FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

[X] Quarterly report pursuant to section 13 or 15(d) of the Securities
Exchange Act of 1934

For the quarterly period ended September 30, 1995.

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.

Incorporated                     I.R.S. Employer
in                       Identification Number
Delaware                          51-0068479

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

Telephone Number -- (404) 888-2000

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 [ ]

At September 30, 1995, there were 35,853,178
shares of Common Stock $1 Par Value,
outstanding.

ROLLINS, INC. AND SUBSIDIARIES

INDEX

<TABLE>
<table>
<thead>
<tr>
<th>Part I</th>
<th>Financial Information</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statements of Financial Position -</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>September 30, 1995 and December 31, 1994</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Statements of Income and Earnings Retained</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>- three months and nine months ended</td>
<td></td>
</tr>
<tr>
<td></td>
<td>September 30, 1995 and 1994</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Statements of Cash Flows</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>- nine months ended September 30, 1995 and 1994</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Notes to Financial Statements</td>
<td>4-5</td>
</tr>
<tr>
<td></td>
<td>Management's Discussion and Analysis of</td>
<td>6-9</td>
</tr>
<tr>
<td></td>
<td>Financial Condition and Results of Operations</td>
<td></td>
</tr>
<tr>
<td>Part II</td>
<td>Other Information</td>
<td>10</td>
</tr>
</tbody>
</table>
</TABLE>
### Statements of Financial Position
(In thousands, except share data)  
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>September 30, 1995</th>
<th>December 31, 1994</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Short-Term Investments</td>
<td>$27,505</td>
<td>$31,917</td>
</tr>
<tr>
<td>Marketable Securities</td>
<td>68,028</td>
<td>51,820</td>
</tr>
<tr>
<td>Trade Receivables, Net</td>
<td>92,369</td>
<td>101,900</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>16,425</td>
<td>16,250</td>
</tr>
<tr>
<td>Deferred Income Taxes</td>
<td>5,473</td>
<td>4,445</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>11,404</td>
<td>8,567</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td>221,204</td>
<td>214,899</td>
</tr>
<tr>
<td>Equipment and Property, Net</td>
<td>29,551</td>
<td>27,989</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>42,033</td>
<td>42,092</td>
</tr>
<tr>
<td>Other Assets</td>
<td>11,034</td>
<td>10,285</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$303,822</td>
<td>$295,265</td>
</tr>
</tbody>
</table>

| **LIABILITIES**      |                    |                   |
| Accounts Payable     | $12,414            | $12,002           |
| Accrued Insurance Expenses | 13,871            | 14,258            |
| Accrued Payroll      | 13,587             | 12,700            |
| Unearned Revenue     | 14,189             | 15,567            |
| Other Expenses       | 12,216             | 12,362            |
| **Current Liabilities** | 66,277            | 66,889            |
| Deferred Income Taxes | 7,987             | 12,205            |
| Long-Term Accrued Liabilities | 17,225        | 22,538            |
| **Total Liabilities** | 91,489            | 101,632           |

| **STOCKHOLDERS' EQUITY** |                      |                   |
| Common Stock, par value $1 per share; authorized 99,500,000 shares; 41,431,814 shares issued | 41,432            | 41,432           |
| Earnings Retained      | 222,062            | 203,582           |
| **Total Stockholders' Equity** | 263,494        | 245,014           |
| Less - Common Stock In Treasury, At Cost, 5,578,636 in 1995 ; 5,605,412 shares in 1994 | 51,161            | 51,381           |
| **Total Liabilities and Stockholders' Equity** | $303,822         | $295,265          |

The accompanying notes are an integral part of these statements.

1 of 11
REVENUES
Customer Services $ 162,333 $ 158,002 $ 480,337 $ 466,319

COSTS AND EXPENSES
Cost of Services Provided 88,167 82,315 248,279 236,136
Depreciation and Amortization 2,047 1,934 5,781 5,948
Special Charge 12,000 -- 12,000 --
Sales, General and Administrative Expenses 55,972 53,450 165,665 159,353
Interest Income (1,424) (853) (3,586) (1,727)

--------- -------- -------- --------
156,762 136,846 428,139 399,710
--------- -------- -------- --------
INCOME BEFORE INCOME TAXES 5,571 21,156 52,198 66,609

PROVISION (CREDIT) FOR INCOME TAXES
Current 4,683 8,688 23,588 26,508
Deferred (2,566) (543) (3,753) (864)

--------- -------- -------- --------
2,117 8,145 19,835 25,644
--------- -------- -------- --------
NET INCOME 3,454 13,011 32,363 40,965

EARNINGS RETAINED
Balance at Beginning of Period 223,565 191,077 203,582 171,862
Cash Dividends (5,019) (4,474) (15,056) (13,409)
Other 62 (113) 1,173 83

--------- -------- -------- --------
222,062 199,501 222,062 199,501
--------- -------- -------- --------
BALANCE AT END OF PERIOD

--------- -------- -------- --------
222,062 199,501 222,062 199,501
--------- -------- -------- --------
EARNINGS PER SHARE $ 0.09 $ 0.36 $ 0.90 $ 1.14

--------- -------- -------- --------
WEIGHTED AVERAGE
SHARES OUTSTANDING 35,852,695 35,791,806 35,847,015 35,753,872

--------- -------- -------- --------
The accompanying notes are an integral part of these statements.

2 of 11

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

<TABLE>
<CAPTION>
Nine Months Ended
September 30,
--------------------------------- 1995 1994
---------------------------------<C> <C>

<TABLE>
<CAPTION>
Nine Months Ended
September 30,
--------------------------------- 1995 1994
---------------------------------<C> <C>

<TABLE>
<CAPTION>
Nine Months Ended
September 30,
--------------------------------- 1995 1994
---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
 --------------------------------- 1995 1994
 ---------------------------------<C> <C>

<TABLE>
<CAPTION>
 Nine Months Ended
 September 30,
### FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends Paid</td>
<td>(15,056)</td>
<td>(13,409)</td>
</tr>
<tr>
<td>Treasury Stock Issued to Benefit Plans</td>
<td>667</td>
<td>1,351</td>
</tr>
<tr>
<td>Net Cash Used in Financing Activities</td>
<td>(14,389)</td>
<td>(12,058)</td>
</tr>
<tr>
<td>Net Increase (Decrease) in Cash and Short-Term Investments</td>
<td>(4,412)</td>
<td>10,272</td>
</tr>
<tr>
<td>Cash and Short-Term Investments at Beginning of Period</td>
<td>31,917</td>
<td>18,102</td>
</tr>
<tr>
<td>Cash and Short-Term Investments at End of Period</td>
<td>$27,505</td>
<td>$28,374</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.

---

#### NOTE 1. BASIS OF PREPARATION

The consolidated financial statements included herein have been prepared by the Registrant, 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 generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations.

These consolidated financial statements should be read in conjunction with the financial statements and related notes contained in the Registrant's annual report on Form 10-K for the year ended December 31, 1994.

Certain prior year amounts have been reclassified to conform with the third quarter 1995 presentation.

In the opinion of management, the consolidated financial statements included herein contain all normal recurring adjustments necessary to present fairly the financial position of the Registrant as of September 30, 1995 and December 31, 1994, and the results of operations and cash flows for the nine months ended September 30, 1995 and 1994.

#### NOTE 2. SPECIAL CHARGE

A special charge of $12,000,000 ($7,440,000 after tax benefit or $0.21 per share) was recorded in the third quarter 1995. The charge was primarily for the write-off of doubtful accounts receivable.

#### NOTE 3. 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 4. EARNINGS PER SHARE

Earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the respective periods.
On May 26, 1993, the Attorney General of Missouri and several Missouri residents who received termite treatment from Orkin, on behalf of themselves and an alleged class, filed an action in the City of St. Louis Circuit Court. The Attorney General has alleged violations of the Missouri Merchandising Practices Act. The private plaintiffs have alleged fraud and breach of certain termite extermination contracts. The Plaintiffs' claims are based on allegations that the Company failed to apply termiticides in accordance with termiticide labels and its advertising. Plaintiffs are collectively seeking restitution for claimed losses, civil penalties, compensatory and punitive damages, and litigation expenses, including attorneys' fees. On June 1, 1994, the Court ruled Plaintiffs' would be permitted to pursue a class action lawsuit against Orkin. The class was limited to those Missouri customers who purchased termite extermination services between January 1, 1987 and May 15, 1993, inclusively, and who have basement or crawl space foundation walls, in which an organophosphate termiticide was used.

The Company is vigorously defending this lawsuit. Except for the class certification, the judicial system has not ruled on any substantive issues in this case. Due to the preliminary nature of this action, the final outcome of the litigation cannot be determined at this time. 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.
ROLLINS, INC. AND SUBSIDIARIES
PART I. ITEM 2. FINANCIAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 1995

GENERAL OPERATING COMMENTS

The third quarter operating results were a reflection of the Company's decision to support major business investments in all areas of operations to achieve its tradition of strategic planning and investing for long-term benefits. Competition and current business conditions support the Company's decision to make major investments in marketing, customer service, and division operations, in order to increase market share and profits. In addition, third quarter earnings were negatively impacted by a one-time special charge of $12.0 million (7.4 million after-tax or $0.21 per share) associated with the restructuring and realignment of the consumer finance area, Rollins Acceptance Company (RAC). Exclusive of the special charge, earnings per share would have been 30 cents compared to 36 cents for the same quarter last year and $1.11 per share versus $1.14 through the same nine month period last year.

Revenues for the third quarter ended September 30, 1995 increased 2.7% or $4.3 million, to $162.3 million from the prior year period ($14.0 million or 3.0% year-to-date). Operating income decreased $16.1 million to $6.8 million for the quarter, and decreased $16.0 million to $57.0 million year-to-date, primarily due to the special charge. Net income for the quarter decreased 73.5% to $3.5 million and earnings per share were 9 cents. Year-to-date net income was $32.4 million compared to $41.0 million; while earnings per share were 90 cents, a 21.1% decrease from a year ago.

For the quarter, the Orkin Group's operating income decreased 11.1% to $17.2 million on revenues of $143.3 million which grew 3.2% over 1994. Operating margins were 12.0%, compared to 13.9% in the prior year. Rollins Protective Services' operating income decreased 26.1% to $1.4 million on revenues of $15.6 million.

For the nine months ended September 30, 1995, the Orkin Group revenues increased 3.8% to $425.9 million, with operating income remaining relatively unchanged at $64.2 million. Operating margins deteriorated to 15.1% compared to 15.7% for the same period last year. Rollins Protective Services (RPS) revenue declined 2.7%, along with operating income 11.8% lower, while operating margins were 9.3% compared to 10.2% a year ago. Detail segment information follows.

ORKIN 1995 VERSUS 1994

Pest Control services increased their sales dollars and customer base for the quarter and year-to-date. Termite demand was lower than expectations due to the lagging effect of the termite season. However, Orkin continues to be encouraged by the positive results in recurring pest control sales. Residential leads and sales were up solidly over last year. Orkin's strategic investments in the pest control business segment include increases in sales and service personnel, value marketing programs and continued development of the customer service/telecenter operation. These expenditures will continue into next year, but should be instrumental in making the Company stronger. The comparisons in operating results were also affected by the December 1994 sale of the 11 Northern Lawn Care locations.

ROLLINS PROTECTIVE SERVICES 1995 VERSUS 1994

RPS continues its investments in strategic programs that include customer service and product development. In addition, the consolidation and reengineering of the customer service/alarm
monitoring center was completed during the third quarter. RPS continued to experience some difficulty in achieving an appropriate product sales mix; however, the recurring revenue customer base continues to grow through customer service programs and acquisitions. RPS completed three acquisitions during the quarter which allowed for the expansion of its services in the three existing markets, while providing their customers continued access to quality service.

OTHER 1995 VERSUS 1994

Other businesses revenue decreased 5.5% and 2.8% for the quarter and year-to-date, respectively, due to revisions of the Company's credit and internal operating policies within the consumer finance area (RAC). The volume of Company financed sales is slightly lower than last year, as the revised policies redirected marketing efforts toward stronger customer demographics in conjunction with the lower than anticipated termite demand. A special charge of $12.0 million ($7.4 million after tax benefit or $0.21 per share) was recorded in the third quarter 1995. The charge was primarily for the write-off of doubtful accounts receivable. To more effectively manage the financed receivables portfolio, the Company expanded RAC's physical facility, acquired new computers and phone dialing equipment, and increased the staffing of collectors.

FINANCIAL CONDITION

<table>
<thead>
<tr>
<th>(In thousands)</th>
<th>September 30, 1995</th>
<th>December 31, 1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Short-Term Investments</td>
<td>$27,505</td>
<td>$31,917</td>
</tr>
<tr>
<td>Marketable Securities</td>
<td>68,028</td>
<td>51,820</td>
</tr>
<tr>
<td>Working Capital</td>
<td>$154,927</td>
<td>$148,010</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>3.3</td>
<td>3.2</td>
</tr>
<tr>
<td>Cash Provided By Operations</td>
<td>$45,315</td>
<td>$39,340</td>
</tr>
</tbody>
</table>

The Company has been debt-free since 1987. Management believes that this liquidity, along with expected cash from operations, will support the company's continued growth, capital expenditures, cash dividends, and expansion plans.

Net trade receivables decreased $9.5 million or 9.4% at September 30, 1995 compared with December 31, 1994. Trade receivables include installment receivables which are due subsequent to one year from the balance sheet date. These amounts were approximately $30.5 million and $33.8 million at September 30, 1995 and December 31, 1994, respectively. The decrease in receivables is primarily the result of the amounts written off as doubtful accounts through the special charge and the effect of the revisions to the Company's credit and internal operating policies within the consumer finance area, as discussed on page 8 under the caption "Other 1995 versus 1994".

The deferred income tax liability decreased 34.6% from December 31, 1994, due to the reduction of certain book/tax timing differences and payment of an income tax assessment associated with the completion of an IRS audit spanning five years' tax filings.

Long-term accrued liabilities decreased 23.6% from December 31, 1994, primarily due to the timing of payments for claims settlements of various general liability, workers' compensation, and vehicle liability incidents within the Company's self-insurance program.
ITEM 1. LEGAL PROCEEDINGS


ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

The Annual Stockholder's Meeting was held on April 25, 1995. The results of that meeting were disclosed in the Company's Form 10-Q for the first quarter of 1995.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 27 - Financial Data Schedule

(b) Reports on Form 8-K

None

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.

Date: NOVEMBER 8, 1995

ROLLINS, INC.
(Registrant)

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

GENE L. SMITH
Gene L. Smith
Chief Financial Officer
Secretary and Treasurer
(Principal Financial and
Accounting Officer)
This schedule contains summary financial information extracted from the consolidated statements of financial position and statements of income and earnings retained and is qualified in its entirety by reference to such financial statements.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9-MOS</td>
<td>DEC-31-1995</td>
<td>JAN-01-1995</td>
<td>SEP-30-1995</td>
<td>27,505</td>
<td>68,028</td>
<td>102,844</td>
<td>10,475</td>
<td>16,425</td>
<td>221,204</td>
<td>87,000</td>
<td>57,449</td>
<td>303,822</td>
<td>66,277</td>
<td>0</td>
<td>41,432</td>
<td>0</td>
<td>0</td>
<td>170,901</td>
<td>303,822</td>
<td>480,337</td>
<td>0</td>
<td>248,279</td>
<td>179,860</td>
<td>0</td>
<td>0</td>
<td>52,198</td>
<td>19,835</td>
<td>32,363</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>32,363</td>
<td>.90</td>
<td>.90</td>
</tr>
</tbody>
</table>