UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2000.

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission file number 1-4422

ROLLINS, INC.
(Exact name of registrant as specified in its charter)

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

2170 Piedmont Road, N.E., Atlanta, Georgia
(Address of principal executive offices)

30324
(Zip Code)

(404) 888-2000
(Registrant's telephone number, including area code)

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 [X] No [ ]

Rollins, Inc. had 30,036,188 shares of its $1 Par Value Common Stock outstanding as of July 31, 2000.

ROLLINS, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

ROLLINS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands except share data)

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	(Unaudited) June 30, 2000	December 31, 1999
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ASSETS		
Cash and Short-Term Investments	$ 9,306	$ 5,689
Marketable Securities	1,161	12,967
Trade Receivables, Net	54,658	44,878
Materials and Supplies	14,666	13,429
Deferred Income Taxes	18,830	19,644
Other Current Assets	14,986	11,142
Current Assets	113,607	107,749
Equipment and Property, Net	49,536	46,245
Goodwill and Other Intangible Assets	114,054	112,024
Deferred Income Taxes	44,852	45,015
Other Assets	2,108	1,907
Total Assets	$ 324,157	$ 312,940
LIABILITIES		
Capital Lease Obligations	$ 2,767	$ 3,638
Accounts Payable	20,504	15,275
Accrued Insurance	8,369	11,165
Accrued Payroll	21,491	23,100
Unearned Revenue	29,126	20,441
Other Expenses	38,733	37,822
Current Liabilities	120,990	111,441
Capital Lease Obligations	1,015	2,450
Accrued Insurance	44,837	43,745
Accrual for Termite Contracts	49,915	54,352
Long-Term Accrued Liabilities	27,019	29,162
Total Liabilities	243,776	241,150
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Common Stock, par value $1 per share; 99,500,000 shares authorized; 30,036,188 and 29,881,402 shares issued at June 30, 2000 and December 31, 1999, respectively	30,036	29,881
Earnings Retained	50,345	41,909
Total Stockholders' Equity	80,381	71,790
Total Liabilities and Stockholders' Equity	$ 324,157	$ 312,940

</TABLE>

[FN]
The accompanying notes are an integral part of these condensed consolidated financial statements.
</FN>

ROLLINS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND
EARNINGS RETAINED (In thousands except

share and per share data)
(Unaudited)

<TABLE>
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	Three Months Ended June 30, 2000	Three Months Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
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REVENUES				
Customer Services	$ 180,528	$ 162,342	$ 330,078	$ 292,228
COSTS AND EXPENSES				
Cost of Services Provided	98,762	89,704	185,765	166,536
Depreciation and Amortization	4,604	3,181	8,871	6,178
Sales, General and Administrative	64,290	58,211	121,318	108,642
Interest Income	(195)	(1,050)	(224)	(2,175)
	167,461	150,046	315,730	279,181
INCOME BEFORE INCOME TAXES	13,067	12,296	14,348	13,047
PROVISION FOR INCOME TAXES				
Current	4,415	2,995	4,352	1,600
Deferred	550	1,678	1,100	3,357
	4,965	4,673	5,452	4,957
NET INCOME	$ 8,102	$ 7,623	$ 8,896	$ 8,090
EARNINGS RETAINED				
Balance at Beginning of Period	43,968	48,425	41,909	49,746
Cash Dividends	(1,532)	(1,530)	(3,024)	(3,054)
Common Stock Purchased and Retired	(144)	(3,049)	(144)	(3,183)
Other	(49)	1,119	2,708	989
BALANCE AT END OF PERIOD	$ 50,345	$ 52,588	$ 50,345	$ 52,588
EARNINGS PER SHARE - BASIC AND DILUTED	$ 0.27	$ 0.25	$ 0.30	$ 0.27
WEIGHTED SHARES OUTSTANDING - BASIC	30,029,576	30,517,760	29,982,112	30,501,965

WEIGHTED SHARES OUTSTANDING - DILUTED	30,030,229	30,525,638	29,984,044	30,509,843

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[FN]
The accompanying notes are an integral part of these condensed consolidated financial statements.
</FN>

ROLLINS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

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	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
<S> <C>	<C>	<C>
OPERATING ACTIVITIES		
Net Income	$ 8,896	$ 8,090
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	8,871	6,178
Provision for Deferred Income Taxes	1,100	3,357
Other, Net	521	(110)
(Increase) Decrease in Assets, Net of Acquisitions:		
Trade Receivables	(9,653)	(517)
Materials and Supplies	(1,237)	(182)
Other Current Assets	(4,264)	(4,060)
Other Non-Current Assets	1,340	(385)
Increase (Decrease) in Liabilities, Net of Acquisitions:		
Accounts Payable and Accrued Expenses	3,249	9,383
Unearned Revenue	8,685	4,650
Accrued Insurance	(1,704)	(2,166)
Accrual for Termite Contracts	(4,437)	(9,464)
Long-Term Accrued Liabilities	(2,416)	2,374
Net Cash Provided by Operating Activities	8,951	17,148
INVESTING ACTIVITIES		
Purchases of Equipment and Property	(8,600)	(5,202)
Net Cash Used for Acquisition of Companies	(3,374)	(26,326)
Marketable Securities, Net	11,923	26,305
Net Cash Used in Investing Activities	(51)	(5,223)
FINANCING ACTIVITIES		
Dividends Paid	(3,024)	(3,054)
Common Stock Purchased and Retired	(154)	(3,392)
Payments on Capital Leases	(2,306)	(1,684)
Other	201	(439)
Net Cash Used in Financing Activities	(5,283)	(8,569)
Net Increase in Cash and Short-Term Investments	3,617	3,356
Cash and Short-Term Investments at Beginning of Period	5,689	1,244
Cash and Short-Term Investments at End of Period	$ 9,306	$ 4,600

</TABLE>
[FN]
The accompanying notes are an integral part of these condensed consolidated financial statements.
</FN>

ROLLINS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. BASIS OF PREPARATION

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations.

These condensed consolidated financial statements should be read in conjunction with the financial statements and related notes contained in the Company's annual report on Form 10-K for the year ended December 31, 1999.

In the opinion of management, the condensed consolidated financial statements included herein contain all normal recurring adjustments necessary to present fairly the financial position of the Company as of June 30, 2000 and December 31, 1999, and the results of operations for the three and six months ended June 30, 2000 and 1999 and cash flows for the six months ended June 30, 2000 and 1999. Operating results for the three months and six months ended June 30, 2000 are not necessarily indicative of the results that may be expected for the year ended December 31, 2000.

Statement of Financial Accounting Standards No. 130 (SFAS 130), "Reporting Comprehensive Income," establishes standards for reporting comprehensive income and its components. For the six months ended June 30, 2000 and 1999, comprehensive income is not materially different from net income and, as a result, the impact of SFAS 130 is not reflected in the Company's condensed consolidated financial statements included herein.

Certain amounts for prior periods have been reclassified to conform with the current period condensed consolidated financial statement presentation. Such reclassifications had no effect on previously reported net income.

NOTE 2. PROVISION FOR INCOME TAXES

The book provision for income taxes includes the liability for state income taxes, net of the federal income tax benefit. The deferred provision for income taxes arises from the changes during the year in the Company's net deferred tax asset or liability.

NOTE 3. EARNINGS PER SHARE

Pursuant to the provisions of Statement of Financial Accounting Standards No. 128, "Earnings Per Share," the number of weighted average shares used in computing basic and diluted earnings per share (EPS) are as follows (in thousands):

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Basic EPS	30,029	30,518	29,982	30,502
Effect of Dilutive Stock Options	1	8	2	8
Diluted EPS	30,030	30,526	29,984	30,510

</TABLE>

NOTE 4. LEGAL PROCEEDINGS

One of the Company's subsidiaries, Orkin Exterminating Company, Inc., is a named defendant in Helen Cutler and Mary Lewin v. Orkin Exterminating Company., Inc. et al. pending in the District Court of Houston County, Alabama. The plaintiffs in the above mentioned case filed suit in March of 1996 and are seeking monetary damages and injunctive relief for alleged breach of contract arising out of alleged missed or inadequate reinspections. The attorneys for the plaintiffs contend that the case is suitable for a class action and the court has ruled that the plaintiffs would be permitted to pursue a class action lawsuit against Orkin. The Company believes this case to be without merit and intends to defend itself vigorously at trial. At this time, the final outcome of the litigation cannot be determined. However, it is the opinion of Management that the ultimate resolution of this action will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Additionally, 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company reported net income of $8.1 million or $0.27 per share for the quarter compared to net income of $7.6 million or $0.25 per share for the comparable quarter in 1999. Net income for the first six months of 2000 increased 10.0% to $8.9 million or $0.30 per share compared to $8.1 million or $0.27 per share for the same period in 1999. Revenues for the second quarter and six months ended June 30, 2000, increased to 11.2% and 13.0%, respectively.

The improvement in earnings for the quarter and first six months resulted primarily from quarter-over-quarter increases in both pest and termite control revenue and Cost of Services Provided and Selling, General and Administrative margin improvements. The improvements in Cost of Services Provided and Selling, General and Administrative margins were partially offset by a decrease in Interest Income and an increase in Provision for Income Taxes.

The Company's revenue improvement for the ninth consecutive quarter continued the positive momentum initiated in 1998. The Company believes the improvements in revenue and net income resulted from the strategic programs initiated in 1997 and 1998 to build recurring revenue, expand the Company's commercial pest control business and contain termite claims costs.

Results of Operations

Revenues increased to $180.5 million for the second quarter 2000 from $162.3 million for the same quarterly period of 1999. For the first six months of 2000, the Company has generated revenues of $330.1 million, up 13.0% from last year's amount of $292.2 million. Factors contributing to the increase in revenues are increases in the pest control commercial customer base and in average termite completion and annual renewal prices. The increase in pest control commercial customer base resulted from last year's acquisitions and the success of its selling and service programs.

Cost of Services Provided was approximately $9.1 million higher than the prior year quarter but improved to represent 54.7% of revenues compared with 55.3% for the same quarter of the prior year. For the first six months of 2000, Cost of Services Provided improved to represent 56.3% of revenues compared to 57.0% for the prior year period. The improvement was primarily attributable to reductions, as a percentage of revenues, in service salaries, termite claims experience, operating insurance costs and improved inventory management.

Selling, General and Administrative increased $6.1 million but decreased as a percentage of revenues to 35.6% compared to 35.9% for the same quarter of the prior year. For the first half of 2000, Selling, General and Administrative decreased as a percentage of revenues to 36.8% compared with 37.2% for the prior year period. The improvements as a percentage of revenues resulted primarily from better leveraging of fixed costs due to higher revenues.

Interest Income decreased $855,000 compared to the same quarter of the prior year, and decreased $1.9 million for the six months ended June 30, 2000 compared to the same period of the prior year. The decreases were primarily due to lower invested funds over the prior year periods. The decrease in invested funds resulted primarily from the use of cash to fund acquisitions.

The Company's net tax provisions of $5.0 million for the quarter and $5.5 million for the first six months reflect increased taxable income over the prior year periods.

Financial Condition

The Company believes its current cash balances, future cash flows from operating activities and line of credit will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future. The Company's operations generated cash of $9.0 million for the first six months of 2000 compared with cash provided by operating activities of $17.1 million in the same period of 1999. This decrease resulted primarily from unfavorable changes in working capital related primarily to differences in the timing of accounts receivable, accounts payable and other accrued expenses, partially offset by favorable changes in the accrual for termite contracts and unearned revenue and higher net income from operations, adjusted for non-cash items. The favorable changes in unearned revenue resulted primarily from our new service offering, Directed Liquid-Termite Baiting Program, which has the benefit of generating additional recurring revenue by deferring a portion of termite baiting sales to the balance sheet in the form of unearned revenue. This unearned revenue will be recognized as revenue over the life of the related contracts.

The Company invested approximately $12.0 million in capital expenditures and acquisitions during the first six months of 2000, and expects to invest between $9.0 and $11.0 million during the remainder of 2000, inclusive of improvements to its management information systems. Capital expenditures during the first six months of 2000 consisted primarily of equipment replacements and upgrades and improvements to the Company's management information systems. During the first six months, cash used in financing activities was approximately $5.3 million compared with cash used of $8.6 million for the same period of the prior year. The primary reason for the improvement in cash used is attributable to a decrease in the amount of the Company's common stock repurchases and retirements. Of total cash used in financing activities, approximately $3.0 million was paid in cash dividends and $154,000 was paid for the repurchase and retirement of 10,122 shares of the Company's Common Stock as part of an odd-lot buy-back program. The capital expenditures, acquisitions, cash dividends and stock repurchases were primarily funded through existing cash balances, marketable securities and operating activities. The Company maintains a $40.0 million line of credit, of which approximately $37.0 million was available for borrowing as of July 31, 2000.

In 1997 and 1998, Orkin and other pest control industry companies received letters from the Federal Trade Commission (FTC) advising of its investigation of the pest control industry - more specifically, the termite and moisture control practices of the industry - and requesting certain information voluntarily from the Company. Orkin has voluntarily provided the information requested and has advised the FTC of the Company's intention to continue to cooperate fully with this investigation. At this point in time, management does not believe this investigation will have a material effect upon its results of operations or financial condition. In addition, the Company is aggressively defending a class action lawsuit filed in Dothan, Alabama. For further discussion, see Note 4 to the accompanying condensed consolidated financial statements.

Impact of Recent Accounting Pronouncements

In 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." In second quarter 1999, the Financial Accounting Standards Board voted to delay the effective date of this standard to fiscal years beginning after June 15, 2000. The adoption of this standard, effective for the Company as of January 1, 2001, is not expected to materially impact the results of operations or financial condition of the Company.

Forward-Looking Statements

This Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include statements regarding the expected impact of the outcome of litigation arising in the ordinary course of business and the outcome of the Helen Cutler and Mary Lewin v. Orkin Exterminating Company., Inc., et al. ("Cutler") litigation on the Company's financial condition, and the Company's ability to fund current operations and obligations and proposed expansion. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties including, without limitation, the possibility of a court ruling against the Company in litigation or in the Cutler litigation; general economic conditions; market risk; changes in industry practices or technologies; the degree of success of the Company's termite process reforms and pest control selling and treatment methods; the Company's ability to identify potential acquisitions; climate and weather trends; competitive factors and pricing practices; potential increases in labor costs; and changes in various government laws and regulations, including environmental regulations. All of the foregoing risks and uncertainties are beyond the ability of the Company to control, and in many cases the Company cannot predict the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As of July 31, 2000, the Company no longer maintains a material investment portfolio subject to interest rate risk exposure. The Company is, however, subject to interest rate risk exposure through its line of credit as discussed in the liquidity section of Management's Discussion & Analysis. Due to the immaterial amount of such borrowings as of July 31, 2000 and as currently anticipated at December 31, 2000, this risk is not expected to have a material effect upon the Company's results of operations or financial position going forward.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 4 to Part I, Item 1 for discussion of certain litigation.

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

The Company's Annual Meeting of Stockholders was held on April 25, 2000. At the meeting, stockholders elected one Class II Director for the three-year term expiring in 2003.

Results of the voting were as follows:

<TABLE>
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Election of Class II Director:	For	Withheld
<S>	<C>	<C>
Gary W. Rollins	27,467,457	228,252

</TABLE>

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(3) (i) Restated Certificate of Incorporation of Rollins, Inc. is incorporated herein by reference to Exhibit (3) (i) as filed with its Form 10-K for the year ended December 31, 1997.

(ii) By-laws of Rollins, Inc. is incorporated herein by reference to Exhibit (3) (ii) as filed with its Form 10-Q for the quarterly period ended March 31, 1999.

(4) Form of Common Stock Certificate of Rollins, Inc. is incorporated herein by reference to Exhibit (4) as filed with its Form 10-K for the year ended December 31, 1998.

(27)(a) Financial Data Schedule (For Commission Use Only).

(27)(b) Restated Financial Data Schedule (For Commission Use Only).

(b) Reports on Form 8-K.

No reports on Form 8-K were filed or were required to be filed during the second quarter of 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROLLINS, INC.
(Registrant)

Date: August 14, 2000 By: /s/ Gary W. Rollins

Gary W. Rollins
President and Chief Operating Officer
(Member of the Board of Directors)

Date: August 14, 2000

By: /s/ Harry J. Cynkus

Harry J. Cynkus
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

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