPERATING OFFICER March 25, 1998

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ROLLINS, INC. AND SUBSIDIARIES  
INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

CONSOLIDATED FINANCIAL STATEMENTS OF ROLLINS, INC. AND SUBSIDIARIES:

The Registrant's 1997 Annual Report to Stockholders, portions of which are filed with this Form 10-K, contains on pages 12 through 20 the consolidated financial statements for the years ended December 31, 1997, 1996 and 1995 and the report of Arthur Andersen LLP on the financial statements for the years then ended. These financial statements and the report of Arthur Andersen LLP are incorporated herein by reference. The financial statements include the following:

Statements of Income for each of the three years in the period ended December 31, 1997.

Statements of Earnings Retained for each of the three years in the period ended December 31, 1997.

Statements of Financial Position as of December 31, 1997 and 1996.

Statements of Cash Flows for each of the three years in the period ended December 31, 1997.

Notes to Financial Statements.

REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENT SCHEDULE, PAGE 9.

SCHEDULE

<TABLE>  
<CAPTION>  
SCHEDULE  
NUMBER  
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<C>      <S>  
II Valuation and Qualifying Accounts, Page 10.  
</TABLE>

Schedules not listed above have been omitted as either not applicable, immaterial or disclosed in the financial statements or notes thereto.

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REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENT SCHEDULE

To the Directors and the Stockholders of Rollins, Inc.:

We have audited, in accordance with generally accepted auditing standards,

the financial statements included in Rollins, Inc.'s annual report to stockholders incorporated by reference in this Form 10-K, and have issued our report thereon dated February 16, 1998. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in Item 14 of this Form 10-K is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Atlanta, Georgia  
February 16, 1998

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ROLLINS, INC. AND SUBSIDIARIES

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS (2)  
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995  
(IN THOUSANDS OF DOLLARS)

<TABLE>  
<CAPTION>

<S> DESCRIPTION	ADDITIONS				
	<C> BALANCE AT BEGINNING OF PERIOD	<C> CHARGED TO COSTS AND EXPENSES	<C> CHARGED TO OTHER ACCOUNTS	<C> DEDUCTIONS (1)	<C> BALANCE AT END OF PERIOD
Year ended December 31, 1997					
Allowance for doubtful accounts.....	\$ 4,457	\$ 14,531	\$ --	\$ 9,662	\$ 9,326
Year ended December 31, 1996					
Allowance for doubtful accounts.....	\$ 8,879	\$ 7,264	\$ --	\$ 11,686	\$ 4,457
Year ended December 31, 1995					
Allowance for doubtful accounts.....	\$ 5,318	\$ 21,342	\$ --	\$ 17,781	\$ 8,879

NOTE: (1) Deductions represent the write-off of uncollectible receivables, net of recoveries.

(2) The above schedule is prepared reflecting the divestitures of the Registrant's RPS business segment and Orkin's Landscaping and Lawn Care divisions. All prior years have been restated.

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EXHIBIT INDEX

<TABLE>  
<CAPTION>  
EXHIBIT NUMBER

<C>	<S>
(3) (i)	The Certificate of Incorporation of Rollins, Inc.
(ii)	By-laws of Rollins, Inc. are incorporated herein by reference to Exhibit (3) (b) as filed with its form 10-K for the year ended December 31, 1993.
(10)	Rollins, Inc. 1984 Employee Incentive Stock Option Plan is incorporated herein by reference to Exhibit 10 as filed with its Form 10-K for the year ended December 31, 1996.
(10) (a)	Rollins, Inc. 1994 Employee Stock Incentive Plan is incorporated herein by reference to Exhibit A to the March 18, 1994 Proxy Statement for the Annual Meeting of Stockholders held on April 26, 1994.

- (10) (b) Asset Purchase Agreement, dated as of October 1, 1997, by and among Rollins, Ameritech Monitoring Services, Inc. and Ameritech Corporation is incorporated herein by reference to Exhibit 2.1 as filed with its Form 8-K Current Report filed October 16, 1997.
- (13) Portions of the Annual Report to Stockholders for the year ended December 31, 1997 which are specifically incorporated herein by reference.
- (21) Subsidiaries of Registrant.
- (23) Consent of Independent Public Accountants.
- (24) Powers of Attorney for Directors.
- (27) Financial Data Schedule.

</TABLE>



RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
ROLLINS, INC.

PREAMBLE. This is the Restated Certificate of Incorporation of Rollins, Inc., a corporation organized and existing under and by virtue of the laws of the State of Delaware. It restates and integrates and does not further amend the provisions of the corporation's Certificate of Incorporation as theretofore amended or supplemented, and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation, except that, in accordance with Delaware law, the provisions naming the original incorporators have been omitted. Rollins, Inc. was originally incorporated as Rollins Broadcasting, Inc. Rollins Broadcasting, Inc. filed its original Certificate of Incorporation in the State of Delaware on February 24, 1948. This Restated Certificate of Incorporation was reviewed and duly adopted by the Board of Directors of Rollins, Inc. in accordance with Section 245 of the Delaware General Corporation Law, as amended.

FIRST. The name of this Corporation is ROLLINS, INC.

SECOND. Its registered office in the State of Delaware is located at No. 100 West Tenth Street, in the city of Wilmington, County of New Castle, and its registered agent in charge thereof is The Corporation Trust Company.

THIRD. The nature of the business and the objects and purposes to be transacted, promoted and carried on are to do any or all of the things herein mentioned as fully and to the same extent as natural persons might or could do, and in any part of the world, viz.: To own, maintain and operate one or more radio broadcasting stations in the State of Delaware, or elsewhere, when and if authorized to do so, by the appropriate agencies of the United States Government.

To purchase, take, own, hold, deal in, mortgage or otherwise lien and to lease, sell, exchange, convey, transfer or in any manner whatever dispose of real property, within or without the State of Delaware.

To manufacture, purchase or otherwise acquire and to hold, own, mortgage or otherwise lien, pledge, lease, sell, assign, exchange, transfer or in any manner dispose of, and to invest, deal and trade in and with goods, wares, merchandise and personal property of any and every class and description, within or without the State of Delaware.

To acquire the good will, rights and property and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation, to pay for the same in cash, the stock of this company, bonds or otherwise; to hold or in any manner to dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired and to exercise all the powers necessary of convenient in and about the conduct and management of such business.

To guarantee, purchase or otherwise acquire, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of shares of the capital stock, bonds or other evidences of indebtedness created by other corporations and while the holder of such stock to exercise all the rights and privileges of

ownership, including the right to vote thereon, to the same extent as a natural person might or could do.

To purchase or otherwise acquire, apply for, register, hold, use, sell or in any manner dispose of and to grant licenses or other rights in and in any manner deal with patents, inventions, improvements, processes, formulas, trade-marks, trade names, rights and licenses secured under letters patent, copyrights or otherwise.

To enter into, make and perform contracts of every kind for any lawful purpose, with any person, firm, association or corporation, town, city, county, body politic, state, territory, government or colony or dependency thereof.

To borrow money for any of the purposes of the corporation and to draw, make, accept, endorse, discount, execute, issue, sell, pledge or otherwise dispose of promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable, transferable or non-transferable instruments and evidences of indebtedness and to secure the payment thereof and the interest thereon by mortgage or pledge, conveyance or assignment in trust of the whole or any part of the property of the

corporation at the time owned or thereafter acquired.

To purchase, hold, sell and transfer the shares of its capital stock.

To have one or more offices and to conduct any or all of its operations and business and to promote its objects, within or without the State of Delaware, without restriction as to place or amount.

To carry on any other business in connection therewith.

To do any or all of the things herein set forth as principal, agent, contractor, trustee or otherwise, alone or in company with others.

To engage in the business of broadcasting by means of radio and any and all other means of wireless communications including television, facsimile, and both amplitude and frequency modulation; to own and operate a radio station or stations; to employ, engage, train, present, or otherwise utilize artists, performers, singers, speakers, lecturers, musicians, actors, specialty performers, entertainers, experts, technicians or such other talent and assistants as may be necessary, useful or advantageous in the conduct of any business of this corporation; upon its own behalf or upon the behalf of others, to arrange, present, produce, and to broadcast through its own radio station or through a chain of radio stations, programs of entertainment, amusement, education or otherwise and to make any and all contracts or arrangements and to provide all facilities necessary, useful or advantageous in the operation of a radio station or stations.

To manufacture, construct, purchase, sell, lease, install, own, operate, repair, maintain and otherwise deal in and deal with radio broadcasting apparatus, television transmitting or receiving apparatus, and equipment, sets, accessories, parts, and instruments of all kinds and descriptions, and any and all things used in connection with radio transmission, broadcasting, reception and communication of any kind or description.

The objects and purposes specified herein shall be regarded as independent objects and purposes and, except where otherwise expressed, shall be in no way limited nor restricted by

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reference to or inference from the terms of any other clause or paragraph of this certificate of incorporation.

The foregoing shall be construed both as objects and powers and the enumeration thereof shall not be held to limit or restrict in any manner the general powers conferred on this corporation by the laws of the State of Delaware.

FOURTH. The total number of shares of stock which this corporation shall have authority to issue is One Hundred Million (100,000,000) shares, divided into two classes, namely, Preferred Stock and Common Stock. The number of shares of Preferred Stock which this corporation is authorized to issue is Five Hundred Thousand (500,000) shares without par value, and the number of shares of Common Stock which this corporation is authorized to issue is Ninety-Nine Million Five Hundred Thousand (99,500,000) shares of the par value of One Dollar (\$1.00) per share.

There is hereby expressly granted to the Board of Directors of the corporation the power and authority to issue the Preferred Stock as a class without series, or if so determined from time to time, in one or more series, and to fix the voting rights, the designations, preferences and relative, participating, optional or other special rights of the class of the Preferred Stock or of one or more series thereof and the qualifications, limitations or restrictions thereof with respect to the Preferred Stock authorized herein in a resolution or resolutions adopted by the Board of Directors providing for the issue of said stock. The holders of Preferred Stock shall have no preemptive rights to subscribe for any shares of any class of stock of the corporation whether now or hereafter authorized.

The Board of Directors is further authorized to provide that the Preferred Stock, when issued, may be convertible into or exchangeable for shares of any other class or classes of stock of the corporation or of any series of the same at such price or prices or rates of exchange and with such adjustments as shall be stated and expressed in the resolution or resolutions providing for the issue of such Preferred Stock adopted by the Board of Directors as hereinabove provided.

Each and every resolution adopted by the Board of Directors providing for the issuance of the Preferred Stock as a class or in series within such class from time to time shall be, under certificate of the proper officers of the corporation, filed with the Secretary of State of Delaware and a certified copy thereof shall be recorded in the same manner as certificates of incorporation are required to be filed and recorded.

We holder of Common Stock shall be entitled as such, as a matter of right, to subscribe for or to purchase any part of any new or additional issue of stock of any class whatsoever.

FIFTH. The minimum amount of capital with which it will commence business is one thousand dollars (\$1,000).

SIXTH. This corporation is to have perpetual existence.

SEVENTH. The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

EIGHTH. In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the board of directors is expressly authorized:

To make, alter, amend and repeal the by-laws;

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To set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to alter or abolish any such reserve; to authorize and cause to be executed mortgages and liens upon the property and franchises of this corporation;

To designate, by resolution passed by a majority of the whole board, one or more committees, each to consist of two or more directors, which committees, to the extent provided in such resolution or in the by-laws of the corporation, shall have and may exercise any or all of the powers of the board of directors in the management of the business and affairs of this corporation and have power to authorize the seal of this corporation to be affixed to all papers which may require it;

From time to time to determine whether and to what extent and at what times and places and under what conditions and regulations the books and accounts of this corporation, or any of them other than the stock ledger, shall be open to the inspection of the stockholders, and no stockholder shall have any right to inspect any account or book or document of the corporation, except as conferred by law or authorized by resolution of the directors or of the stockholders.

To sell, lease or exchange all of its property and assets, including its good-will and its corporate franchises, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in, and/or other securities of, any other corporation or corporations, when and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders meeting duly called for that purpose.

This corporation may in its by-laws confer powers additional to the foregoing upon the directors, in addition to the powers and authorities expressly conferred upon them by law.

NINTH. If the by-laws so provide, the stockholders and directors shall have power to hold their meetings, to have an office or offices and to keep the books of this corporation (subject to the provisions of the statute) outside of the State of Delaware at such places as may from time to time be designated by the by-laws or by resolution of the directors.

TENTH. This corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation in the manner now or hereafter prescribed by law and all rights conferred on officers, directors and stockholders herein are granted subject to this reservation.

ELEVENTH. Any action required or permitted to be taken at an annual or special meeting of stockholders shall be taken only at such a meeting and shall not be taken by the written consent of stockholders in lieu of a meeting.

IN WITNESS WHEREOF, Rollins, Inc. has caused this Restated Certificate of Incorporation to be signed by R. Randall Rollins, its President, and attested by H. Tim Crow, its Secretary, this 28 day of July, 1981.

ATTEST: ROLLINS, INC.

By: /s/ H. Tim Crow  
-----  
H. Tim Crow,  
Secretary

By: /s/ R. Randall Rollins  
-----  
R. Randall Rollins,  
President

[SEAL]

-4-

[LOGO]

State  
of  
DELAWARE

Office of SECRETARY OF STATE

I, Michael Harkins, Secretary of State of the State of Delaware,  
do hereby certify that the attached is a true and correct copy of  
Restated Certificate of Incorporation

-----  
filed in this office on August 4, 1981  
-----

/s/ Michael Harkins  
-----  
Michael Harkins, Secretary of State

[SEAL]

By: /s/ S. Miller  
-----

Date: March 6, 1987  
-----

[LOGO]

State  
of  
DELAWARE

Office of SECRETARY OF STATE

I, Michael Harkins, Secretary of State of the State of Delaware,  
do hereby certify that the above and foregoing is a true and correct  
copy of Certificate of Change of Location of Registered Office of  
the companies represented by "The Corporation Trust Company", as it  
applies to "ROLLINS, INC.", as received and filed in this office the  
twenty-seventh day of July, A.D. 1984, at 4:30 o'clock P.M.

In Testimony Whereof, I have hereunto  
set my hand and official seal at Dover  
this sixth day of March in the year  
of our Lord one thousand nine hundred  
and eight-seven.

[SEAL]

/s/ Michael Harkins  
-----  
Michael Harkins, Secretary of State

CERTIFICATE OF CHANGE OF ADDRESS OF  
REGISTERED OFFICE AND OF REGISTERED AGENT  
PURSUANT TO SECTION 134 OF TITLE 8 OF THE DELAWARE CODE

TO: DEPARTMENT OF STATE  
Division of Corporations  
Townsend Building  
Federal Street  
Dover, Delaware 19903

Pursuant to the provisions of Section 134 of Title 8 of the Delaware code,  
the undersigned Agent for service of process, in order to change the address  
of the registered office of the corporations for which it is registered  
agent, hereby certifies that:

- 1. The name of the agent is: The Corporation Trust Company
- 2. The address of the old registered office was:

100 West Tenth Street  
Wilmington, Delaware 19801

- 3. The address to which the registered office is to be changed is:

Corporation Trust Center  
1209 Orange Street  
Wilmington, Delaware 19801

The new address will be effective on July 30, 1984.

- 4. The names of the corporations represented by said agent are set forth  
on the list annexed to this certificate and made a part hereof by  
reference.

IN WITNESS WHEREOF, said agent has caused this certificate to be  
signed on its behalf by its Vice-President and Assistant Secretary this  
25th day of July, 1984.

THE CORPORATION TRUST COMPANY  
-----  
(Name of Registered Agent)

By /s/ Virginia Colwell  
-----  
(Vice-President)

ATTEST:

[ILLEGIBLE]  
-----  
(Assistant Secretary)



Five-Year Financial Summary  
Rollins, Inc. and Subsidiaries

<TABLE>  
<CAPTION>

(In thousands except per share data)	1997	1996	1995	1994	1993
Operations Summary					
Revenues	\$ 538,639	\$ 532,785	\$529,788	\$ 507,722	\$ 479,809
Income (Loss) From Continuing Operations					
After Income Taxes	(104,781)	22,386	38,661	46,017	42,036
Income From Discontinued Operations					
After Income Taxes	106,278	409	616	3,544	2,433
Net Income	1,497	22,795	39,277	49,561	44,469
Earnings (Loss) per Share					
Continuing Operations	(3.09)	.63	1.08	1.29	1.18
Discontinued Operations	3.13	.01	.02	.10	.07
Basic and Diluted	.04	.64	1.10	1.39	1.25
Dividends per Share	.60	.58	.56	.50	.44

Financial Position

Total Assets	\$ 432,680	\$ 296,656	\$306,111	\$ 285,922	\$ 261,893
Working Capital	170,900	117,176	140,865	132,879	98,941
Long-Term Debt	--	--	--	--	--
Stockholders' Equity	145,644	190,290	214,318	193,633	160,508
Shares Outstanding at Year-End	33,279	34,594	35,858	35,826	35,673

</TABLE>

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<CAPTION>

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</TABLE>

Quarterly Information

<TABLE>  
<CAPTION>

Stock Prices  
And Dividends  
(Rounded to the nearest 1/8)

1997	Stock Prices		Dividends	1996	Stock Prices		Dividends
	High	Low	Paid		High	Low	Paid
First Quarter	\$ 19 7/8	\$ 18 3/4	\$.15	First Quarter	\$ 24 7/8	\$ 20 3/4	\$.14 1/2
Second Quarter	20 1/8	18 5/8	.15	Second Quarter	23 7/8	21 3/4	.14 1/2
Third Quarter	24 5/8	19 1/4	.15	Third Quarter	23 1/2	20	.14 1/2
Fourth Quarter	24 1/2	19 7/8	.15	Fourth Quarter	20 7/8	18 1/4	.14 1/2

</TABLE>

The number of stockholders of record as of December 31, 1997 was 3,139.

<TABLE>  
<CAPTION>

Profit And Loss  
Information

(In thousands except per share data)	First	Second	Third	Fourth
<S>	<C>	<C>	<C>	<C>
1997				
Revenues	\$ 126,951	\$ 154,371	\$ 140,287	\$ 117,030
Operating Income (Loss)	9,042	11,332	(18,188)	(169,060)
Income (Loss) From Continuing Operations	5,095	6,219	(11,863)	(104,232)
Income From Discontinued Operations	49	100	9,529	96,600
Net Income (Loss)	5,144	6,319	(2,334)	(7,632)
Earnings (Loss) per Share				
Continuing Operations	.15	.19	(.36)	(3.07)
Discontinued Operations	.00	.00	.29	2.84
Basic and Diluted	.15	.19	(.07)	(.23)
1996				
Revenues	\$ 119,978	\$ 153,929	\$ 138,728	\$ 120,150
Operating Income	12,186	21,471	6,401	652
Income From Continuing Operations	6,183	12,716	3,355	132
Income (Loss) From Discontinued Operations	204	125	(49)	129
Net Income	6,387	12,841	3,306	261
Earnings per Share				
Continuing Operations	.17	.36	.09	.01
Discontinued Operations	.01	.00	.00	.00
Basic and Diluted	.18	.36	.09	.01
1995				
Revenues	\$ 120,863	\$ 152,434	\$ 139,170	\$ 117,321
Operating Income	16,513	33,555	5,668	13,464
Income From Continuing Operations	8,806	20,072	2,726	7,057
Income (Loss) From Discontinued Operations	(999)	1,030	728	(143)
Net Income	7,807	21,102	3,454	6,914
Earnings (Loss) per Share				
Continuing Operations	.25	.56	.07	.20
Discontinued Operations	(.03)	.03	.02	.00
Basic and Diluted	.22	.59	.09	.20

</TABLE>

Management's Discussion and Analysis

Results of Operations

Year	% Change From Prior				
(In thousands)	1997	1996	1995	1997	1996
	Increase/ (Decrease)				
<S>	<C>	<C>	<C>	<C>	
<C>					
Revenues	\$ 538,639	\$ 532,785	\$ 529,788	1.1%	
0.6%					
Income (Loss) From Continuing Operations After Income Taxes (42.1)	(104,781)	22,386	38,661	N/M	
Income From Discontinued Operations After Income Taxes (33.6)	106,278	409	616	N/M	
Net Income (42.0)	1,497	22,795	39,277	(93.4)	

</TABLE>

General Operating Comments

The divestitures of the Orkin Lawn Care and Landscaping divisions in July 1997 and Rollins Protective Services (RPS) segment in October 1997 marked the Company's return to a single operational focus. Accordingly, the results reported in the table above are presented on a continuing operations basis.

Rollins, Inc.'s consolidated Revenues From Continuing Operations of \$538.6



million were 1.1% higher than in 1996. Income (Loss) From Continuing Operations After Income Taxes was (\$104.8) million, \$127.2 million worse than the prior year. Income From Discontinued Operations After Income Taxes was \$106.3 million. Net income of \$1.5 million was \$21.3 million worse than the prior year.

#### Continuing Operations -- 1997 Versus 1996

The Company's 1.1% increase in revenues over 1996 was primarily due to increases in customer base and recurring pest control and termite renewal revenues significantly offset by the continuing decrease in termite sales revenue resulting from a disappointing termite season, and restrictive changes in sales policies in response to rising termite claims. The shortfall in termite sales, increased insurance costs and termite claims, and other operating expense increases correspondingly impacted income.

Programs in development during 1997 were designed to address customer retention issues and to explore alternative sales and service strategies. Test results for those programs were favorable, and they are being expanded nationwide in 1998. Additionally, the field management organization was strengthened via the reorganization of three previous residential divisions into six new geographic divisions.

Through the investments made in 1997 and the successes we have seen in testing these new marketing, customer satisfaction, employee training, and employee retention programs, the Company has better positioned itself for long-term growth in revenues, profits, and customer base.

During the year, the Company recorded expenses of \$15,600,000 (\$9,672,000 after tax or \$0.28 per share) for expenditures related to the company-wide computer systems modification to address the year 2000 programming issue. As a result of this project, the Company's primary financial systems are now essentially compliant with computer system requirements necessary to address the new millennium.

Over the past several years, the termite treatment segment of the pest control industry has faced great challenges in solving property owners' termite problems. Some of the reasons for the increased difficulty in protecting structures have been changes in building practices and materials that have increased the property owners' potential for termites, the loss of Chlordane from the market in 1987 which resulted in the use of termiticides that may only last for a few years under some conditions, instead of decades, and laws and regulations restricting certain retreatment practices. All of the above factors have subjected termite service providers to experience elevated levels of termite claims.

The Company's response to these industry-wide conditions is to undertake broad changes in its own termite processes. New quality control and field training programs, more thorough communication to customers concerning conducive conditions, and restrictions on the sale of certain structures were initiated during 1997.

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#### Management's Discussion and Analysis (continued)

-----  
As a result of the factors described above and new information which became available in 1997, a Provision for Termite Contracts of \$117,000,000 (\$72,540,000 after tax or \$2.14 per share) was recorded related to the anticipated costs of reinspections, repair obligations, and associated labor, chemicals, and other costs incurred relative to termite work performed prior to December 31, 1997.

Going forward, changes to the termite protection period on new sales should bring warranties for our customers more in line with the confirmed effectiveness of the newer termiticide chemicals that have been used since 1987.

During the fourth quarter of 1997, an additional \$15,000,000 (\$9,300,000 after tax or \$0.27 per share) was provided for estimated liabilities related to the Company's self-insurance program for automobile, workers' compensation, and general liability, and is included in Cost of Services Provided on the Statements of Income. Additionally, reserves for bad debts were strengthened by \$8,000,000 (\$4,960,000 after tax or \$0.15 per share) during the fourth quarter, with this amount being included in Sales, General and Administrative expenses.

#### Continuing Operations -- 1996 Versus 1995

The Company's 0.6% increase in revenues over 1995 was due to increases in recurring pest control and termite renewal revenues in excess of the decrease in termite sales revenue resulting from a substandard termite season. Customer base increased over 1995 as a result of the Company's market expansion efforts. Orkin Pest Control opened twenty-four new branches and added seven franchises in 1996. In addition, eight business acquisitions were completed including locations in Canada and Mexico.

The Company's pest control business strategies in 1996 were focused

primarily on commercial growth opportunities, new service technology and employee training and development. A separate Orkin Commercial Division was formed in 1996 to increase market share and better meet the specific needs of commercial pest control customers. As a direct result, commercial sales and margins as well as customer retention were all improved over 1995. The Company plans to continue to aggressively seek growth opportunities in the commercial market as part of its future expansion plans. In order to capitalize on these opportunities, Orkin increased its investment in data processing and communication technology.

Improvements in sales and service training were also initiated. The Orkin University education program was instituted in 1996 to develop employees' ongoing position-related knowledge through required and elective training.

#### Discontinued Operations

During the third quarter of 1997, the Company recorded the disposal of its Lawn Care and Landscaping businesses. The gain on the sale was \$15,300,000 (\$9,486,000 after tax or \$0.28 per share). These divestitures were completed as part of the Company's shift towards a single operational focus on its core pest and termite control business.

During the fourth quarter of 1997, the Company completed the sale of its Rollins Protective Services (RPS) division. The gain on the sale was \$161,000,000 (\$96,600,000 after tax or \$2.84 per share). The divestiture of RPS was in response to a major consolidation in the home security market, triggered in part by deregulation permitting the regional Bell phone companies to enter the industry. These circumstances, along with an above-market purchase offer, made 1997 the appropriate time to exit this segment of the consumer services market.

Revenues and Operating Income From Discontinued Operations After Income Taxes for 1997 were \$64,721,000 and \$192,000, respectively. Income From Discontinued Operations After Income Taxes for 1996 and 1995 were \$409,000 and \$616,000, respectively.

#### Management's Discussion and Analysis (continued)

##### Financial Condition

<TABLE>  
<CAPTION>

(Dollars in thousands)				% Change From Prior Year Increase/(Decrease)	
	1997	1996	1995	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
Cash and Short-Term Investments	\$ 125,842	\$ 12,150	\$ 33,623		
Marketable Securities	75,037	84,785	65,743		
	200,879	96,935	99,366	N/M%	(2.4)%
Working Capital	170,900	117,176	140,865	45.8	(16.8)
Current Ratio	2.3	2.7	3.2	(14.8)	(15.6)
Total Assets	432,680	296,656	306,111	45.9	(3.1)

</TABLE>

Rollins, Inc. maintains a strong financial position. The Company's operations have historically provided a significant positive cash flow, which represents the Company's principal source of funds. Interest income increased 27.2% due to the increase in average funds invested in short-term investments and marketable securities. These increases were largely the result of the business divestitures which occurred during 1997.

Net trade receivables decreased \$15.2 million or 23.7% compared with December 31, 1996. Trade receivables include installment receivables which are due subsequent to one year from the balance sheet date. These amounts were approximately \$13.9 million and \$19.5 million at the end of 1997 and 1996, respectively. The decrease in receivables is primarily the result of decreased financed sales, the increased provision for doubtful accounts, and the effect of revisions to the Company's credit policies.

During 1997, the Company invested \$10.4 million in capital expenditures and acquisitions compared to \$10.7 million in 1996. Also, \$20.4 million was paid in cash dividends and approximately 1.4 million shares of the Company's common stock were purchased and retired in 1997. The Company maintains a \$40.0 million unused line of credit. This source of funds has not been used, but is available for future acquisitions and growth, if needed.

During the fourth quarter of 1997, Orkin received a letter from the Federal Trade Commission (FTC) advising of their investigation of the pest control industry - more specifically, the termite control practices of the industry. The FTC has requested certain information voluntarily from Orkin and they have been advised of our intention to cooperate fully with their investigation. At this point in time, it is too early to determine the impact, if any, of this investigation.

#### Impact of Recent Accounting Pronouncements

The Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income" and SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," in 1997. The adoption of these standards effective with the year-end financial statements dated December 31, 1998 are not expected to materially impact the results of operations or financial condition of the Company.

#### Forward-Looking Statements

The Company may make forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, that are subject to certain risks, trends, and uncertainties that could cause actual results to differ materially from those anticipated. Among such risks, trends, and uncertainties are general economic conditions, changes in industry practices or technologies, climate and weather trends, competitive factors and pricing pressures, uncertainties of litigation and changes in various government laws and regulations, including environmental regulations.

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#### Statements Of Financial Position Rollins, Inc. and Subsidiaries

<TABLE>  
<CAPTION>

1996	At December 31, (In thousands except share data)	1997	
-----			
<S>		<C>	<C>
Assets			
12,150	Cash and Short-Term Investments	\$ 125,842	\$
84,785	Marketable Securities	75,037	
64,400	Trade Receivables, Net	49,166	
11,593	Materials and Supplies	15,010	
4,379	Deferred Income Taxes	24,826	
9,699	Other Current Assets	11,737	
-----			
187,006	Current Assets	301,618	
36,567	Equipment and Property, Net	34,639	
39,849	Intangible Assets	39,383	
--	Deferred Income Taxes	49,072	
10,040	Other Assets	7,968	
23,194	Net Assets of Discontinued Operations	--	
-----			
296,656	Total Assets	\$ 432,680	\$
-----			
-----			
Liabilities			
2,735	Capital Lease Obligations	\$ 3,138	\$
	Accounts Payable	25,420	

13,781	Accrued Insurance Expenses	21,225	
15,053	Accrued Payroll	17,913	
11,906	Unearned Revenue	13,831	
11,677	Other Expenses	49,191	
14,678			
-----		-----	
	Current Liabilities	130,718	
69,830			
	Capital Lease Obligations	9,239	
12,163	Long-Term Accrued Liabilities	147,079	
18,153	Deferred Income Taxes	--	
6,220			
-----		-----	
	Total Liabilities	287,036	
106,366			
-----		-----	
-----		-----	
	Commitments and Contingencies		
Stockholders' Equity			
	Common Stock, par value \$1 per share; 99,500,000 shares authorized; 33,279,281 and 34,594,481 shares issued	33,279	
34,594	Earnings Retained	112,365	
155,696			
-----		-----	
	Total Stockholders' Equity	145,644	
190,290			
-----		-----	
	Total Liabilities and Stockholders' Equity	\$ 432,680	\$
296,656			
-----		-----	
-----		-----	

</TABLE>

The accompanying notes are an integral part of these statements.

Statements Of Income  
Rollins, Inc. and Subsidiaries

<TABLE>  
<CAPTION>

	Years Ended December 31, (In thousands except per share data)	1997	1996	1995
<S>	Revenues	<C>	<C>	<C>
	Customer Services	\$538,639	\$532,785	
\$529,788		-----	-----	
-----		-----	-----	
	Costs and Expenses			
	Cost of Services Provided	362,225	302,929	
272,709	Depreciation and Amortization	8,382	7,046	
6,069	Provision for Termite Contracts	117,000	--	
--				

193,641	Sales, General and Administrative	227,622	192,669	
(4,988)	Interest Income	(7,588)	(5,967)	
-----				
467,431		707,641	496,677	
-----				
	Income (Loss) From Continuing			
	Operations Before Income Taxes	(169,002)	36,108	
62,357		-----		
-----				
	Provision (Credit) for Income Taxes			
	Current	6,021	15,273	
31,542				
(7,846)	Deferred	(70,242)	(1,551)	
-----				
23,696		(64,221)	13,722	
-----				
38,661	Income (Loss) From Continuing Operations	(104,781)	22,386	
-----				
	Discontinued Operations			
	Operating Income, Less Income Tax Expense			
	of \$119, \$250, and \$377, Respectively	192	409	
616				
--	Gain on Disposal, Less Income Tax Expense			
	of \$70,214	106,086	--	
-----				
616	Income From Discontinued Operations	106,278	409	
-----				
39,277	Net Income	\$ 1,497	\$ 22,795	\$
-----				
	Earnings (Loss) per Share			
	Continuing Operations	\$ (3.09)	\$ .63	\$
1.08				
.02	Discontinued Operations	3.13	.01	
-----				
1.10	Earnings per Share-Basic and Diluted	\$ .04	\$ .64	\$
-----				

</TABLE>

Statements Of Earnings Retained  
Rollins, Inc. and Subsidiaries

<TABLE>  
<CAPTION>

	Years Ended December 31, (In thousands except per share data)	1997	1996	1995
<S>	Balance at Beginning of Year	<C> \$ 155,696	<C> \$ 224,009	<C> \$
203,582				

39,277	Net Income	1,497	22,795	
(20,076)	Cash Dividends	(20,360)	(20,669)	
--	Common Stock Purchased and Retired	(24,733)	(24,916)	
--	Common Stock in Treasury Retired	--	(45,371)	
1,226	Other	265	(152)	
-----				
224,009	Balance at End of Year	\$ 112,365	\$ 155,696	\$
.56	Dividends per Share	\$ .60	\$ .58	\$
-----				

</TABLE>

The accompanying notes are an integral part of these statements.

13

Statements Of Cash Flows  
Rollins, Inc. and Subsidiaries

<TABLE>  
<CAPTION>

1995	Years Ended December 31, (In thousands)	1997	1996	
-----				
<S>	<C>	<C>	<C>	<C>
Operating	Net Income	\$ 1,497	\$ 22,795	\$
39,277				
Activities	Adjustments to Reconcile Net Income to Net Cash			
	Provided by Operating Activities:			
--	Provision for Termite Contracts	117,000	--	
--	Provision for Self-Insurance Reserves	15,000	--	
12,000	Provision for Bad Debts	8,000	--	
6,069	Depreciation and Amortization	8,382	7,046	
(14,926)	Provision (Credit) for Deferred Income Taxes	(69,228)	1,061	
(616)	Discontinued Operations, Net of Taxes	(106,278)	(409)	
5,603	Other, Net	7,169	3,330	
	(Increase) Decrease in Assets:			
(536)	Trade Receivables	7,505	9,313	
887	Materials and Supplies	(3,388)	(535)	
(859)	Other Current Assets	(2,034)	4,250	
(1,167)	Other Non-Current Assets	--	(3,063)	
	Increase (Decrease) in Liabilities:			
3,147	Accounts Payable and Accrued Expenses	17,780	5,408	
(884)	Unearned Revenue	2,154	525	
(5,528)	Long-Term Accrued Liabilities	2,121	2,210	
-----				
42,467	Net Cash Provided by Operating Activities	5,680	51,931	
-----				
Investing	Purchases of Equipment and Property	(8,956)	(8,292)	
(5,377)				

Activities (1,475)	Net Cash Used for Acquisition of Companies	(1,440)	(2,373)
--	Net Proceeds from Sale of Discontinued Operations, Net of Current Taxes Paid	156,469	--
(12,463)	Marketable Securities, Net	9,846	(19,661)
-----			
(19,315)	Net Cash Provided by (Used in) Investing Activities	155,919	(30,326)
-----			
-----			
Financing (20,076)	Dividends Paid	(20,360)	(20,669)
Activities	Common Stock Purchased and Retired	(26,083)	(26,200)
--	Proceeds from Capital Lease	--	5,500
--	Payments on Capital Leases	(2,521)	(1,314)
--	Other	300	420
573			
-----			
(19,503)	Net Cash Used in Financing Activities	(48,664)	(42,263)
(1,943)	Net Cash Provided by (Used in) Discontinued Operations	757	(815)
-----			
1,706	Net Increase (Decrease) in Cash and Short-Term Investments	113,692	(21,473)
31,917	Cash and Short-Term Investments at Beginning of Year	12,150	33,623
-----			
33,623	Cash and Short-Term Investments at End of Year	\$125,842	\$ 12,150      \$
-----			

The accompanying notes are an integral part of these statements.

</TABLE>

Notes To Financial Statements  
Years ended December 31, 1997, 1996, and 1995, Rollins, Inc. and Subsidiaries

1. Significant Accounting Policies

Business Description - Rollins, Inc. is a national service company with headquarters located in Atlanta, Georgia, providing pest control and termite control services to both residential and commercial customers.

Principles of Consolidation - The consolidated financial statements include the accounts of Rollins, Inc. (the Company) and its subsidiaries. In July 1997, the Company sold the assets of its Lawn Care and Landscaping divisions. In October 1997, the Company sold the alarm monitoring assets of its Rollins Protective Services (RPS) business segment. The results of operations for the Company for the years ended December 31, 1997, 1996, and 1995 have been restated for these divestitures, with the results of the RPS business segment and its Lawn Care and Landscaping operations being shown as discontinued operations. All significant intercompany transactions and balances have been eliminated.

Estimates Used in the Preparation of Financial Statements - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the

reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenues - Revenue is recognized at the time services are performed.

Cash and Short-Term Investments - The Company considers all investments with a maturity of three months or less to be cash equivalents. Short-term investments are stated at cost which approximates fair market value.

Marketable Securities - The Company's marketable securities are classified as "available for sale" and have been recorded at current market value with an offsetting adjustment to stockholders' equity.

Materials and Supplies - Materials and supplies are recorded at the lower of cost (first-in, first-out basis) or market.

Equipment and Property - Depreciation and amortization which includes the amortization of assets recorded under capital leases are provided principally on a straight-line basis over the estimated useful lives of the related assets. Annual provisions for depreciation are computed using the following asset lives: buildings, 10 to 40 years; and furniture, fixtures, and operating equipment, 3 to 10 years. The cost of assets retired or otherwise disposed of and the related accumulated depreciation and amortization are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to income. Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are expensed as incurred.

Insurance - The Company self-insures, up to specified limits, certain risks related to general liability, workers' compensation and vehicle liability. The estimated costs of existing and future claims under the self-insurance program are accrued based upon historical trends as incidents occur, whether reported or unreported (although actual settlement of the claims may not be made until future periods) and may be subsequently revised based on developments relating to such claims. The non-current portion of these estimated outstanding claims is included in the long-term accrued liabilities balance shown on the Statements of Financial Position.

Advertising - Advertising expenses are charged to income during the year in which they are incurred. The total advertising costs were approximately \$27,462,000, \$26,253,000, and \$25,440,000 in 1997, 1996, and 1995, respectively.

Income Taxes - The Company follows the practice of providing for income taxes based on Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes." SFAS 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns.

Earnings per Share - In 1997, the Company adopted Statement of Financial Accounting Standards No. 128 (SFAS 128), "Earnings per Share" (EPS) which requires companies to present basic EPS and diluted EPS. Basic EPS is computed on the basis of weighted-average shares outstanding. Diluted EPS is computed on the basis of weighted-average shares outstanding plus common stock options outstanding during the year which, if exercised, would have a dilutive effect on EPS. Basic and diluted EPS are the same for all years reported. A reconciliation of the number of weighted average shares used in computing basic and diluted EPS are as follows:

<TABLE>  
<CAPTION>

(In thousands)	1997	1996	1995
<S>	<C>	<C>	<C>
Basic EPS	33,896	35,478	35,849
Effect of dilutive stock options	137	46	55
Diluted EPS	34,033	35,524	35,904

</TABLE>

-----  
Stock-Based Compensation - In 1996, the Company adopted the disclosure-only requirements of Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation." As permitted by SFAS 123, the Company continues to account for employee stock compensation plans using the intrinsic



value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees."

Reclassifications - Certain amounts for previous years have been reclassified to conform with the 1997 financial statement presentation.

## 2. Changes In Accounting Estimates

In the fourth quarter of 1997, the Company made certain changes in accounting estimates totalling \$23,000,000 (\$14,260,000 after tax or \$0.42 per share) due to 1997 events and new information becoming available. The Company's provision for its self-insurance program for automobile, workers' compensation, and general liability was increased by \$15,000,000. This provision has been reflected on the Statements of Income in the line item entitled Cost of Services Provided. The provision for bad debts was also increased by \$8,000,000 and is reflected on the Statements of Income in the line item entitled Sales, General and Administrative expenses.

In the fourth quarter of 1997, a provision for termite contracts of \$117,000,000 (\$72,540,000 after tax or \$2.14 per share) was recorded related to the estimated costs of reinspections, reapplications, repair claims and associated labor, chemicals, and other costs incurred relative to termite work performed prior to December 31, 1997. These anticipated costs reflect the Company's response to current trends in the termite treatment segment of its operations and the pest control industry. This provision has been reflected on the Statements of Income in the line item entitled Provision for Termite Contracts and on the Statements of Financial Position in Other Expenses (\$26,000,000) and Long-Term Accrued Liabilities (\$91,000,000) at December 31, 1997.

## 3. Discontinued Operations

In July 1997, the Company completed the sale of its Lawn Care and Landscaping divisions. The results of operations for these divisions are reported on the Statements of Income in the section entitled Discontinued Operations. The gross proceeds related to the sale of Lawn Care and Landscaping were approximately \$37.0 million. The gain on the sale was \$15,300,000 (\$9,486,000 after tax or \$0.28 per share).

In October 1997, the Company completed the sale of its Rollins Protective Services (RPS) business segment. The results of operations for RPS and the gain on disposal are reported on the Statements of Income in the section entitled Discontinued Operations. The gross proceeds related to the sale of RPS were approximately \$200.0 million. The gain on the sale was \$161,000,000 (\$96,600,000 after tax or \$2.84 per share).

Summarized financial information for the discontinued operations is as follows:

<TABLE>  
<CAPTION>

(In thousands)	1997	1996	1995
<S>	<C>	<C>	<C>
Revenues	\$ 64,721	\$ 94,646	\$ 90,647
Income Before			
Income Taxes	311	659	993
Net Income	192	409	616
Assets	--	35,321	30,784
Liabilities	--	12,127	8,814
Net Assets of			
Discontinued Operations	\$ --	\$ 23,194	\$ 21,970

</TABLE>

## 4. Trade Receivables

Trade receivables, net, at December 31, 1997, totalling \$49,166,000 and at December 31, 1996, totalling \$64,400,000 are net of allowances for doubtful accounts of \$9,326,000 and \$4,457,000, respectively. Trade receivables include installment receivable amounts which are due subsequent to one year from the balance sheet dates. These amounts were approximately \$13,930,000 and \$19,533,000 at the end of 1997 and 1996, respectively. The carrying amount of installment receivables approximates fair value because the interest rates approximate market rates.

## 5. Equipment And Property

Equipment and property are presented at cost less accumulated depreciation and are detailed as follows:

<TABLE>  
<CAPTION>

(In thousands)	1997	1996
<S>	<C>	<C>
Buildings	\$ 7,584	\$ 8,143
Operating equipment	42,163	37,087
Furniture and fixtures	9,790	9,604
Computer equipment under capital leases	8,736	10,482
	68,273	65,316
Less - accumulated depreciation	37,002	32,011
	31,271	33,305
Land	3,368	3,262
	\$ 34,639	\$ 36,567

</TABLE>

#### 6. Intangible Assets

Intangible assets represent goodwill arising from acquisitions and are stated at cost less accumulated amortization. Intangibles which arose from acquisitions prior to November 1970 are not being amortized for financial statement purposes, since, in the opinion of Management, there has been no decrease in the value of the acquired businesses. Intangibles arising from acquisitions since November 1970 are being amortized over forty years.

#### 7. Income Taxes

A reconciliation between taxes computed at the statutory rate on the Income (Loss) From Continuing Operations Before Income Taxes and the Provision (Credit) for Income Taxes is as follows:

<TABLE>  
<CAPTION>

(In thousands)	1997	1996	1995
<S>	<C>	<C>	<C>
Federal income taxes at statutory rate	\$ (64,680)	\$ 12,790	\$ 21,861
State income taxes (net of federal benefit)	268	1,368	2,949
Other	191	(436)	(1,114)
	\$ (64,221)	\$ 13,722	\$ 23,696

</TABLE>

The Provision (Credit) for Income Taxes was based on a 38.0% estimated effective income tax rate on Income (Loss) From Continuing Operations Before Income Taxes for the years ended December 31, 1997, 1996, and 1995. The effective income tax rate differs from the annual federal statutory tax rate primarily because of state income taxes.

Income taxes remitted, related to both continuing and discontinued operations, were \$85,183,000, \$9,354,000, and \$37,708,000, for the years ended December 31, 1997, 1996, and 1995, respectively.

Components of the net deferred income tax assets (liabilities) at December 31, 1997 and 1996 include:

<TABLE>  
<CAPTION>

(In thousands)	1997	1996
Deferred tax assets (liabilities)		
<S>	<C>	<C>
Termite provision	\$ 49,720	\$ --
Insurance reserves	34,629	13,466
Safe harbor lease	(14,128)	(15,460)
Other	3,677	153
	\$ 73,898	\$ (1,841)

</TABLE>

State income taxes payable of \$12,057,000 and \$8,446,000 are included in Other Expenses on the Statements of Financial Position at December 31, 1997 and 1996, respectively.

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Notes To Financial Statements (continued)  
Years ended December 31, 1997, 1996, and 1995, Rollins, Inc. and Subsidiaries

8. Commitments And Contingencies

The Company has capitalized lease obligations and several operating leases. The minimum lease payments under the capital leases and non-cancelable operating leases with terms in excess of one year, in effect at December 31, 1997, are summarized as follows:

<TABLE>  
<CAPTION>

(In thousands)	Capitalized Leases	Operating Leases
<S>	<C>	<C>
1998	\$ 3,819	\$ 19,746
1999	3,819	16,088
2000	3,819	10,973
2001	2,132	7,850
2002	295	6,997
Thereafter	--	44,649
	\$ 13,884	\$ 106,303
Amount representing interest	(1,507)	
Present value of obligations	12,377	
Portion due within one year	(3,138)	
Long-term obligations	\$ 9,239	

</TABLE>

Total rental expense under operating leases charged to operations was \$23,524,000, \$22,234,000 and \$21,054,000, for the years ended December 31, 1997, 1996, and 1995, respectively.

In the normal course of business, the Company is a defendant in a number of lawsuits which allege that plaintiffs have been damaged as a result of the rendering of services by Company personnel and equipment. The Company is actively contesting these actions. It is the opinion of Management that the outcome of these actions will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

9. Employee Benefit Plans

The Company maintains a noncontributory tax-qualified defined benefit retirement plan covering all employees meeting certain age and service requirements. The qualified plan provides benefits based on the average compensation for the highest five years during the last ten years of credited service (as defined) in which compensation was received, and the average anticipated Social Security covered earnings. The Company funds the Plan with at least the minimum amount required by ERISA.

The Company's net pension expense for the past three years is summarized as follows:

<TABLE>  
<CAPTION>

(In thousands)	1997	1996	1995
<S>	<C>	<C>	<C>
Service cost-benefits earned during the period	\$ 3,221	\$ 3,141	\$ 2,844
Interest cost on projected benefit obligation	4,437	4,081	3,958
Actual return on plan assets	(7,500)	(5,185)	(9,236)

Net amortization of transition asset	(606)	(1,181)	(1,181)
Deferral of net investment gain (loss)	2,493	570	4,778
Net pension expense	\$ 2,045	\$ 1,426	\$ 1,163

</TABLE>

The funded status of the Plan is summarized as follows at December 31:

<TABLE>

<CAPTION>

(In thousands)	1997	1996
<S>	<C>	<C>
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, including vested benefits of \$52,923 in 1997 and \$44,420 in 1996	\$ (56,893)	\$ (48,011)
Effect of projected future compensation levels	(10,015)	(9,298)
Projected benefit obligation	(66,908)	(57,309)
Plan assets at fair value	59,741	54,876
Plan assets in excess of (less than) projected obligation	(7,167)	(2,433)
Unrecognized net loss	5,485	3,401
Unrecognized net asset at transition being amortized over 10 years	--	(575)
Unrecognized prior service cost	(262)	(293)
Accrued pension (liability) asset	\$ (1,944)	\$ 100

</TABLE>

At December 31, 1997, the Plan's assets were comprised of listed common stocks and U.S. Government and corporate securities. Included in the assets of the Plan were shares of Rollins common stock with a market value of \$6,175,000. The expected long-term rate of return on Plan assets was 9.5% in 1997, 1996, and 1995. The weighted-average discount rate used in determining the projected benefit obligation was 7.5% in 1997, 1996, and 1995. This rate closely approximates the rate on high-quality, long-term obligations. The assumed growth rate of compensation was 4.5% in 1997, 1996, and 1995.

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Notes To Financial Statements (continued)

Years ended December 31, 1997, 1996, and 1995, Rollins, Inc. and Subsidiaries

The Company sponsors a deferred compensation 401(k) plan that is available to substantially all employees with six months of service. The charges to expense for the Company match were \$1,665,000 in 1997, \$1,592,000 in 1996, and \$1,627,000 in 1995.

The Company has an Employee Incentive Stock Option Plan (1994 Plan), adopted in January 1994, under which 1,200,000 shares of common stock were subject to grants through the ten-year period ended January 2004 under various stock incentive programs. The options were granted at the fair market value of the shares on the date of the grant and expire ten years from the date of the grant, if not exercised. Options are also outstanding under the prior Plan, (1984 Plan). Under this plan, 1,200,000 shares of common stock were subject to options to be granted during the ten-year period ended October 1994. The options were granted at the fair market value of the shares on the date of grant and expire ten years from the date of grant, if not exercised. No additional options will be granted under the 1984 Plan.

Option transactions during the last three years for the 1994 and 1984 Plans are summarized as follows:

<TABLE>

<CAPTION>

	1997	1996	1995
<S>	<C>	<C>	<C>
Number of shares under stock options:			
Outstanding at beginning of year	300,132	257,611	266,957
Granted	197,600	75,000	17,000
Exercised	(7,657)	(5,037)	(6,696)
Cancelled	(130,290)	(27,442)	(19,650)

Outstanding at end of year	359,785	300,132	257,611
Exercisable at end of year	80,405	92,458	71,641
Weighted average exercise price:			
Granted	\$ 19.25	\$ 20.87	\$ 24.25
Exercised	12.47	12.95	12.51
Cancelled	22.57	24.47	24.42
Outstanding at end of year	22.29	24.18	24.87
Exercisable at end of year	23.31	21.40	18.14

</TABLE>

Information with respect to options outstanding and options exercisable at December 31, 1997 is as follows:

<TABLE>

<CAPTION>

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Number Exercisable
\$11.25	1,350	.58 years	1,350
12.25	4,995	2.08	4,995
13.25	14,800	3.08	14,800
19.08	4,440	4.08	4,440
25.50	4,700	5.08	3,760
28.37	118,400	6.08	46,140
24.25	5,000	7.08	1,200
20.87	52,000	8.08	3,720
19.25	154,100	9.08	--
	359,785		80,405

</TABLE>

The Company applied Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for its stock options and, accordingly, no compensation cost has been recognized for stock options in the financial statements. Had the Company determined compensation cost based on the fair value at the grant date of its stock options granted in 1997, 1996, and 1995 under SFAS 123, "Accounting for Stock-Based Compensation," the Company's net income would have been reduced by approximately \$103,000 in 1997, \$45,000 in 1996, and \$9,000 in 1995, with no earnings per share effect in any of the reported years.

The per share weighted-average fair value of stock options granted during 1997, 1996, and 1995 was \$5.34, \$6.37, and \$7.37, respectively, on the date of grant, using the Black Scholes option-pricing model with the following weighted-average assumptions:

<TABLE>

<CAPTION>

	1997	1996	1995
Risk-free interest rate	5.69%	5.63%	5.58%
Expected life, in years	8	8	8
Expected volatility	18.55%	21.44%	21.66%
Expected dividend yield	2.17%	1.99%	2.01%

</TABLE>

Report of Management

To the Stockholders of Rollins, Inc.:

We have prepared the accompanying financial statements and related

information included herein for the years ended December 31, 1997, 1996 and 1995. The opinion of Arthur Andersen LLP, the Company's independent auditors, on those financial statements is included herein. The primary responsibility for the integrity of the financial information included in this annual report rests with management. Such information was prepared in accordance with generally accepted accounting principles, appropriate in the circumstances, based on our best estimates and judgements and giving due consideration to materiality.

Rollins, Inc. maintains internal accounting control systems which are adequate to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and which produce records adequate for preparation of financial information. The system and controls and compliance therewith are reviewed by an extensive program of internal audits and by our independent auditors. There are limits inherent in all systems of internal accounting control based on the recognition that the cost of such a system should not exceed the benefits to be derived. We believe the Company's system provides this appropriate balance.

The Board of Directors pursues its review and oversight role for these financial statements through an Audit Committee composed of three outside directors. The Audit Committee's duties include recommending to the Board of Directors the appointment of an independent accounting firm to audit the financial statements of Rollins, Inc. The Audit Committee meets periodically with management and the Board of Directors. It also meets with representatives of the internal and independent auditors and reviews the work of each to insure that their respective responsibilities are being carried out and to discuss related matters. Both the internal and independent auditors have direct access to the Audit Committee.

/s/ Randall Rollins  
R. Randall Rollins  
Chairman of the Board and  
Chief Executive Officer

Atlanta, Georgia  
February 16, 1998

/s/ Gene L. Smith  
Gene L. Smith  
Chief Financial Officer,  
Secretary, and Treasurer

Report of Independent Auditors

-----  
To the Directors and Stockholders of Rollins, Inc.:

We have audited the accompanying statements of financial position of Rollins, Inc. (a Delaware corporation) and subsidiaries as of December 31, 1997 and 1996 and the related statements of income, earnings retained and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rollins, Inc. and subsidiaries as of December 31, 1997 and 1996 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP  
Arthur Andersen LLP

Atlanta, Georgia  
February 16, 1998

## Directors

John W. Rollins

Chairman of the Board and Chief Executive Officer of Rollins Truck Leasing Corp. (vehicle leasing and transportation), Chairman of the Board of Dover Downs Entertainment, Inc. (entertainment complex)

Henry B. Tippie +

Chairman of the Board and Chief Executive Officer of Tippie Services, Inc. (management services)

R. Randall Rollins \*

Chairman of the Board and Chief Executive Officer of Rollins, Inc., Chairman of the Board and Chief Executive Officer of RPC, Inc. (oil and gas field services, and boat manufacturing)

Wilton Looney +

Honorary Chairman of the Board of Genuine Parts Company (automotive parts distributor)

James B. Williams +

Chairman of the Board and Chief Executive Officer of SunTrust Banks, Inc. (bank holding company)

Gary W. Rollins \*

President and Chief Operating Officer of Rollins, Inc.

Bill J. Dismuke

Retired President of Edwards Baking Company

\* Member of the Executive Committee

+ Member of the Audit and Compensation Committees

## Officers

R. Randall Rollins

Chairman of the Board and Chief Executive Officer

Gary W. Rollins

President and Chief Operating Officer

Gene L. Smith

Chief Financial Officer, Secretary, and Treasurer

## Stockholders' Information

### Annual Meeting

The Annual Meeting of the Stockholders will be held at 9:30 a.m. Tuesday, April 28, 1998, at the Company's corporate offices in Atlanta, Georgia.

### Transfer Agent and Registrar

For inquiries related to stock certificates, including changes of address, lost certificates, dividends, and tax forms, please contact:

SunTrust Bank, Atlanta  
Stock Transfer Department  
P. O. Box 4625  
Atlanta, Georgia 30302  
Telephone: 1-800-568-3476

### Stock Exchange Information

The Common Stock of the Company is listed on the New York and Pacific Stock Exchanges and traded on the Philadelphia, Chicago and Boston Exchanges under the symbol ROL.

### Dividend Reinvestment Plan

This Plan provides a simple, convenient, and inexpensive way for stockholders to invest cash dividends in additional Rollins, Inc. shares. For further information, contact SunTrust Bank, Atlanta at the above address or write to the Secretary at the Company's mailing address.

### Form 10-K

The Company's annual report on Form 10-K to the Securities and Exchange Commission provides certain additional information. Stockholders may obtain a copy by contacting the Secretary at the Company's mailing address.

## CORPORATE OFFICES

Rollins, Inc.  
2170 Piedmont Road, N.E.  
Atlanta, Georgia 30324

## MAILING ADDRESS

Rollins, Inc.  
P. O. Box 647  
Atlanta, Georgia 30301

## TELEPHONE

(404) 888-2000





Exhibit 21

List of Subsidiaries

of

Rollins, Inc.

The following list sets forth subsidiaries of Rollins, Inc. Each corporation whose name is indented is a wholly-owned subsidiary of the corporation next above which is not indented.

<TABLE>

<CAPTION>

Name ----	State/Country of Incorporation -----
<S>	<C>
Orkin Exterminating Company, Inc.	Delaware
Orkin Systems, Inc.	Delaware
Dettelbach Pesticide Corporation	Georgia
Kinro Advertising Company	Delaware
Orkin Expansion, Inc.	Delaware
Orkin S.A. de C.V.	Mexico
Orkin International, Inc.	Delaware
Orkin Canada, Inc.	Canada
Orkin (Bahamas) Limited	Bahamas
Rollins Continental, Inc.	New York
Rollins Expansion, Inc.	Delaware
Rollins Supply, Inc.	Delaware
Red Diamond Insurance Co.	Vermont

</TABLE>

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports, included (or incorporated by reference) in this Form 10-K, into the Company's previously filed Form S-8 Registration Statement (No. 33-6404), Form S-8 Registration Statement (No. 33-26056), Form S-8 Registration Statement (No. 33-52355), and Form S-3 Registration Statement (No. 33-15360).

ARTHUR ANDERSEN LLP

Atlanta, Georgia  
March 25, 1998

POWER OF ATTORNEY

Know All Men by These Presents, that the undersigned constitutes and appoints R. Randall Rollins and/or Gary W. Rollins, or either of them as his true and lawful attorney-in-fact and agent in any and all capacities to sign filings by Rollins, Inc. of Form 10-K Annual Reports and any and all amendments thereto (including post-effective amendments) and to file the same, with all exhibits, and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, in the capacities indicated, as of this 19 day of Feb., 1998.

/s/ Wilton Looney  
-----  
Wilton Looney, Director

Witness:

/s/ Norma A. Cook  
-----

POWER OF ATTORNEY

Know All Men by These Presents, that the undersigned constitutes and appoints R. Randall Rollins and/or Gary W. Rollins, or either of them as his true and lawful attorney-in-fact and agent in any and all capacities to sign filings by Rollins, Inc. of Form 10-K Annual Reports and any and all amendments thereto (including post-effective amendments) and to file the same, with all exhibits, and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, in the capacities indicated, as of this 19th day of February, 1998.

/s/ Bill J. Dismuke  
-----  
Bill J. Dismuke, Director

Witness:

/s/ Kirst F. Mini  
-----

POWER OF ATTORNEY

Know All Men by These Presents, that the undersigned constitutes and appoints R. Randall Rollins and/or Gary W. Rollins, or either of them as his true and lawful attorney-in-fact and agent in any and all capacities to sign filings by Rollins, Inc. of Form 10-K Annual Reports and any and all amendments thereto (including post-effective amendments) and to file the same, with all exhibits, and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney,

in the capacities indicated, as of this 19 day of Feb., 1998.

/s/ James B. Williams  
-----  
James B. Williams, Director

Witness:

/s/ Mary H. Walden  
-----

POWER OF ATTORNEY

Know All Men by These Presents, that the undersigned constitutes and appoints R. Randall Rollins and/or Gary W. Rollins, or either of them as his true and lawful attorney-in-fact and agent in any and all capacities to sign filings by Rollins, Inc. of Form 10-K Annual Reports and any and all amendments thereto (including post-effective amendments) and to file the same, with all exhibits, and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, in the capacities indicated, as of this 19th day of February, 1998.

/s/ Henry B. Tippie  
-----  
Henry B. Tippie, Director

Witness:

/s/ Terri D. Metstans  
-----

POWER OF ATTORNEY

Know All Men by These Presents, that the undersigned constitutes and appoints R. Randall Rollins and/or Gary W. Rollins, or either of them as his true and lawful attorney-in-fact and agent in any and all capacities to sign filings by Rollins, Inc. of Form 10-K Annual Reports and any and all amendments thereto (including post-effective amendments) and to file the same, with all exhibits, and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, in the capacities indicated, as of this 19 day of Feb., 1998.

/s/ John W. Rollins,  
-----  
John W. Rollins, Director

Witness:

/s/ Cindy Ceifano  
-----

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

Consolidated Statements of Financial Position and Statements of Income and Earnings Retained. This schedule contains summary financial information extracted from the Statements of Financial Position and Statements of Income and Earnings Retained and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<RESTATED>

<MULTIPLIER> 1,000

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<FISCAL-YEAR-END>	DEC-31-1997	DEC-31-1996	DEC-31-1996	DEC-31-1995
<PERIOD-START>	JAN-01-1997	JAN-01-1996	JAN-01-1996	JAN-01-1995
<PERIOD-END>	DEC-31-1997	DEC-31-1996	DEC-31-1996	DEC-31-1995
<CASH>	125,842	12,150	12,150	33,623
<SECURITIES>	75,037	84,785	84,785	65,743
<RECEIVABLES>	58,492	68,857	68,857	82,349
<ALLOWANCES>	9,326	4,457	4,457	8,879
<INVENTORY>	15,010	11,593	11,593	11,003
<CURRENT-ASSETS>	301,618	187,006	187,006	204,053
<PP&E>	71,641	68,578	68,578	78,989
<DEPRECIATION>	37,002	32,011	32,011	45,825
<TOTAL-ASSETS>	432,680	296,656	296,656	306,111
<CURRENT-LIABILITIES>	130,718	69,830	69,830	63,188
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<COMMON>	33,279	34,594	34,594	41,432
<OTHER-SE>	112,365	155,696	155,696	172,886
<TOTAL-LIABILITY-AND-EQUITY>	432,680	296,656	296,656	306,111
<SALES>	0	0	0	0
<TOTAL-REVENUES>	538,639	532,785	532,785	529,788
<CGS>	0	0	0	0
<TOTAL-COSTS>	362,225	302,929	302,929	272,709
<OTHER-EXPENSES>	345,416	193,748	193,748	194,722
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<INCOME-PRETAX>	(169,002)	36,108	36,108	62,357
<INCOME-TAX>	(64,221)	13,722	13,722	23,696
<INCOME-CONTINUING>	(104,781)	22,386	22,386	38,661
<DISCONTINUED>	106,278	409	409	616
<EXTRAORDINARY>	0	0	0	0
<CHANGES>	0	0	0	0
<NET-INCOME>	1,497	22,795	22,795	39,277
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<EPS-DILUTED>	.04	.64	.64	1.10

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