SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT

(Mark One)

/X/ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1996

/ / 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.

INCORPORATED IN DELAWARE	I.R.S. EMPLOYER IDENTIFICATION NUMBER 51-0068479

2170 PIEDMONT ROAD, N.E., ATLANTA, GEORGIA 30324
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 ____X____ 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. /X/

The aggregate market value of Rollins, Inc. common stock, held by non-affiliates on February 28, 1997 was $360,733,583, based on the closing price on the New York Stock Exchange on such date of $18 7/8 per share.

Rollins, Inc. had 34,413,481 shares of common stock outstanding as of February 28, 1997.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Rollins, Inc.'s Annual Report to Stockholders for the calendar year ended December 31, 1996 are incorporated by reference into Part I, Items 1(b) and 1(c), Part II, Items 5-8, and Part IV, Item 14.

Portions of the Proxy Statement for the 1997 Annual Meeting of Stockholders of Rollins, Inc. are incorporated by reference into Part III, Items 10, 11, 12 and 13.

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PART I

ITEM 1. BUSINESS

(A) GENERAL DEVELOPMENT OF BUSINESS.

Since the beginning of the calendar year, Rollins, Inc. and its subsidiaries have continued to operate and grow in the same principal services for homes and businesses.

(B) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS.

The response to Item 1.(b) is incorporated by reference from the table under the caption "Business Segment Information," on page 21 of the 1996 Annual Report to Stockholders.

(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 four primary services provided are termite and pest control, protective services, lawn care and plantscaping. Additionally, the revenues by business segment are incorporated by reference to the table under the caption "Business Segment Information" on page 21 of the 1996 Annual Report to Stockholders.

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 417 branches serving customers in 49 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. Orkin's Lawn Care Division provides fertilization, weed and insect control, seeding, aeration of lawns, and tree and shrub care from 23 branches serving customers in 9 states. Orkin's Plantscaping Division designs, installs and maintains green and flowering plants from 10 branches and services customers in 21 states and the District of Columbia. It provides services to hotels, shopping malls, restaurants, and office buildings.

Rollins Protective Services, a division of the Registrant, was established in 1969. Services are provided from 50 branches serving customers in 41 states and the District of Columbia. A pioneer in developing customized wired and wireless electronic security systems, it provides full-service capabilities from system design and installation to maintenance and monitoring services. Full-service includes guaranteed maintenance programs, 24-hour emergency repairs, and 24-hour alarm monitoring services.

(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) 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, protective services, lawn care and plantscaping operations 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, lawn care and plantscaping service operations (Orkin Exterminating Company, Inc.).

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. Lawn care services are seasonal and coincide with the growing seasons of lawns. Plantscaping operations experience seasonal increases in revenues and operating income generated by the division's Exterior Color and Holiday programs offered during the spring and late fall.

(vi) Inapplicable.

(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 1996 and 1995 calendar years was approximately $16,712,000 and $15,508,000, respectively. Backlog services and orders are usually provided within the month following the month of receipt, except in the area of prepaid pest control and alarm monitoring where services are usually provided within twelve months of receipt.

(ix) Inapplicable.

(x) The Registrant believes that each of its businesses competes favorably with competitors within its respective area. Orkin Exterminating Company, Inc. is one of the world's largest termite and pest control companies. Rollins Protective Services is a pioneer and one of the leaders in residential and commercial security. Orkin Lawn Care is one of the largest lawn care companies in the United States. Orkin Plantscaping is the industry's second largest company with operations in ten major markets.

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. Competition in the plantscaping and lawn care businesses is based on providing customized services together with guarantees, with the Registrant offering the same money-back guarantee for the services. The principal method of competition in the residential protection business of the Registrant is the provision of customized emergency protection services to meet the particular needs of each customer.

(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) 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 1996 was 9,525.

(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.

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	AGE	OFFICE WITH REGISTRANT	DATE FIRST ELECTED TO PRESENT OFFICE
R. Randall Rollins (1).....	65	Chairman of the Board and Chief Executive Officer	10/22/91
Gary W. Rollins (1)........	52	President and Chief Operating Officer	1/24/84
Gene L. Smith (2)..........	51	Chief Financial Officer,	1/22/91
		Secretary, and Treasurer	1/26/93

</TABLE>

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(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 12 and the principal markets on which common shares are traded on page 25 of the 1996 Annual Report to Stockholders are incorporated herein by reference. The number of stockholders of record on December 31, 1996 was 3,405.

ITEM 6. SELECTED FINANCIAL DATA.

Selected Financial Data on pages 10 and 11 of the 1996 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 13 through 15 of the 1996 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 1996 Annual Report to Stockholders, are incorporated herein by reference.

Financial Statements:

Statements of Income for each of the three years in the period ended December 31, 1996, page 17.

Statements of Earnings Retained for each of the three years in the period ended December 31, 1996, page 17.

Statements of Financial Position as of December 31, 1996 and 1995, page 16.

Statements of Cash Flows for each of the three years in the period ended December 31, 1996, page 18.

Notes to Financial Statements, pages 19 through 23.

Report of Independent Auditors, page 24.

Supplementary Data:

Quarterly Information, page 12.

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 22, 1997. 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 22, 1997.

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 22, 1997.

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 22, 1997, and related footnotes and information are 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

The following financial statements are incorporated herein by reference to portions of the 1996 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, 1996, page 17.

Statements of Earnings Retained for each of the three years in the period ended December 31, 1996, page 17.

Statements of Financial Position as of December 31, 1996 and 1995, page 16.

Statement of Cash Flows for each of the three years in the period ended December 31, 1996, page 18.

Notes to Financial Statements, pages 19 through 23.

Report of Independent Auditors, page 24.

(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>

<C>	<S>
(3)(i)	The Company's Certificate of Incorporation is incorporated herein by reference to Exhibit (3)(a) as filed with its Form 10-K for the year ended December 31, 1992.
(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.
(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.
(13)	Portions of the Annual Report to Stockholders for the year ended December 31, 1996 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) No reports on Form 8-K were required to be filed by the Company for the quarter ended December 31, 1996.

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.

ROLLINS, INC.

By: /s/ R. RANDALL ROLLINS

R. Randall Rollins
Chairman of the Board of Directors
(Principal Executive Officer)
March 26, 1997

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.

<TABLE>

<S>	<C>
/s/ R. RANDALL ROLLINS	/s/ GENE L. SMITH
R. Randall Rollins Chairman of the Board of Directors (Principal Executive Officer) March 26, 1997	Gene L. Smith Chief Financial Officer, Secretary, and Treasurer (Principal Financial and Accounting Officer) March 26, 1997

</TABLE>

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

<TABLE>

<S>	<C>
/s/ GARY W. ROLLINS	
Gary W. Rollins, As Attorney-in-Fact & Director, President and Chief Operating Officer March 26, 1997	

</TABLE>

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

CONSOLIDATED FINANCIAL STATEMENTS OF ROLLINS, INC. AND SUBSIDIARIES:

The Registrant's 1996 Annual Report to Stockholders, portions of which are filed with this Form 10-K, contains on pages 16 through 24 the consolidated financial statements for the years ended December 31, 1996, 1995 and 1994 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, 1996.

Statements of Earnings Retained for each of the three years in the period ended December 31, 1996.

Statements of Financial Position as of December 31, 1996 and 1995.

Statements of Cash Flows for each of the three years in the period ended December 31, 1996.

Notes to Financial Statements.

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

SCHEDULE

<TABLE>
<CAPTION>

SCHEDULE NUMBER	
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.

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 17, 1997. 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 17, 1997

ROLLINS, INC. AND SUBSIDIARIES
SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994
(IN THOUSANDS OF DOLLARS)

<TABLE>
<CAPTION>

		ADDITIONS			
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS (1)	BALANCE AT END OF PERIOD
Year ended December 31, 1996					
Allowance for doubtful accounts.............	$ 9,991	$ 8,205	$ --	$ 12,235	$ 5,961
Year ended December 31, 1995					
Allowance for doubtful accounts.............	$ 5,944	$ 22,101(2)	$ --	$ 18,054	$ 9,991
Year ended December 31, 1994					
Allowance for doubtful accounts.............	$ 4,548	$ 7,823	$ --	$ 6,427	$ 5,944

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

(2) Includes a Special Charge of $12,000,000 ($7,440,000 after tax benefit or $.21 per share) relating to the write-off of doubtful accounts at September 30, 1995, in the consumer finance operation, Rollins Acceptance Company.

EXHIBIT INDEX

Exhibit Number
- --------------

(3)(i)	The Certificate of Incorporation of Rollins, Inc. is incorporated herein by reference to Exhibit (3)(a) as filed with its Form 10-K for the year ended December 31, 1992.
(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.
(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.
(13)	Portions of the Annual Report to Stockholders for the year ended December 31, 1996 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

EMPLOYEE INCENTIVE STOCK OPTION PLAN

ROLLINS, INC.

1. PURPOSE

This Employee Incentive Stock Option Plan (the "Plan") is intended as an incentive and to encourage stock ownership by certain officers and other key employees of Rollins, Inc. (the "Corporation"), or of its subsidiary corporations (the "Subsidiary" or "Subsidiaries") as that term is defined in section 425(f) of the Internal Revenue Code of 1954 (the "Code") so that they may acquire or increase their proprietary interest in the Corporation, and to reward them properly for meritorious or profit producing services to the Corporation or the Subsidiaries. It is further intended that options issued pursuant to this Plan shall constitute incentive stock options within the meaning of Sec. 422A of the Code.

2. ADMINISTRATION.

The Plan shall be administered by a committee appointed by the Board of Directors of the Corporation (the "Committee"). The Committee shall consist of not less than three members of the Corporation's Board of Directors. The Board of Directors may from time to time remove members from or add members to the Committee. Vacancies on the Committee, howsoever caused, shall be filled by the Board of Directors. The Committee shall select one of its members as Chairman and shall hold meetings at such times and places as it may determine. The action of a majority of the Committee at which a quorum is present, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee. Each Director while a member of the Committee shall meet the definition of "disinterested person" contained in Rule 16B-3 of the Securities Exchange Commission. The Committee shall from time to time at its discretion designate the key employees who shall be granted options and the number of shares subject to such options.

The interpretation and construction by the Committee of any provisions of the Plan or of any option granted under it shall be final. No member of the Committee shall be liable for any act or omission of any other member of the Committee or for any act or omission on the member's part, including, but not limited to, the exercise of any power or discretion given the member under the Plan, except those resulting from the member's own gross negligence or willful misconduct.

3. ELIGIBILITY

The Persons who shall be eligible to receive options shall be such key employees (including officers, whether or not they are Directors) of the Corporation or its subsidiaries as the Committee shall select from time to time ("Optionee" or "Optionees"). An Optionee may hold more than one option, but only on the terms and subject to the restrictions hereafter set forth.

4. STOCK

The Stock subject to the Options under the Plan shall be shares of the Corporation's authorized and unissued or reacquired one dollar ($1.00) par value voting common stock (the term "Shares" as used herein shall refer to the said one dollar ($1.00) par value voting common stock of the Corporation, the term "Shares" shall refer to shares which are subject to an option granted under the Plan). The aggregate number of shares which may be issued pursuant to the exercise of options under the Plan shall not exceed 800,000 shares. The limitations established by each of the preceding sentences shall be subject to adjustment as provided in Section 6(I) of the Plan.

In the event that any outstanding option under the Plan for any reason expires or is terminated, the Shares allocable to the unexercised portion of such option may again be subject to an option under the Plan.

5. ANNUAL LIMITATION.

No Optionee shall be granted, in any calendar year, options to purchase shares having an aggregate fair market value (determined at the date of grant of such options) in excess of (i) $100,000 plus (ii) any unused carryover limit to such year computed in accordance with section 422A of the Code.

6. TERMS AND CONDITIONS OF OPTION.

Options granted pursuant to the Plan shall be authorized by the Committee and shall be evidenced by agreements in such form as the Committee shall from time to time approve, which agreements shall contain specifically or be subject to, the following terms and conditions:

(a) NUMBER OF SHARES. Each option shall state the number of Shares to which it pertains.

(b) OPTION PRICE. Each option shall state the option price, which shall be not less than 100% of the fair market value of the Shares subject to the option; provided that options granted to Optionees owning more than 10% of the voting stock of the Corporation shall have an option price of at least 110% of the fair market value of the Shares subject to the Option. The "fair market value" of the Shares subject to an option shall be the closing price of shares of the Corporation as reported in THE WALL STREET JOURNAL for the trading day on which the option is granted. If the option is not granted on a trading day, "fair market value" shall be the closing price of the Shares on the trading day immediately before the option is granted as reported in THE WALL STREET JOURNAL. Subject to the foregoing, the Committee, in fixing the option price, shall have full authority and discretion and be fully protected in doing so.

(c) MEDIUM AND TIME OF PAYMENT. The option price may be paid (i) in United States Dollars in cash or by check or (ii) by transferring a number of shares, valued as provided in Section 6(b) above, as of the date of transfer having a value equal to the option price, or (iii) by part payment in cash or check as provided in (i) above and by payment of the balance by transferring shares to the Corporation as provided in (ii) above.

(d) EXERCISE OF OPTION. Options shall be exercised by the delivery of written notice to the Corporation setting forth the number of Shares with respect to which the option is to be exercised, together with (i) cash, certified check, bank draft or postal or express money order payable to the order of the Corporation for the amount of the option price to be paid in cash for such Shares, (ii) stock certificates duly endorsed for transfer to the Corporation for shares of a value as determined under Section 6(b) equal to the amount of the option price not paid in cash, and specifying the address to which the certificates for such Shares are to be mailed. Such notice may be delivered in person to a member of the Committee, or the Treasurer of the Corporation, or may be sent by registered mail, return receipt requested, to a member of the Committee, or the Treasurer of the Corporation, in which case delivery shall be deemed made on the date such notice is deposited in the mail. As promptly as practicable after receipt of such notice and payment, the Corporation shall deliver to the Optionee certificates for the number of Shares with respect to which such option has been exercised, issued in the Optionee's name. Such delivery shall be deemed effective for all purposes upon the deposit of such certificates by the stock transfer agent of the Corporation in the United States mail, addressed to the Optionee, at the address specified in the notice above referenced.

(e) CONDITIONS TO EXERCISE OF OPTIONS.

(1) No option granted pursuant to this Plan shall be exercised in whole or in part more than ten years after it is granted, and such option shall be subject to such further terms and conditions as to its exercise as the Committee may prescribe; provided, however, that options granted to Optionees owning more than ten percent (10%) of the voting power of all classes of stock of the Corporation shall be exercisable for a period of no longer than five years from the date of grant.

(2) In order to exercise an option granted hereunder, in whole or in part, all of the following conditions must be fulfilled at the time of exercise:

(X) The Optionee must be in the employ of the Corporation or one of its Subsidiaries. However, any Optionee who is totally and permanently disabled at the time of exercise of an option and who has ceased to work for the Corporation or one of its Subsidiaries as a result of such disability shall not be required to be employed by the

Corporation at the time he exercises such option as long as he was employed by the Corporation or one of its Subsidiaries within one year prior to the date of exercise of such option. Permanent and total disability for such purposes shall mean that such Optionee, at the time he ceased his employment by the Corporation, was unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which could be expected to result in death or which at such time could be expected to last for a continuous period of not less than twelve (12) months. Such Optionee shall furnish proof of his disability in form and substance satisfactory to the Committee.

(Y) The Optionee shall have met any additional specific conditions imposed by the Committee at the time of the granting of the option.

(f) PRIOR OUTSTANDING OPTION. No option (for purposes of this section 6(f) called "New Option") shall be exercisable while there is outstanding any Incentive Stock Option (as defined in Sec. 422A of the Code), which Incentive Stock Option was granted, before the granting of the New Option, to the person to whom the New Option is granted, to purchase shares of the Corporation or of a corporation which, at the time the New Option is granted, is a parent or subsidiary corporation (as those terms are defined in Sec. 425 of the Code) of the Corporation, or is a predecessor corporation of the Corporation or such parent or subsidiary corporation. An Incentive Stock Option shall be treated as outstanding until such option is exercised in full or expires by reason of a lapse of time.

(g) TERMINATION OF EMPLOYMENT EXCEPT BY DEATH, DISABILITY OR RETIREMENT. In the event that an Optionee shall cease to be employed by the Corporation or any of its Subsidiaries for any reason other than his death, disability (as defined in Section 6(e)(2)(X)), or retirement in good standing (as hereinafter provided), such Optionee shall not have the right to exercise any unexercised portion of an option previously granted to the Optionee under this Plan. Whether authorized leave of absence or absence for military or governmental service shall constitute termination of employment, for the purpose of the Plan, shall be determined by the Committee, whose determination shall be final and conclusive. If, before the date of expiration of the option, the Optionee shall be retired in good standing from the employment of the Company under the established rules of the

Company, the option shall terminate on the earlier of such date of expiration or one day less than three months after the date of such retirement, and the Optionee shall have the right prior to such termination to exercise the option only to the extent he was entitled to do so immediately prior to his retirement.

(h) DEATH OF OPTIONEE AND TRANSFER OF OPTION. If the Optionee shall die while in the employ of the Corporation or a Subsidiary and shall not have fully exercised an option granted under this Plan, such option may be exercised, subject to paragraph 6 (e) (1), to the extent that the Optionee's right to exercise such option had accrued pursuant to this Section 6 of the Plan at the time of his death, by the executors or administrators of the Optionee or by any person or persons who shall have acquired the option directly from the Optionee by bequest or inheritance.

No option shall be transferable by the Optionee otherwise than by will or under the laws of descent and distribution.

(i) RECAPITALIZATION. Subject to any required action by the stockholders, the number of shares covered by each outstanding option, and the price per Share thereof, shall be proportionately adjusted for any increase or decrease in the number of issued shares of the Corporation resulting from a subdivision or consolidation of shares or the payment of a stock dividend (but only on the shares) or any other increase or decrease in the number of issued shares accomplished without receipt of consideration by the Corporation.

Subject to any required action by the stockholders, if the Corporation shall be the surviving corporation in any merger or consolidation, each outstanding option shall pertain to and apply to the stock or securities to which a holder of the same number of shares as those subject to the option would have been entitled under the terms of the agreement of merger or consolidation. In general, if the Corporation is merged into or consolidated with another corporation under circumstances in which the Corporation is not the surviving corporation, or if the Corporation is liquidated, or sells or otherwise disposes of substantially all of its assets to another corporation (all Transactions) while unexercised options are outstanding under the Plan, after the effective date of a Non-Acquiring Transaction each holder of an outstanding option shall be entitled, upon

exercise of such option, to receive such stock as those Shares subject to the option shall be entitled to receive in such Non-Acquiring transaction based upon the agreed upon conversion ratio or per share distribution. However, in the discretion of the Board of Directors, any limitations imposed pursuant to paragraph 6(e)(2)(Y) hereof may be waived so that all options, from and after a date prior to the effective date of such Non-Acquiring Transaction shall be exercisable in full, and the right to exercise shall be given to each holder of an option during a 30-day period may be cancelled by the Board of Directors as of the effective date of any such Non-Acquiring Transaction.

In the event of a change in the shares of the Corporation as presently constituted, which is limited to a change of all of its authorized shares with par value into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the shares within the meaning of the Plan.

To the extent that the foregoing adjustments relate to stock or securities of the Corporation, such adjustments shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive, provided that each option granted pursuant to this Plan shall not be adjusted in a manner that causes the option to fail to continue to qualify as an Incentive Stock Option within the meaning of Sec. 422A of the Code.

Except as herinbefore expressly provided in this Section 6, the Optionee shall have no rights by reason of any subdivision or consolidation of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger, or consolidation or spinoff of stock of another corporation, and no issue by the Corporation of shares of stock of any class shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to the option.

The grant of any option pursuant to the Plan shall not affect in any way the right or power of the Corporation to make adjustment, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets; provided, however, that if any such adjustment shall result in a fractional share for any Optionee under any

option hereunder, such fraction shall be completely disregarded and Optionee shall only be entitled to the whole number of shares resulting from such adjustment.

(j) RIGHTS AS A STOCKHOLDER. An Optionee or transferee of an option shall have no rights as a stockholder with respect to any Shares covered by his option until the date of the issuance of a stock certificate to him for such Shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the such stock certificate is issued, except as otherwise provided in Section 6 hereof.

(k) INVESTMENT PURPOSE. The Corporation shall not be obligated to sell or issue any shares pursuant to any option unless the Shares with respect to which the option is being exercised are at that time effectively registered or exempt from registration under the Securities Act of 1933, as amended.

(viii) Optionee shall not sell, transfer, give or otherwise convey any of the Shares acquired under this Plan for a period of two years from the date of the issuance of such Shares to him pursuant to the exercise of an option, except that this restriction may be waived, in the sole discretion of the Committee, in cases of extreme hardship. The certificates representing the Shares shall bear the following legend reflecting the above-described restriction on the transfer of the Shares:

"The shares represented by this certificate are acquired for investment only and may not be sold, transferred, given or otherwise conveyed for a period of two years from the date of issuance as set forth on this certificate"; and

(ix) the purchase of Shares pursuant to the exercise of an option shall be for investment purposes, and not with a view to resale or distribution except that in the event the Shares subject to such option are registered under the Securities Act of 1933, as amended, or in the event a resale of such Shares without such registration would otherwise be permissible, such condition shall be inoperative if in the opinion of counsel for the Securities Act of 1933 or any other applicable law, regulation, or rule of any governmental agency.

(1) OTHER PROVISIONS. Options authorized under the Plan shall contain

such other provisions, including, without limitation, restrictions upon the exercise of the option, as the committee or the Board of Directors of the Corporation shall deem advisable subject to any limitation on the discretion of the Board of Directors required by Rule 16B-3. Any such option agreement shall contain such limitations and restrictions upon the exercise of the option as shall be necessary in order that such option will be an Incentive Stock Option as defined in Sec. 422A of the Code or to conform to any change in the law and shall contain any provisions, restrictions or limitations which shall prevent such option from being an Incentive Stock Option as aforesaid.

7. TERM OF PLAN.

Options may be granted pursuant to the Plan from time to time within a period of ten years from the date the Plan is adopted by the Board of Directors of the Corporation.

8. INDEMNIFICATION OF COMMITTEE.

In addition to such other rights of indemnification as they may have as Directors or as members of the Committee, the members of the Committee shall be indemnified by the Corporation against the reasonable expenses, including attorneys' fees actually and necessarily incurred in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any option granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the independent legal counsel selected by the Corporation) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee member is liable for gross negligence or willful misconduct in the performance of his duties; provided that within sixty (60) days after institution of any

such action, suit or proceeding a Committee member shall in writing offer the Corporation the opportunity, at its own expense, to handle and defend the same.

9. AMENDMENT TO THE PLAN.

The Board of Directors of the Corporation may, insofar as permitted by law, from time to time, with respect to any shares at the time not subject to options, suspend or discontinue the Plan or revise or amend it in any respect whatsoever except that, without approval of the stockholders, no such revision or amendment shall change the number of shares subject to the Plan, change the designation of the class of employees eligible to receive options, decrease the price at which Options may be granted, remove the administration of the Plan from the Committee, or render any member of the Committee eligible to receive an option under the Plan while serving thereon. Furthermore, the Plan may not, without the approval of the stockholders, be amended in any manner that will cause options issued under it to fail to meet the requirements of Incentive Stock Options as defined in Sec. 422A of the Code.

10. APPLICATION OF FUNDS.

The proceeds received by the Corporation from the sale of Shares pursuant to options will be used for general corporate purposes.

11. NO OBLIGATION TO EXERCISE OPTION.

The granting of an option shall impose no obligation upon the Optionee to exercise such option.

12. APPROVAL OF STOCKHOLDERS.

The Plan shall not take effect until approved by the holders of a majority of the

outstanding shares which approval must occur within the period beginning twelve months before and ending twelve months after the date the Plan is adopted by the Board of Directors.

TEN-YEAR FINANCIAL SUMMARY

ROLLINS, INC. AND SUBSIDIARIES

<TABLE>
<CAPTION>

<S> <C>	1996 <C>	1995 <C>	1994 <C>
OPERATIONS SUMMARY (In thousands except per share data)			
Revenues	$ 627,431	$ 620,435	$ 605,327
Cost of Services Provided	358,783	325,889	311,315
Depreciation and Amortization	8,612	7,950	8,130
Special Charge	--	12,000	--
Sales, General and Administrative	229,237	216,234	208,289
Interest Expense (Income), Net	(5,967)	(4,988)	(2,994)
Income Before Income Taxes	36,766	63,350(1)	80,587
Income Taxes	13,971	24,073	31,026
Net Income	$ 22,795	$ 39,277(1)	$ 49,561
Earnings per Share	$ .64	$ 1.10(1)	$ 1.39
Dividends per Share	$ .58	$ .56	$ .50
Cash Provided by Operations	$ 58,067	$ 46,910	$ 39,340
Capital Expenditures	$ 12,115	$ 18,026	$ 8,368
Total Assets	$ 308,783	$ 314,925	$ 295,265
Long-Term Debt	--	--	--
Stockholders' Equity	$ 190,290	$ 214,318	$ 193,633
SELECTED RATIO ANALYSIS (As a % of revenues except return on average equity)			
Cost of Services Provided	57.2%	52.5%	51.5%
Sales, General and Administrative	36.5	34.9	34.4
Net Income	3.6	6.3(1)	8.2
Net Income without Special Charge	3.6	7.5	8.2
Return on Average Equity	11.3	19.3	28.0
SHARES OUTSTANDING (In thousands)			
Average	35,478	35,849	35,770
At Year End	34,594	35,858	35,826

</TABLE>

(1) INCLUDES A SPECIAL CHARGE OF $12,000,000 ($7,440,000 AFTER TAX BENEFIT OR $.21 PER SHARE) AT SEPTEMBER 30, 1995.

<TABLE>
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- --

1993	1992	1991	1990	1989	1988	1987
<S>	<C>	<C>	<C>	<C>	<C>	<C>
$575,802	$527,666	$475,555	$436,398	$402,324	$380,834	$354,303
293,499	271,518	247,994	230,107	211,604	193,829	180,513
8,310	7,966	7,806	7,482	7,509	7,013	6,935
--	--	--	--	--	--	--
203,483	187,238	169,825	155,904	146,658	140,158	126,355
(2,390)	(1,870)	(2,134)	(2,460)	(2,215)	(1,693)	(781)
72,900	62,814	52,064	45,365	38,768	41,527	41,281
28,431	24,812	20,565	17,919	15,236	16,819	19,177
$ 44,469	$ 38,002	$ 31,499	$ 27,446	$ 23,532	$ 24,708	$ 22,104
$ 1.25	$ 1.07	$ .89	$ .77	$ .67	$ .70	$ .63
$ .44	$ .40	$ .39	$ .37	$ .36	$ .34	$ .33
$ 40,034	$ 33,319	$ 31,987	$ 36,350	$ 31,955	$ 24,323	$ 29,852
$ 7,727	$ 7,042	$ 8,536	$ 8,929	$ 9,747	$ 7,825	$ 8,864
$267,194	$236,291	$204,577	$177,961	$160,121	$146,526	$130,953
--	--	--	--	--	--	--
$160,508	$129,899	$105,137	$ 86,718	$ 72,228	$ 61,082	$ 48,455
51.0%	51.5%	52.1%	52.7%	52.6%	50.9%	50.9%
35.3	35.5	35.7	35.7	36.5	36.8	35.7
7.7	7.2	6.6	6.3	5.8	6.5	6.2
7.7	7.2	6.6	6.3	5.8	6.5	6.2
30.6	32.3	32.8	34.5	35.3	45.1	50.5
35,638	35,569	35,510	35,465	35,438	35,418	35,232
35,673	35,592	35,532	35,478	35,453	35,426	35,412

</TABLE>

QUARTERLY INFORMATION

<TABLE>
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STOCK PRICES AND DIVIDENDS (Rounded to the nearest 1/8)	1996	Stock Prices High	Low	Dividends Paid	1995	Stock Prices High	Low	Dividends Paid
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	First Quarter	$ 24 7/8	$ 20 3/4	$ .14 1/2	First Quarter	$ 27 1/2	$ 22	$ .14

Second Quarter	23 7/8	21 3/4	.14 1/2	Second Quarter	28 5/8	22 1/8	.14
Third Quarter	23 1/2	20	.14 1/2	Third Quarter	25 1/4	23	.14
Fourth Quarter	20 7/8	18 1/4	.14 1/2	Fourth Quarter	25	18 7/8	.14

</TABLE>

THE NUMBER OF STOCKHOLDERS OF RECORD AS OF DECEMBER 31, 1996 WAS 3,405.

<TABLE>
<CAPTION>

PROFIT AND LOSS INFORMATION	(In thousands except per share data)	First	Second	Third	Fourth
<S>	<C>	<C>	<C>	<C>	<C>
	1996				
	Revenues	$ 142,502	$ 177,847	$ 162,514	$ 144,568
	Operating Income	12,515	21,673	6,320	861
	Net Income	6,387	12,841	3,306	261
	Earnings per Share	.18	.36	.09	.01
	1995				
	Revenues	$ 142,654	$ 175,350	$ 162,333	$ 140,098
	Operating Income	14,901	35,217	6,842(1)	13,233
	Net Income	7,807	21,102	3,454(1)	6,914
	Earnings per Share	.22	.59	.09(1)	.20
	1994				
	Revenues	$ 136,443	$ 171,874	$ 158,002	$ 139,008
	Operating Income	13,755	36,285	22,906	15,984
	Net Income	6,888	21,066	13,011	8,596
	Earnings per Share	.19	.59	.36	.25

</TABLE>

(1) INCLUDES A SPECIAL CHARGE OF $12,000,000 ($7,440,000 AFTER TAX BENEFIT OR $.21 PER SHARE) AT SEPTEMBER 30, 1995.

MANAGEMENT'S DISCUSSION AND ANALYSIS

<TABLE>
<CAPTION>

RESULTS OF OPERATIONS

	Selected Industry Segment Data			% Change From Prior Year Increase/(Decrease)	
(In thousands)	1996	1995	1994	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
REVENUES					
Orkin	$ 553,522	$ 547,797	$ 530,099	1.0%	3.3%

Rollins Protective	63,662	59,233	61,692	7.5	(4.0)
Other	10,247	13,405	13,536	(23.6)	(1.0)
	$ 627,431	$ 620,435	$ 605,327	1.1	2.5
OPERATING INCOME					
Orkin	$ 38,844	$ 76,754	$ 78,711	(49.4)	(2.5)
Rollins Protective	3,994	4,476	6,579	(10.8)	(32.0)
Other	(1,469)	(11,037)	3,640	N/M	N/M
	$ 41,369	$ 70,193	$ 88,930	(41.1)	(21.1)

</TABLE>

GENERAL OPERATING COMMENTS

The Company's investments in its core businesses contributed to lower than anticipated operating income and profit margin for 1996. Expenditures for growth related programs and market expansion initiatives as well as a substandard termite season negatively impacted 1996 operating income and margins. Higher insurance costs and termite claims also had an adverse impact on operating income.

Rollins, Inc.'s consolidated revenues of $627.4 million were 1.1% higher than in 1995. Operating income decreased $28.8 million or 41.1% over the prior year. Profit margins declined 41.6% from 1995 as compared to a decline of 23.1% (9.8% without the Special Charge) from 1994 to 1995.

Orkin revenues increased 1.0% to $553.5 million while operating income and profit margins decreased 49.4% and 50.0%, respectively, over the prior year. This compares to a 5.4% margin decrease from 1994 to 1995. Rollins Protective Services' (RPS) revenues increased 7.5% while operating income and margins declined 10.8% and 17.1%, respectively, from 1995. This compares to a 29.0% margin decline from 1994 to 1995. RPS' 1996 margin deterioration is primarily due to investments in new dedicated commercial branches, related market development, and acquisition costs.

ORKIN 1996 VERSUS 1995

Orkin's 1.0% increase in revenues over 1995 was due to increases in recurring pest control and termite renewal revenues offset by a decrease in termite sales revenue resulting from a substandard termite season. Orkin's 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.

Orkin's pest control business strategies in 1996 were focused primarily on commercial growth opportunities, new 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 for 1996 increased, as well as customer retention. Orkin plans to continue to aggressively seek growth opportunities in the commercial market as part of their future expansion plans. In order to capitalize on future opportunities, Orkin increased their investment in data processing and communication technology. New computers that directly interface with the Atlanta Rollins Customer Satisfaction Department were installed in all pest control branches. This interface enables

management to react quickly to daily operational issues while providing timely and accurate information for superior customer service. Improvements in specialized sales and service training for all service, sales and management employees were also initiated. The Orkin University education program was instituted in 1996 to develop employees' industry knowledge through required and elective training. Orkin will continue to enhance its employee training and compensation programs since this investment directly translates into better service, more satisfied customers and lower turnover. Through the investments made in 1996, Orkin is positioning itself for long-term growth in revenues, profits and customer base.

In 1996, Orkin Plantscaping completed a major training initiative for all sales and service personnel in order to improve sales and customer retention. Lawn Care concentrated on improving sales generation activity in a more focused geographic market that included new customer leads developed by the Rollins Customer Satisfaction Department.

ORKIN 1995 VERSUS 1994

For 1995, Orkin's pest control and termite sales and customer base increased, despite a second consecutive year of an unusually cold and wet spring. This weather situation negatively impacted the seasonal termite business. A renewed emphasis was placed on the monthly recurring pest control business with resulting gains. Orkin intensified its focus on the commercial market segment through the creation of a Director of Commercial Pest Control. A record year of pest control customer growth was achieved that included the opening of nine new branch facilities and one region. In addition, Orkin completed its first acquisition in Canada and successfully initiated a national franchise program.

Strategic investments were made in 1995 to increase employee sales and service staffing, enhance training, target marketing efforts and improve customer satisfaction. The million-dollar Rollins Customer Satisfaction Department began operations in the first quarter 1995 to initiate customer satisfaction feedback and to provide cross-marketing opportunities for all the Rollins, Inc. divisions. Orkin employee training efforts were consolidated under one department, Orkin Quality and Training, in order to improve the training's content, accountability and efficiency.

Orkin Plantscaping initiated a Company-wide training program targeted to improve sales and retain current customers. Also, a veteran senior Orkin executive took over the Division in the fourth quarter of 1995. Orkin Lawn Care restructured its business, with adjustments to management's span of control and sales and service staffing, to fit a smaller, more tightly focused geographic market.

ROLLINS PROTECTIVE SERVICES (RPS)
1996 VERSUS 1995

RPS' revenues and customer base increased in 1996 while operating income decreased compared to last year primarily due to market expansion and acquisition costs. RPS' customer retention rate reached the highest level in their history as a result of a very successful customer service program. Three acquisitions in New England and the Mid-Atlantic areas augment RPS' internal growth.

RPS focused its resources in 1996 on business development and new product technology. Several strategic partnerships were formed with various cable and new home construction businesses. These successful ventures have positioned RPS for unique growth opportunities in existing and new markets. For example, RPS' joint marketing program with a major U.S. cable company provides them with a vast marketing potential for recurring revenue within existing branch locations and new expansion markets. RPS also partnered with upscale home builders through the Builders Program to provide security and fire protection for new home owners. RPS will continue to seek new partnerships that allow them to increase their market share in a rapidly growing, changing industry. RPS also met the challenges of a changing industry through new product technology. Safe Start, a value-priced advanced wireless security system, was introduced in 1996. RPS is anticipating tomorrow's challenges and consumer interest with research and development and new product testing with leading security equipment manufacturers.

ROLLINS PROTECTIVE SERVICES (RPS)
1995 VERSUS 1994

RPS focused its efforts in 1995 on customer service, product development and business expansion. Three separate central alarm monitoring stations and their national customer service department were consolidated into a single, state-of-the art, integrated National

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Customer Support Center. A new premium residential alarm system, the System VII, was introduced to the market in the fourth quarter 1995. Also, RPS completed seven modest acquisitions and consequently restructured their field organization to better meet the needs of the new customers as well as existing customers.

OTHER 1996 VERSUS 1995

Revenue and operating income were negatively impacted by more stringent credit standard policies within the consumer finance area, Rollins Acceptance Company (RAC), and a disappointing termite season. The lower volume of Company financed sales for the year in conjunction with the decline in termite sales revenue contributed to RAC's results.

OTHER 1995 VERSUS 1994

Revenue decreased due to revisions of the Company's credit and internal operating policies within the consumer finance area, Rollins Acceptance Company (RAC). These revisions were a result of the changing customer demographics, in conjunction with lower than expected termite demand. A one-time special charge in 1995 of $12.0 million, which related to the write-off of doubtful accounts receivable, negatively impacted other businesses' operating income.

<TABLE>
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FINANCIAL CONDITION				% Change From Prior Year Increase/(Decrease)	
(Dollars in thousands)	1996	1995	1994	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Cash and Short-Term Investments	$ 12,150	$ 33,623	$ 31,917		
Marketable Securities	84,785	65,743	51,820		
	$ 96,935	$ 99,366	$ 83,737	(2.4)%	18.7%
Working Capital	$126,217	$ 151,756	$ 148,010	(16.8)	2.5
Current Ratio	2.6	3.1	3.2	(16.1)	(3.1)
Cash Provided by Operations	$ 58,067	$ 46,910	$ 39,340	23.8	19.2

</TABLE>

Rollins, Inc. maintains a strong financial position. The Company's operations have historically provided a strong positive cash flow which represents the Company's principal source of funds. Interest income increased 19.6% due to the increase in average funds invested in short-term investments and marketable securities.

Net trade receivables decreased $9.7 million or 10.9% compared with December 31, 1995. Trade receivables include installment receivables which are due subsequent to one year from the balance sheet date. These amounts were approximately $19.0 million and $26.2 million at the end of 1996 and 1995, respectively. The decrease in receivables is primarily the result of decreased financed sales, the effect of the revisions to the Company's credit standard policies, and improved collections.

During 1996, the Company invested $19.7 million in capital expenditures, capital leases, and acquisitions compared to $22.2 million in 1995. Also, $20.7 million was paid out in cash dividends and approximately 1.3 million shares of the Company's common stock were purchased and retired in 1996. 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.

STATEMENTS OF FINANCIAL POSITION
ROLLINS, INC. AND SUBSIDIARIES

<TABLE>
<CAPTION>

	At December 31, (In thousands except share data)	1996	1995
<S>	<C>	<C>	<C>
ASSETS	Cash and Short-Term Investments	$ 12,150	$ 33,623
	Marketable Securities	84,785	65,743
	Trade Receivables, Net	78,856	88,542
	Materials and Supplies	15,006	13,924
	Deferred Income Taxes	4,379	7,447
	Other Current Assets	10,560	13,486
	Current Assets	205,736	222,765
	Equipment and Property, Net	41,042	37,799
	Intangible Assets	41,931	42,013
	Other Assets	20,074	12,348
	Total Assets	$ 308,783	$ 314,925

LIABILITIES	Capital Lease Obligations	$ 2,735	$ 1,314
	Accounts Payable	15,897	13,334
	Accrued Insurance Expenses	15,053	14,314
	Accrued Payroll	12,957	12,028
	Unearned Revenue	15,614	14,695
	Other Expenses	17,263	15,324
	Current Liabilities	79,519	71,009
	Capital Lease Obligations	12,163	7,422
	Long-Term Accrued Liabilities	20,591	15,936
	Deferred Income Taxes	6,220	6,240
	Total Liabilities	118,493	100,607
	Commitments and Contingencies		
STOCKHOLDERS' EQUITY	Common Stock, par value $1 per share; 99,500,000 shares authorized; 34,594,481 and 41,431,814 shares issued	34,594	41,432
	Earnings Retained	155,696	224,009
		190,290	265,441
	Less - Common Stock in Treasury, at Cost, 5,573,589 shares in 1995	--	51,123
	Total Stockholders' Equity	190,290	214,318
	Total Liabilities and Stockholders' Equity	$ 308,783	$ 314,925

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

STATEMENTS OF INCOME
ROLLINS, INC. AND SUBSIDIARIES

<TABLE>
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Years Ended December 31, (In thousands except per share data)	1996	1995	1994
<S>	<C>	<C>	<C>
REVENUES			
Customer Services	$ 627,431	$ 620,435	$ 605,327
COSTS AND EXPENSES			
Cost of Services Provided	358,783	325,889	311,315
Depreciation and Amortization	8,612	7,950	8,130
Special Charge	--	12,000	--
Sales, General and Administrative	229,237	216,234	208,289
Interest Income	(5,967)	(4,988)	(2,994)
	590,665	557,085	524,740
INCOME BEFORE INCOME TAXES	36,766	63,350	80,587
PROVISION (CREDIT) FOR INCOME TAXES			

	1996	1995	1994
Current	15,522	31,919	30,201
Deferred	(1,551)	(7,846)	825
	13,971	24,073	31,026
NET INCOME	$ 22,795	$ 39,277	$ 49,561
EARNINGS PER SHARE	$ .64	$ 1.10	$ 1.39
AVERAGE SHARES OUTSTANDING	35,478	35,849	35,770

</TABLE>

STATEMENTS OF EARNINGS RETAINED
ROLLINS, INC. AND SUBSIDIARIES

<TABLE>
<CAPTION>

Years Ended December 31, (In thousands except per share data)	1996	1995	1994
<S>	<C>	<C>	<C>
Balance at Beginning of Year	$ 224,009	$ 203,582	$ 171,862
Net Income	22,795	39,277	49,561
Cash Dividends	(20,669)	(20,076)	(17,887)
Common Stock Purchased and Retired	(24,916)	--	--
Common Stock in Treasury Retired	(45,371)	--	--
Other	(152)	1,226	46
Balance at End of Year	$ 155,696	$ 224,009	$ 203,582
DIVIDENDS PER SHARE	$ .58	$ .56	$ .50

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

STATEMENTS OF CASH FLOWS
ROLLINS, INC. AND SUBSIDIARIES

<TABLE>
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	Years Ended December 31, (In thousands)	1996	1995	1994
<S>	<C>	<C>	<C>	<C>
OPERATING ACTIVITIES	Net Income	$ 22,795	$ 39,277	$ 49,561
	Noncash Charges (Credits) to Earnings:			
	Special Charge	--	12,000	--
	Depreciation and Amortization	8,612	7,950	8,130
	Deferred Income Taxes	(1,551)	(7,846)	825
	Other, Net	4,394	4,461	2,382
	(Increase) Decrease in Assets:			

	Trade Receivables	9,996	1,476	(14,257)
	Materials and Supplies	(995)	2,422	(421)
	Other Current Assets	4,108	(622)	(3,183)
	Other Non-Current Assets	(2,934)	(1,167)	(533)
	Increase (Decrease) in Liabilities:			
	Accounts Payable and Accrued Expenses	6,833	3,681	(2,676)
	Unearned Revenue	542	(1,040)	2,713
	Long-Term Accrued Liabilities	3,655	(6,602)	(4,277)
	Non-Current Deferred Income Taxes	2,612	(7,080)	1,076
	Net Cash Provided by Operating Activities	58,067	46,910	39,340
INVESTING ACTIVITIES	Purchases of Equipment and Property	(9,982)	(9,080)	(8,256)
	Net Cash Used for Acquisition of Companies	(7,950)	(4,373)	(740)
	Marketable Securities, Net	(19,661)	(12,463)	(1,910)
	Proceeds from Sale of Equipment and Property	316	215	1,152
	Net Cash Used in Investing Activities	(37,277)	(25,701)	(9,754)
FINANCING ACTIVITIES	Dividends Paid	(20,669)	(20,076)	(17,887)
	Common Stock Purchased and Retired	(26,200)	--	--
	Proceeds from Capital Lease	5,500	--	--
	Payments on Capital Lease	(1,314)	--	--
	Other	420	573	2,116
	Net Cash Used in Financing Activities	(42,263)	(19,503)	(15,771)
	Net Increase (Decrease) in Cash and Short-Term Investments	(21,473)	1,706	13,815
	Cash and Short-Term Investments at Beginning of Year	33,623	31,917	18,102
	Cash and Short-Term Investments at End of Year	$ 12,150	$ 33,623	$ 31,917

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1996, 1995, AND 1994, ROLLINS, INC. AND SUBSIDIARIES

1. SIGNIFICANT ACCOUNTING POLICIES

BUSINESS DESCRIPTION - Rollins, Inc. Is a national company with headquarters located in Atlanta, Georgia, providing services to both residential and commercial customers. The four primary services provided are termite and pest control, protective services, lawn care, and plantscaping.

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of Rollins, Inc. (the Company) and its subsidiaries. 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 value.

MARKETABLE SECURITIES - Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Under this statement, 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. The adoption of this statement did not have a material effect on the Company's financial position.

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 comprises most of 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 $28,332,000, $27,292,000, and $25,834,000 in 1996, 1995, and 1994, respectively.

INCOME TAXES - The Company follows the practice of providing for income taxes based on Statement of Financial Accounting Standards No. 109 (SFAS No. 109), "Accounting for Income Taxes." SFAS No. 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.

COMMON STOCK - Earnings per share is computed on the basis of weighted-average shares outstanding. Stock options outstanding do not have a significant dilutive effect.

STOCK-BASED COMPENSATION - During October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation." This Statement establishes a fair value based method of accounting for employee stock-based compensation. However, the Statement allows companies to continue following the accounting prescribed by Accounting Principles Bulletin (APB) Opinion No. 25. The Company has adopted the disclosure-only option of SFAS No. 123 and will continue to use the accounting treatment outlined in APB Opinion No. 25. If the accounting provisions of the new Statement had been adopted as of the beginning of 1996, the effect on 1996 net earnings would have been immaterial. Further, based on current and anticipated use of stock-based compensation, it is not envisioned that the impact of the Statement's accounting provisions would be material in any future period.

2. SPECIAL CHARGE

A special charge of $12,000,000 ($7,440,000 after tax benefit or $.21 per share) was recorded in the third quarter 1995 to write off doubtful accounts receivable in the consumer finance operation, Rollins Acceptance Company, (RAC), as a result of management's actions and assessment of the estimated realizable value of the financed receivables portfolio at September 30, 1995.

3. TRADE RECEIVABLES

Trade receivables, net, at December 31, 1996, totalling $78,856,000 and at December 31, 1995, totalling $88,542,000 are net of allowances for doubtful accounts of $5,961,000 and $9,991,000, respectively. Trade receivables include installment receivable amounts which are due subsequent to one year from the balance sheet dates. These amounts were approximately $19,030,000 and $26,209,000 at the end of 1996 and 1995, respectively. The carrying amount of installment receivables approximates fair value because the interest rates approximate market rates.

4. EQUIPMENT AND PROPERTY

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

(In Thousands)	1996	1995
Buildings	$ 9,461	$ 9,238
Operating equipment	55,056	55,339
Furniture and fixtures	12,539	12,018
Computer equipment under capital leases	10,482	8,736
	87,538	85,331
Less - accumulated depreciation	49,758	50,715
	37,780	34,616
Land	3,262	3,183
	$ 41,042	$ 37,799

5. 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.

6. INCOME TAXES

A reconciliation between taxes computed at the statutory rate on the income before income taxes and the provision for income taxes is as follows:

(In Thousands)	1996	1995	1994
Federal income taxes at statutory rate	$ 12,868	$ 22,172	$ 28,205
State income taxes (net of federal benefit)	1,539	3,015	3,286
Other	(436)	(1,114)	(465)
	$ 13,971	$ 24,073	$ 31,026

The provision for income taxes was based on a 38.0% estimated effective income tax rate on income before income taxes for the years ended December 31, 1996 and 1995, and a 38.5% estimated effective income tax rate for the year ended December 31, 1994. The effective income tax rate differs from the annual federal statutory tax rate primarily because of state income taxes.

Income taxes remitted were $9,354,000, $37,708,000, and $33,915,000 for the years ended December 31, 1996, 1995, and 1994, respectively.

The tax effect of the temporary differences which comprise the current and non-current deferred income tax debits (credits) amounts is as follows:

(In Thousands)	1996	1995
Deferred Tax Assets (Liabilities)		
Insurance reserves	$ 13,466	$ 11,925
Safe harbor lease	(15,460)	(16,374)
Other	153	5,656
	$ (1,841)	$ 1,207

7. 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, 1996, are summarized as follows:

(In thousands)	Capitalized Leases	Operating Leases
1997	$3,470	$ 19,255
1998	3,760	14,823
1999	3,760	9,944
2000	3,760	7,184
2001	2,073	6,082
Thereafter	288	42,747
	$ 17,111	$ 100,035
Amount representing interest	(2,213)	
Present value of obligations	14,898	
Portion due within one year	(2,735)	
Long-term obligations	$ 12,163	

Effective December 1996, the Company entered into a five year contract for the acquisition of information systems equipment and services. This contract was classified as a capital lease. As part of the lease agreement, the Company received cash for the financing of future purchases of various third party software and services as well as actual equipment. Therefore, as of December 31, 1996, only the delivered computer equipment and services were recorded as assets.

Total rental expense under operating leases charged to operations was $26,751,000, $25,701,000, and $24,867,000 for the years ended December 31, 1996, 1995, and 1994, 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.

8. BUSINESS SEGMENT INFORMATION

The Company operates two major business segments. Certain information with respect to the Company's business segments is as follows:

(In thousands)	1996	1995	1994
REVENUES			
Orkin	$ 553,522	$ 547,797	$ 530,099
Rollins Protective	63,662	59,233	61,692
Other	10,247	13,405	13,536
	$ 627,431	$ 620,435	$ 605,327
OPERATING INCOME			
Orkin	$ 38,844	$ 76,754	$ 78,711
Rollins Protective	3,994	4,476	6,579
Other	(1,469)	(11,037)(1)	3,640
	41,369	70,193	88,930
OTHER			
Corporate expenses, net	(10,570)	(11,831)	(11,337)
Interest income	5,967	4,988	2,994
Income before income taxes	$ 36,766	$ 63,350(1)	$ 80,587
IDENTIFIABLE ASSETS			
Orkin	$ 158,086	$ 167,037	$ 169,750
Rollins Protective	26,468	22,618	21,236
Other	124,229	125,270	104,279
	$ 308,783	$ 314,925	$ 295,265
DEPRECIATION AND AMORTIZATION EXPENSE			
Orkin	$ 6,486	$ 6,154	$ 6,654
Rollins Protective	755	634	448
Other	1,371	1,162	1,028
	$ 8,612	$ 7,950	$ 8,130
CAPITAL EXPENDITURES			
Orkin	$ 7,284	$ 14,413	$ 6,530
Rollins Protective	912	1,923	466
Other	3,919	1,690	1,372
	$ 12,115	$ 18,026	$ 8,368

(1) INCLUDES A SPECIAL CHARGE OF $12,000,000 ($7,440,000 AFTER TAX BENEFIT OR $.21 PER SHARE) AT SEPTEMBER 30, 1995.

- --

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:

(In thousands)	1996	1995	1994
Service cost-benefits earned during the period	$ 3,141	$ 2,844	$ 2,749
Interest cost on projected benefit obligation	4,081	3,958	3,524
Actual return on plan assets	(5,185)	(9,236)	1,445
Net amortization of transition asset	(1,181)	(1,181)	(1,181)
Deferral of net investment gain (loss)	570	4,778	(5,718)
Net pension expense	$ 1,426	$ 1,163	$ 819

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

(In thousands)	1996	1995
Actuarial present value of benefit obligations:		
Accumulated benefit obligation including vested benefits of $44,420 in 1996 and $41,850 in 1995	$ (48,011)	$ (45,553)
Effect of projected future compensation levels	(9,298)	(9,131)
Projected benefit obligation	(57,309)	(54,684)
Plan assets at fair value	54,876	52,056
Plan assets less than projected obligation	(2,433)	(2,628)
Unrecognized net loss	3,401	6,204
Unrecognized net asset at transition being amortized over 10 years	(575)	(1,725)
Unrecognized prior service cost	(293)	(325)
Prepaid pension expense included in other assets	$ 100	$ 1,526

At December 31, 1996, 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 $6,054,000. The expected long-term rate of return on plan assets was 9.5% in 1996, 1995, and 1994. The weighted-average discount rate used in determining the projected benefit obligation decreased from 8.5% in 1994 to 7.5% in 1995 and 1996 to more closely approximate rates on high-quality, long-term obligations. The assumed growth rate of compensation was 5.5% in 1994 and 4.5% in 1995 and 1996.

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 $1,592,000 in 1996, $1,627,000 in 1995, and $1,465,000 in 1994.

The Company has an Employee Incentive Stock Option Plan (1984 Plan), adopted in October, 1984, under which 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 the grant and expire ten years from the date of the grant, if not exercised. No additional options will be granted under this Plan.

Option transactions during the last three years for the 1984 Plan are summarized as follows:

(Number of shares)	1996	1995	1994
Outstanding at January 1,	62,611	73,857	114,206
Granted	--	--	--
Exercised	(5,037)	(6,696)	(36,009)
Cancelled	(5,542)	(4,550)	(4,340)
Outstanding at December 31,	52,032	62,611	73,857
Exercisable at December 31,	48,418	50,501	46,857
Option price ranges per share:			
Granted	$ --	$ --	$ --
Exercised	11.25-19.08	7.00-19.08	5.92-25.50
Cancelled	11.25-25.50	11.25-25.50	5.92-25.50
Outstanding	11.25-25.50	8.50-25.50	7.00-25.50

On January 25, 1994, the Company adopted a new Employee Stock Incentive Plan (1994 Plan) under which 1,200,000 shares of common stock are subject to grants through January 25, 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.

Grant and option transactions during the last three years for the 1994 Plan are summarized as follows:

(Number of shares)	1996	1995	1994
Outstanding at January 1,	195,000	193,100	--
Granted	75,000	17,000	200,900
Exercised	--	--	--
Cancelled	(21,900)	(15,100)	(7,800)
Outstanding at December 31,	248,100	195,000	193,100
Exercisable at December 31,	44,040	21,140	--
Option price ranges per share:			
Granted	$20.88-28.38	$ 24.25	$ 28.38
Exercised	--	--	--
Cancelled	20.88-28.38	24.25-28.38	28.38
Outstanding	20.88-28.38	24.25-28.38	28.38

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, 1996, 1995 and 1994. 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/ R. Randall Rollins	/s/ Gene L. Smith
R. Randall Rollins	Gene L. Smith
CHAIRMAN OF THE BOARD AND	CHIEF FINANCIAL OFFICER
CHIEF EXECUTIVE OFFICER	SECRETARY, AND TREASURER

Atlanta, Georgia
February 17, 1997

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, 1996 and 1995 and the related statements of income, earnings retained and cash flows for each of the three years in the period ended December 31, 1996. 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, 1996 and 1995 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP
Arthur Andersen LLP

Atlanta, Georgia
February 17, 1997

DIRECTORS, OFFICERS, AND STOCKHOLDERS' INFORMATION

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 and Chief Executive Officer of Rollins Environmental Services, Inc. (hazardous waste treatment and disposal)

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 Sun Trust 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 22, 1997, 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
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.

Name	State/Country of Incorporation
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

EXHIBIT 23

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 26, 1997

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 20 day of FEB, 1997.

/s/ Wilton Looney

Wilton Looney, Director

Witness:

/s/ Norma S. 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 24 day of FEB, 1997.

/s/ Henry B. Tippie

Henry B. Tippie, Director

Witness:

/s/ Linda M. Potts
- -------------------

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, 1997.

/s/ Bill J. Dismuke

Bill J. Dismuke, Director

Witness:

/s/ Sue Dismuke
- -----------------

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 21 day of February, 1997.

/s/ John W. Rollins

John W. Rollins, Director

Witness:

/s/ Cindy L. Alfonso
- ---------------------

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 20th day of February, 1997.

/s/ James B. Williams

James B. Williams, Director

Witness:

/s/ Judy M. Gilbert
- ----------------------

<TABLE> <S> <C>

<ARTICLE> 5
<LEGEND>
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.
</LEGEND>
<MULTIPLIER> 1,000

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<CURRENT-LIABILITIES>	79,519
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