UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10–Q

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

For the quarterly period ended March 31, 2017

Commission File Number 1-4422

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

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

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

30324
(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Rollins, Inc. had 218,008,975 shares of its $1 par value Common Stock outstanding as of April 15, 2017.

ROLLINS, INC. AND SUBSIDIARIES

PART 1 FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2017 AND DECEMBER 31, 2016
(in thousands except share data)

	March 31, 2017 (unaudited)	December 31, 2016
ASSETS		
Cash and cash equivalents	$ 162,478	$ 142,785
Trade receivables, net of allowance for doubtful accounts of $9,118 and $11,443, respectively	85,178	88,490
Financed receivables, short-term, net of allowance for doubtful accounts of $1,717 and $1,727, respectively	15,177	15,968
Materials and supplies	14,736	13,724
Other current assets	28,186	29,204
Total current assets	305,755	290,171
Equipment and property, net	132,101	133,477
Goodwill	257,612	255,665
Customer contracts	115,262	117,466
Other intangible assets	43,784	44,310
Financed receivables, long-term, net of allowance for doubtful accounts of $1,430 and $1,430, respectively	16,344	16,748
Deferred income taxes	36,414	41,877
Other assets	17,593	16,824
Total assets	$ 924,865	$ 916,538
LIABILITIES		
Accounts payable	$ 31,946	$ 30,284
Accrued insurance	26,938	26,201
Accrued compensation and related liabilities	60,338	75,839
Unearned revenues	104,325	99,820
Other current liabilities	43,968	44,847
Total current liabilities	267,515	276,991
Accrued insurance, less current portion	32,327	32,023
Accrued pension	2,506	2,880
Long-term accrued liabilities	38,966	36,099
Total liabilities	341,314	347,993
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, without par value; 500,000 shares authorized, zero shares issued	—	—
Common stock, par value $1 per share; 375,000,000 shares authorized, 218,008,975 and 217,791,511 shares issued and outstanding, respectively	218,009	217,792
Treasury stock, par value $1 per share; 0 and 0 shares, respectively	—	—
Paid in capital	73,022	77,452
Accumulated other comprehensive loss	(66,068)	(70,075)
Retained earnings	358,588	343,376
Total stockholders' equity	583,551	568,545
Total liabilities and stockholders' equity	$ 924,865	$ 916,538

The accompanying notes are an integral part of these condensed consolidated financial statements.

ROLLINS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(in thousands per except share data)
(unaudited)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
REVENUES		
Customer services	**$ 375,247**	$ 352,736
COSTS AND EXPENSES		
Cost of services provided	**189,163**	177,802
Depreciation and amortization	**13,771**	11,640
Sales, general and administrative	**115,154**	112,255
Gain on sale of assets, net	**(26)**	(89)
Interest income, net	**(73)**	(50)
INCOME BEFORE INCOME TAXES	**57,258**	51,178
PROVISION FOR INCOME TAXES	**16,988**	19,250
NET INCOME	**$ 40,270**	$ 31,928
NET INCOME PER SHARE - BASIC AND DILUTED	**$ 0.18**	$ 0.15
DIVIDENDS PAID PER SHARE	**$ 0.115**	$ 0.10
Weighted average participating shares outstanding -basic and diluted	**217,971**	218,686

The accompanying notes are an integral part of these condensed consolidated financial statements.

ROLLINS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2017	2016
NET INCOME	**$ 40,270**	$ 31,928
Other comprehensive earnings (loss), net of tax		
Foreign currency translation adjustments	**4,007**	9,892
Other comprehensive earnings (loss)	**4,007**	9,892
Comprehensive earnings	**$ 44,277**	$ 41,820

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Rollins, Inc. and Subsidiaries
(In thousands) (unaudited)

	Common Stock		Treasury		Paid-	Accumulated Other Comprehensive	Retained	
	Shares	**Amount**	**Shares**	**Amount**	**In-Capital**	**Income / (Loss)**	**Earnings**	**Total**
Balance at December 31, 2015	**218,753**	**$ 218,753**	**(200)**	**$ (200)**	**$ 69,762**	**$ (71,178)**	**$ 306,892**	**$ 524,029**
Net Income							167,369	167,369
Other Comprehensive Income, Net of Tax								
Pension Liability Adjustment	—	—	—	—	—	1,705	—	1,705
Foreign Currency Translation Adjustments	—	—	—	—	—	(602)	—	(602)
Cash Dividends	—	—	—	—	—	—	(109,002)	(109,002)
Common Stock Purchased (1)	(836)	(836)	—	—	—	—	(21,883)	(22,719)
Common Stock Retired	(200)	(200)	200	200				—
Stock Compensation	388	388	—	—	12,027	—	—	12,415
Employee Stock Buybacks	(313)	(313)	—	—	(8,036)	—	—	(8,349)
Excess Tax Benefit on Share-based payments	—	—	—	—	3,699	—	—	3,699
Balance at December 31, 2016	**217,792**	**217,792**	**—**	**—**	**77,452**	**(70,075)**	**343,376**	**568,545**
Net Income							40,270	40,270
Other Comprehensive Income, Net of Tax								
Foreign Currency Translation Adjustments	—	—	—	—	—	4,007	—	4,007
Cash Dividends	—	—	—	—	—	—	(25,058)	(25,058)
Stock Compensation	435	435	—	—	2,832	—	—	3,267
Employee Stock Buybacks	(218)	(218)	—	—	(7,262)	—	—	(7,480)
Balance at March 31, 2017	**218,009**	**218,009**	**—**	**—**	**73,022**	**(66,068)**	**358,588**	**583,551**

(1) Charges to Retained Earnings are from purchases of the Company's Common Stock.

The accompanying notes are an integral part of these consolidated financial statements.

ROLLINS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(in thousands)
(unaudited)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
OPERATING ACTIVITIES		
Net income	**$ 40,270**	$ 31,928
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**13,771**	11,640
Provision for deferred income taxes	**5,462**	4,167
Provision for bad debts	**61**	610
Stock - based compensation expense	**3,267**	3,325
Excess tax benefits from share-based payments	**—**	(3,019)
Other, net	**(130)**	2
Changes in operating assets and liabilities	**(4,654)**	(7,309)
Net cash provided by operating activities	**58,047**	41,344
INVESTING ACTIVITIES		
Cash used for acquisitions of companies, net of cash acquired	**(3,020)**	(21,109)
Purchases of equipment and property	**(5,454)**	(8,956)
Proceeds from sales of franchises	**168**	37
Other	**61**	93
Net cash used in investing activities	**(8,245)**	(29,935)
FINANCING ACTIVITIES		
Cash paid for common stock purchased	**(7,480)**	(8,779)
Dividends paid	**(25,058)**	(21,855)
Excess tax benefits from share-based payments	**—**	3,019
Net cash used in financing activities	**(32,538)**	(27,615)
Effect of exchange rate changes on cash	**2,429**	12,870
Net increase/(decrease) in cash and cash equivalents	**19,693**	(3,336)
Cash and cash equivalents at beginning of period	**142,785**	134,574
Cash and cash equivalents at end of period	**$ 162,478**	$ 131,238

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTE 1. BASIS OF PREPARATION AND OTHER

Basis of Preparation -The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. There has been no material change in the information disclosed in the notes to the consolidated financial statements included in the Annual Report on Form 10-K of Rollins, Inc. (the "Company") for the year ended December 31, 2016. Accordingly, the quarterly condensed consolidated financial statements and related disclosures herein should be read in conjunction with the 2016 Annual Report on Form 10-K.

The preparation of interim financial statements requires management to make estimates and assumptions for the amounts reported in the condensed consolidated financial statements. Specifically, the Company makes estimates in its interim condensed consolidated financial statements for the termite accrual which includes future costs including termiticide life expectancy and government regulations, the insurance accrual which includes self-insurance and worker's compensation, inventory adjustments, discounts and volume incentives earned, among others.

In the opinion of management, all adjustments necessary for a fair presentation of the Company's financial results for the interim periods have been made. These adjustments are of a normal recurring nature. The results of operations for the three month period ended March 31, 2017 are not necessarily indicative of results for the entire year.

The Company has only one reportable segment, its pest and termite control business. The Company's results of operations and its financial condition are not reliant upon any single customer, or a few customers, or the Company's foreign operations.

NOTE 2. RECENT ACCOUNTING PRONOUNCEMENTS

Recently adopted accounting standards

In March 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Some of the areas for simplification apply only to nonpublic entities. The amendments in this update are effective for the Company's financial statements issued for annual periods beginning after December 15, 2016, and interim periods within annual periods. The Company adopted this standard during the quarter ended March 31, 2017 and applied these provisions prospectively. See Management's Discussion and Analysis for a summary of the impact of such adoption.

Recently issued accounting standards to be adopted in 2017 or later

REVENUE RECOGNITION:

The Financial Accounting Standards Board and International Accounting Standards Board issued their converged standard on revenue recognition in May 2014. The standard provides a comprehensive, industry-neutral revenue recognition model intended to increase financial statement comparability across companies and industries and significantly reduce the complexity inherent in today's revenue recognition guidance. The various ASUs related to Revenue from Contracts with Customers (Topic 606) have been listed below:

- ASU No. 2014-09. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services using a five step process.
- ASU No. 2015-14. Deferred the effective date of ASU 2014-09 for all entities by one year to the first quarter of 2018 with early application permitted.
- ASU No. 2016-08, Principal versus Agent Considerations (Reporting Revenue Gross versus Net). The amendments provide guidance on whether an entity is a principal or agent when providing services to a customer along with another party.
- ASU No. 2016-10, Identifying Performance Obligations and Licensing. The amendments clarify the earlier guidance on identifying performance obligations and licensing implementation.
- ASU No. 2016-11, Rescission of SEC Guidance Because of ASUs 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting. This ASU rescinds certain SEC guidance related to issues that are currently codified under various topics.
- ASU No. 2016-12, Narrow-Scope Improvements and Practical Expedients. The amendments provide clarifying guidance on certain aspects of the five step process and practical expedients regarding the effect of modifications and status of completed contracts under legacy GAAP and disclosures related to the application of this guidance using the modified retrospective or retrospective transition method.

- ASU No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers. The amendments in ASU 2016-20 affect narrow aspects of the guidance issued in ASU 2014-09 and includes among others, loan guarantees, impairment testing of contract costs, performance obligations disclosures and accrual of advertising costs.

  Current Status of implementation:
  The Company is currently analyzing the effect of the standard across all of its revenue streams to evaluate the impact of the new standard on revenue contracts. This includes reviewing current accounting policies and practices to identify potential differences that would result from applying the requirements under the new standard. Most of the Company's services are primarily short-term in nature, and the assessment at this stage is that the Company does not expect the adoption of the new revenue recognition standard to have a material impact on its financial statements. The Company plans to adopt the standard in the first quarter of 2018 using the modified retrospective method by recognizing the cumulative effect of initially applying the new standard as an adjustment to the opening balance of retained earnings. The Company intends to engage a consultant to assist the Company with implementation of this standard.

In February 2016, the FASB issued ASU No. 2016-02, Leases, which require lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. The ASU also will require disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. The amendments in this update are effective for the Company's financial statements issued for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2018. Earlier application is permitted as of the beginning of an interim or annual reporting period. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flow Classification of Certain Cash Receipts and Cash Payments, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments in this update are effective for the Company's financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods. Earlier adoption is permitted for any entity in any interim or annual reporting period. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, which requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of transferred assets and activities is not a business. The guidance also requires a business to include at least one substantive process and narrows the definition of outputs by more closely aligning it with how outputs are described in ASC 606. The amendments in the update are effective for the Company's financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those years. Early adoption is permitted. We do not expect this standard to have a material impact on the Company's reported results of operations or financial position.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of today's goodwill impairment test) to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (i.e., measure the charge based on today's Step 1). The standard in this update is effective for the Company's financial statements issued for fiscal years beginning in 2020. Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. We do not expect this standard to have a material impact on the Company's reported results of operations or financial position.

In February 2017, the FASB issued Accounting Standards Update No. 2017-06, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965), Employee Benefit Plan Master Trust Reporting ("ASU 2017-06"). ASU 2017-06 relates primarily to the reporting by an employee benefit plan (a plan) for its interest in a master trust. A master trust is a trust for which a regulated financial institution (bank, trust company, or similar financial institution that is regulated, supervised, and subject to periodic examination by a state or federal agency) serves as a trustee or custodian and in which assets of more than one plan sponsored by a single employer or by a group of employers under common control are held. Under Topic 960, investments in master trusts are presented in a single line item in the statement of net assets available for benefits. Similar guidance is not provided in Topic 962 or 965, which has resulted in diversity in practice. For each master trust in which a plan holds an interest, the amendments in ASU 2017-06 require a plan's interest in that master trust and any change in that interest to be presented in separate line items in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits, respectively. The amendments in ASU 2017-06 are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. An entity should apply the amendments in ASU 2017-06 retrospectively to each period for which financial statements are presented. We do not expect this standard to have a material impact on the Company's reported results of operations or financial position.

In March 2017, the FASB issued Accounting Standards Update No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (“ASU 2017-07”). The update requires employers to present the service cost component of the net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. The other components of net benefit cost, including interest cost, expected return on plan assets, amortization of prior service cost/credit and actuarial gain/loss, and settlement and curtailment effects, are to be presented outside of any subtotal of operating income. Employers will have to disclose the line(s) used to present the other components of net periodic benefit cost, if the components are not presented separately in the income statement. ASU 2017-07 is effective for fiscal years and interim periods beginning after December 15, 2017, and early adoption is permitted. We do not expect this standard to have a material impact on the Company’s reported results of operations or financial position.

NOTE 3. EARNINGS PER SHARE

The Company follows ASC 260, *Earnings Per Share* (ASC 260) that requires the reporting of both basic and diluted earnings per share. Basic earnings per share is computed by dividing net income available to participating common stockholders by the weighted average number of participating common shares outstanding for the period.

Basic and diluted earnings per share attributable to common and restricted shares of common stock for the period were as follows:

	Three Months Ended March 31,	
	2017	2016
Basic and diluted earnings per share		
Common stock	**$ 0.18**	$ 0.15
Restricted shares of common stock	**$ 0.18**	$ 0.15

NOTE 4. CONTINGENCIES

In the normal course of business, certain of the Company’s subsidiaries are defendants in a number of lawsuits, claims or arbitrations which allege that the subsidiaries’ services caused damage. In addition, the Company defends employment related cases and claims from time to time. We are involved in certain environmental matters primarily arising in the normal course of business. We are actively contesting each of these matters.

On December 2, 2014, Plaintiff Killian Pest Control sued Rollins, Inc. and its subsidiary HomeTeam Pest Defense alleging that HomeTeam’s exclusive use of its “tubes in the walls” system violates the federal Sherman Antitrust Act, and California’s Cartwright Act and Business and Professions Code. Plaintiffs seek a declaratory judgment that the alleged misconduct violates the Sherman and Cartwright Acts, and the Business and Professions Code; a permanent injunction against continuing alleged violations; and monetary damages. The lawsuit is pending in the United States District Court, Northern District of California. Because discovery remains open and there are unresolved questions of fact and law, the Company cannot currently estimate the loss, if any, and intends to defend this matter vigorously.

On December 2, 2014, Plaintiff Jose Luis Garnica, on behalf of himself and a class of similarly situated customers, sued Rollins, Inc. and its subsidiary HomeTeam Pest Defense alleging that HomeTeam’s exclusive use of its “tubes in the walls” system violates the federal Sherman Antitrust Act. A second Plaintiff, Cora Potter, subsequently was added. Plaintiffs seek a declaratory judgment that the alleged misconduct violates the Sherman Act; a permanent injunction against continuing violations; and monetary damages. On February 3, 2017, the Court issued an order denying Plaintiffs’ Motion for Class Certification. At a hearing on February 9, 2017, the Court granted Plaintiffs leave to seek certification of a class of customers limited to their own geographic market, the Bakersfield, California area. The lawsuit is pending in the United States District Court, Northern District of California. Because discovery remains open and there are unresolved questions of fact and law, the Company cannot currently estimate the loss, if any, and intends to defend this matter vigorously.

Management does not believe that any pending claim, proceeding or litigation, either alone or in the aggregate will have a material adverse effect on the Company’s financial position, results of operations or liquidity; however, it is possible that an unfavorable outcome of some or all of the matters, however unlikely, could result in a charge that might be material to the results of an individual quarter or year.

NOTE 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade receivables, notes receivable, accounts payable and other short-term liabilities. The carrying amounts of these financial instruments approximate their fair values. The Company has a Revolving Credit Agreement with SunTrust Bank and Bank of America, N.A. for an unsecured line of credit of up to $175.0 million, which includes a $75.0 million letter of credit subfacility and a $25.0 million swingline subfacility. There were no outstanding borrowings at March 31, 2017 and December 31, 2016.

NOTE 6. STOCKHOLDERS' EQUITY

During the three months ended March 31, 2017 the Company paid $25.0 million or $0.115 per share in cash dividends compared to $21.9 million or $0.10 per share during the same period in 2016.

The Company did not repurchase shares of its common stock from the open market during the first three months of 2017 compared to the repurchase of approximately 54,000 shares at a weighted average price of $24.77 during the first three months of 2016.

The Company repurchased $7.5 million and $7.4 million of common stock for the three months ended March 31, 2017 and 2016, respectively, from employees for the payment of taxes on vesting restricted shares.

As more fully discussed in Note 15 of the Company's notes to the consolidated financial statements in its 2016 Annual Report on Form 10-K, stock options, time lapse restricted shares (TLRS's) and restricted stock units have been issued to officers and other management employees under the Company's Employee Stock Incentive Plans. The Company issues new shares from its authorized but unissued share pool. At March 31, 2017, approximately 4.3 million shares of the Company's common stock were reserved for issuance.

Time Lapse Restricted Shares and Restricted Stock Units

The following table summarizes the components of the Company's stock-based compensation programs recorded as expense:

	Three Months Ended March 31,	
(in thousands)	**2017**	2016
Time lapse restricted stock:		
Pre-tax compensation expense	**$ 3,267**	$ 3,325
Tax benefit	**(1,264)**	(1,287)
Restricted stock expense, net of tax	**$ 2,003**	$ 2,038

The Company adopted the amendments of Accounting Standards Update (ASU) 2016-09, *Improvements to Employee Share-Based Payment Accounting* during its first quarter of 2017. Accordingly, the Company did not recognize a deferred tax benefit for the first quarter of 2017. A deferred tax benefit of $3.0 million was recognized during the 1st quarter ended March 31, 2016 and a deferred tax benefit of approximately $3.7 million was recognized for the year ended December 31, 2016, related to the vesting of restricted shares which have been recorded as increases to paid-in capital.

The following table summarizes information on unvested restricted stock outstanding as of March 31, 2017:

	Number of Shares	**Weighted-Average Grant-Date Fair Value**
Unvested Restricted Stock Units at December 31, 2016	2,261	$ 20.21
Forfeited	(13)	22.03
Vested	(626)	16.87
Granted	448	33.80
Unvested Restricted Stock Units at March 31, 2017	**2,070**	**$ 24.15**

At March 31, 2017 and December 31, 2016, the Company had $41.6 million and $29.9 million of total unrecognized compensation cost, respectively, related to time-lapse restricted shares that are expected to be recognized over a weighted average period of approximately 4.1 years and 3.8 years, respectively.

NOTE 7. PENSION AND POST RETIREMENT BENEFIT PLANS

The following table represents the net periodic pension benefit costs and related components in accordance with FASB ASC 715 "*Compensation - Retirement Benefits":*

Components of Net Pension Benefit Gain

(in thousands)	Three Months Ended March 31, 2017	2016
Interest and service cost	**$ 2,138**	$ 2,350
Expected return on plan assets	**(3,342)**	(3,305)
Amortization of net loss	**830**	816
Net periodic benefit	**$ (374)**	$ (139)

During the three months ended March 31, 2017 and the same period in 2016 the Company made no contributions respectively to its defined benefit retirement plans (the "Plans"). The Company made $3.3 million in contributions for the year ended December 31, 2016. The Company is planning on making further contributions to the Plans during the fiscal year ending December 31, 2017 of approximately $5.5 million.

NOTE 8. BUSINESS COMBINATIONS

The Company made five acquisitions during the three month period ended March 31, 2017, and 34 acquisitions for the year ended December 31, 2016, respectively, as disclosed on various press releases and related Form 8-Ks.

The preliminary values of major classes of assets acquired and liabilities assumed recorded at the date of acquisition, as adjusted during the valuation period, are included in the reconciliation of the total consideration as follows (in thousands):

	March 31, 2017
Accounts receivable	**$ 136**
Materials and supplies	**78**
Equipment and property	**185**
Customer contracts	**3,291**
Other intangible assets	**9**
Current liabilities	**(700)**
Other assets and liabilities, net	**21**
Total cash purchase price	**$ 3,020**

Goodwill from acquisitions represents the excess of the purchase price over the fair value of net assets of businesses acquired. The carrying amount of goodwill was $257.6 million and $255.7 million at March 31, 2017 and December 31, 2016, respectively. Goodwill generally changes due to the timing of acquisitions, finalization of allocation of purchase prices of previous acquisitions and foreign currency translations. The carrying amount of goodwill in foreign countries was $44.6 million at March 31, 2017 and $42.7 million at December 31, 2016.

The Company completed its most recent annual impairment analyses as of September 30, 2016. Based upon the results of these analyses, the Company has concluded that no impairment of its goodwill or other intangible assets was indicated.

The carrying amount of customer contracts was $115.3 million and $117.5 million at March 31, 2017 and December 31, 2016, respectively, and the carrying amount of other intangible assets was $43.8 million and $44.3 million at March 31, 2017 and December 31, 2016, respectively. The carrying amount of customer contracts in foreign countries was $30.9 million and $29.7 million at March 31, 2017 and December 31, 2016, respectively and the carrying amount of other intangible assets in foreign countries was $3.8 million at both March 31, 2017 and December 31, 2016.

Customer contracts and other amortizable intangible assets are amortized on a straight-line basis over their economic useful lives. The following table sets forth the components of intangible assets as of March 31, 2017 (in thousands):

Intangible Asset	Carrying Value	Useful Life in Years
Customer contracts	$ 115,262	3 - 12.5
Trademarks and tradenames	32,607	0 - 20
Non-compete agreements	4,383	3 - 20
Patents	2,950	15
Other assets	1,617	10
Internet domains	2,227	n/a
Total customer contracts and other intangible assets	$ 159,046	

NOTE 9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to certain risk arising from both its business operations and economic conditions. To manage this risk, the Company enters into derivative financial instruments from time to time. Certain of the Company's foreign operations expose the Company to fluctuations of foreign interest rates and exchange rates. These fluctuations may impact the value of the Company's cash receipts and payments in terms of the Company's functional currency. The Company enters into derivative financial instruments from time to time to protect the value or fix the amount of certain obligations in terms of its functional currency, the US dollar.

Hedges of Foreign Exchange Risk

The Company is exposed to fluctuations in various foreign currencies against its functional currency, the US dollar. The Company uses foreign currency derivatives, specifically vanilla foreign currency forwards, to manage its exposure to fluctuations in the USD-CAD and AUD-USD exchange rates. Currency forward agreements involve fixing the foreign currency exchange rate for delivery of a specified amount of foreign currency on a specified date. The currency forward agreements are typically cash settled in US dollars for their fair value at or close to their settlement date.

The Company does not currently designate any of these foreign exchange forwards under hedge accounting, but rather reflects the changes in fair value immediately in earnings. Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to foreign exchange rates. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings and were equal to a gain of $30,000 for the quarter ended March 31, 2017 and a loss of $469,000 for the three months ended March 31, 2016. As of March 31, 2017, the Company had the following outstanding derivatives that were not designated as hedges in qualifying hedging relationships (in thousands except for number of instruments):

Non-Designated Derivative Summary

	Number of Instruments	**Sell Notional**	**Buy Notional**
FX Forward Contracts			
Sell AUD/Buy USD Fwd Contract	6	$ 1,275	$ 960
Sell CAD/Buy USD Fwd Contract	8	$ 8,150	$ 6,179
Total	**14**		**$ 7,139**

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Balance Sheet as of March 31, 2017 and December 31, 2016 (in thousands):

	Tabular Disclosure of Fair Values of Derivative Instruments			
	Derivatives Asset		Derivative Liabilities	
	Fair Value as of:			
	March 31, 2017	December 31, 2016	**March 31, 2017**	December 31, 2016
Designated as Hedging Instruments				
FX Forward Contracts				
Balance Sheet Location	**Other Assets**	Other Assets	**Other Current Liabilities**	Other Current Liabilities
Sell AUD/Buy USD Fwd Contract	**$ 0**	$ 0	**$ 8**	$ 0
Sell CAD/Buy USD Fwd Contract	**$ 36**	$ 0	**$ 13**	$ 0
Total	**$ 36**	$ 0	**$ 21**	$ 0

The table below presents the effect of the Company's derivative financial instruments on the Income Statement as of March 31, 2017 and March 31, 2016 (in thousands):

	Effect of Derivative Instruments on the Income Statement for Derivatives Not Designated as Hedging Instruments for the Three Months Ended March 31, 2017 and 2016		
Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income	Amount of Gain or (Loss) Recognized in Income Three Months Ended March 31,	
		2017	2016
Sell AUD/Buy USD Fwd Contract	Other Inc/Exp	**$ (8)**	$ (35)
Sell CAD/Buy USD Fwd Contract	Other Inc/Exp	**38**	(545)
Total		**$ 30**	$ (580)

The table below presents the total fair value classification within the fair value hierarchy for the complete portfolio of derivative transactions at March 31, 2017 (in thousands):

	Recurring Fair Value Measurements							
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1) March 31,		Significant Other Observable Inputs (Level 2) March 31,		Significant Unobservable Inputs (Level 3) March 31,		Total Fair Value at As of March 31,	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Assets								
Derivative Financial Instruments	**$ 0**	$ 0	**$ 36**	**$** 0	**$ 0**	$ 0	**$ 36**	$ 0
Liabilities								
Derivative Financial Instruments	**$ 0**	$ 0	**$ (21)**	**$** (469)	**$ 0**	$ 0	**$ (21)**	$ (469)

As of March 31, 2017, the fair value of derivatives in a net asset position was $15,000 inclusive of counterparty credit risk. As of the balance sheet date, the Company has not posted any collateral related to these agreements. If the Company had breached any of these provisions at March 31, 2017, it could have been required to settle its obligations under the agreements at their termination value of $15,000.

NOTE 10. SUBSEQUENT EVENTS

On April 25, 2017: Rollins, Inc. (NYSE:ROL), a premier global consumer and commercial services company announced that the Board of Directors declared a regular quarterly cash dividend on its common stock of $0.115 per share payable June 9, 2017 to stockholders of record at the close of business May 10, 2017.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

On April 26, 2017, the Company reported its 44^{th} consecutive quarter of improved revenue and earnings. Net income was $40.3 million for the first quarter ended March 31, 2017, as compared to $31.9 million for the prior year quarter, a 26.1% improvement. Revenues increased by 6.4% to $375.2 million for the first quarter 2017 as compared to $352.7 million for the prior year first quarter. The Company saw a negative impact on the exchange rate of the Canadian and Australian dollars and British pounds to U.S. dollars reducing revenues and pre-tax earnings by $1.4 million and $1.5 million, in 2017 and 2016, respectively. Earnings for the quarter ended March 31, 2017 increased to $0.18 per diluted share, as compared to $0.15 per diluted share for the same period in 2016.

A portion of the Company's higher net income was due to a tax benefit of approximately $4.3 million as result of adoption of the Accounting Standards Update (ASU) 2016-09, which was recently issued by the Financial Accounting Standards Board, addressing the accounting of employee share-based payments in the first quarter 2017. Excluding this tax benefits in the first quarter, net income increased approximately 12.7% to $36.0 million or $0.17 per diluted share. See the reconciliation of this non-GAAP measure below.

Reconciliation of Non-GAAP Financial Measure:

Rollins has used the non-GAAP financial measure of earnings excluding the tax benefit of the adoption of ASU 2016-09 addressing the accounting of employee share-based payments. Earnings excluding the tax benefit of the adoption of ASU 2016-09 should not be considered in isolation or as a substitute for operating income, net income or other performance measures prepared in accordance with U.S. GAAP. Rollins uses Earnings excluding the tax benefit of the adoption of ASU 2016-09 as a measure of operating performance because it allows us to compare performance consistently over various periods without regard to changes in our capital structure. A non-GAAP financial measure is a numerical measure of financial performance, financial position, or cash flows that either 1) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows, or 2) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Set forth below is a reconciliation of Earnings excluding the tax benefit of the adoption of ASU 2016-09 with Net Income, the most comparable GAAP measure. This reconciliation also appears on Rollins' investor website, which can be found on the Internet at www.rollins.com.

Periods ended, (Unaudited)	Three Months Ended,			
(in thousands except per share data)	March 31, 2017	March 31, 2016	Increase	% Increase
Net Income (as reported)	$ 40,270	$ 31,928	$ 8,342	26.1%
Less:				
Tax benefit of the adoption of ASU 2016-09	(4,292)	—	(4,292)	N/A
Earnings excluding the tax benefit of the adoption of ASU 2016-09	$ 35,978	$ 31,928	$ 4,050	12.7%
Earnings per share excluding the tax benefit of the adoption of ASU 2016-09 basic and diluted	$ 0.17	$ 0.15	$ 0.02	13.1%
Basic and diluted shares outstanding	217,971	218,686	(715)	-0.3%

During the quarter, the Company announced that its wholly-owned subsidiary, HomeTeam Pest Defense had performed its one millionth TAEXX Tubes in the Wall® installation. TAEXX is installed while a home is being constructed. HomeTeam has relationships with more than 1,000 home builders nationwide, ranging from the top 10 national home builders to regional and local customer home builders. For most of our national home builder partners, TAEXX is included as a standard feature in their homes. We are proud of HomeTeam and proud to be a part of this accomplishment.

Rollins continued its solid financial performance generating $58.0 million in cash from operations year to date.

Results of Operations:

THREE MONTHS ENDED MARCH 31, 2017 COMPARED TO THREE MONTHS ENDED MARCH 31, 2016

Revenue

Revenues for the first quarter ended March 31, 2017 increased $22.5 million or 6.4% to $375.2 million compared to $352.7 million for the first quarter ended March 31, 2016. Growth occurred across all service lines. Substantially all of this increase in revenues was due to growth in customers and pricing while approximately 1% of the increase was attributable to acquisitions made within the last twelve months.

The Company has three primary service offerings: commercial, residential and termite including ancillary services. During the first quarter ended March 31, 2017, commercial pest control revenue approximated 41% of the Company's revenues, residential pest control approximated 41% of the Company's revenues, and termite and ancillary service revenue approximated 18% of the Company's revenues. Comparing first quarter 2017 to first quarter 2016, the Company's commercial pest control revenue grew 5.3%, residential pest control revenue grew 7.0%, and termite and ancillary services revenue grew 7.5%. Foreign operations accounted for approximately 8% and 7% of total revenues during the first quarters of 2017 and 2016, respectively.

Revenues are impacted by the seasonal nature of the Company's pest and termite control services. The increase in pest activity, as well as the metamorphosis of termites in the spring and summer (the occurrence of which is determined by the change in seasons), has historically resulted in an increase in the Company's revenues as evidenced by the following chart:

Consolidated Net Revenues
(in thousands)

	2017	2016	2015
First Quarter	**$ 375,247**	$ 352,736	$ 330,909
Second Quarter	—	411,133	392,150
Third Quarter	—	423,994	399,746
Fourth Quarter	—	385,614	362,500
Year ended December 31,	**$ 375,247**	$ 1,573,477	$ 1,485,305

Cost of Services Provided

Cost of Services provided for the first quarter ended March 31, 2017 increased $11.4 million or 6.4%, compared to the quarter ended March 31, 2016. Gross margin for the quarter remained flat at 49.6% for the first quarter compared to the prior year first quarter. The margin for the quarter benefited from improved efficiencies in routing and scheduling technology which also helped to lower salaries as a percent of revenue as there was a decrease in service salaries and administrative salaries as a percent of revenues from the prior year. Personnel related expenses were down as a percent of revenue as group insurance expense was down quarter-over-quarter marginally. Insurance and claims were flat to prior year as we emphasize safety in all areas. The gains the Company experienced were offset by higher gasoline expenses as the price per gallon rose, leased vehicle costs, and accrued expenses. The Company experienced good cost controls across most spending categories.

Depreciation and Amortization

Depreciation and Amortization expenses for the first quarter ended March 31, 2017 increased $2.1 million to $13.8 million, an increase of 18.3%. Depreciation increased due to expenditures associated with the 2016 rollout of BOSS as well as acquisitions and equipment purchases while amortization of intangible assets increased due to amortization of customer contracts included in various acquisitions.

Sales, General and Administrative

Sales, General and Administrative Expenses for the first quarter ended March 31, 2017 increased $2.9 million or 2.6%, to 30.7% of revenues, down 1.1 percentage points from 31.8% for the first quarter ended March 31, 2016. The decrease in the percent of revenue is due to lower administrative salaries as percent of revenues as we maintain a quality support center staff while continuing to grow revenues. The Company experienced reduced personnel related expenses from lower group insurance costs and reduced telephone costs due to a change of data service providers. As planned, the Company experienced increased sales salaries and advertising expenses directed toward increased revenue production and higher use of outside contractors to develop and maintain the BOSS system, the Company's customer relationship management system.

Gain on Sale of assets, Net

Gain on sales of assets, net was a net gain of $26,000 for the first quarter ended March 31, 2017, down from $89,000 prior year. The gains were for the sales of Company owned vehicles and equipment.

Income Taxes

Income Taxes for the first quarter ended March 31, 2017 decreased $2.3 million or 11.8% to $17.0 million from $19.3 million reported for first quarter ended March 31, 2016. The Company adopted the amendments of Accounting Standards Update (ASU) 2016-09, *Improvements to Employee Share-Based Payment Accounting* in the first quarter of 2017. Accordingly, excess tax benefits of $4.3 million related to share based payment award transactions were recognized as a component of income tax expense rather than equity. The effective tax rate was 29.7% for the first quarter ended March 31, 2017 and 37.6% for the first quarter ended March 31, 2016 primarily due to differences in tax credits, state tax rates and the adoption of ASU 2016-09.

Liquidity and Capital Resources

The Company believes its current cash and cash equivalents balances, future cash flows expected to be generated from operating activities and available borrowings under its $175.0 million credit facility will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future. The Company's operating activities generated net cash of $58.0 million and $41.3 million for the three months ended March 31, 2017, and 2016, respectively. During the three months ended March 31, 2017 and 2016, the Company made no contributions to its defined benefit retirement plans (the "Plans"). The Company is planning on making further contributions of $5.5 million to the Plans during the fiscal year ending December 31, 2017. In the opinion of management, Plan contributions will not have a material effect on the Company's financial position, results of operations or liquidity for 2017.

The Company invested approximately $5.5 million in capital expenditures, exclusive of expenditures for business acquisitions, during the three months ended March 31, 2017, compared to $9.0 million during the same period in 2016, and expects to invest approximately $22.0 million for the remainder of 2017. Capital expenditures for the first three months consisted primarily of the purchase of operating equipment replacements and technology related projects. During the three months ended March 31, 2017, the Company made expenditures for acquisitions totaling $3.0 million, compared to $21.1 million during the same period in 2016. A total of $25.1 million was paid in cash dividends ($0.115 per share) during the first three months of 2017, compared to $21.9 million or ($0.10 per share) during the same period in 2016. On April 25, 2017, the Company announced that the Board of Directors declared a regular quarterly cash dividend on its common stock of $0.115 per share payable June 9, 2017 to stockholders of record at the close of business May 10, 2017 to be funded with existing cash balances. The Company expects to continue to pay cash dividends to common stockholders, subject to the earnings and financial condition of the Company and other relevant factors. The Company did not repurchase shares of its common stock from the open market during the first three months of 2017 compared to the repurchase of approximately 54,000 shares at a weighted average price of $24.77 during the first three months of 2016. The Company has had a buyback program in place for a number of years and has routinely purchased shares when it felt the opportunity was desirable. The Board authorized the purchase of 7.5 million additional shares of the Company's common stock in July 2012. These authorizations enable the Company to continue the purchase of Company common stock when appropriate, which is an important benefit resulting from the Company's strong cash flows. The stock buy-back program has no expiration date. In total, 5.1 million additional shares may be purchased under the share repurchase program. The Company repurchased $7.5 million and $7.4 million of common stock for the three months ended March 31, 2017 and 2016, respectively, from employees for the payment of taxes on vesting restricted shares. The acquisitions, capital expenditures, share repurchases and cash dividends were funded through existing cash balances and operating activities.

The Company's balance sheet as of March 31, 2017 and December 31, 2016 includes short-term unearned revenues of $104.3 million and $99.8 million, respectively, representing approximately 7% of our annual revenue. This represents cash paid to the Company by its customers in advance of services that will be recognized over the next twelve months. The Company's $162.5 million of total cash at March 31, 2017, is held at various banking institutions. Approximately $53.2 million is held in cash accounts at foreign bank institutions and the remaining $109.3 million is primarily held in non-interest-bearing accounts at various domestic banks. The Company's international business is expanding and we intend to continue to grow the business in foreign markets in the future through reinvestment of foreign deposits and future earnings as well as acquisitions of unrelated companies. Repatriation of cash from the Company's foreign subsidiaries is not a part of the Company's current business plan. The Company maintains a large cash position in the United States while having little third-party debt to service. The Company maintains adequate liquidity and capital resources that are directed to finance domestic operations and obligations and to fund expansion of its domestic business for the foreseeable future without regard to its foreign deposits.

On October 31, 2012, the Company entered into a Revolving Credit Agreement with SunTrust Bank and Bank of America, N.A. for an unsecured line of credit of up to $175.0 million, which includes a $75.0 million letter of credit subfacility, and a $25.0 million swingline subfacility. The Company had no outstanding borrowings under the line of credit or under the swingline subfacility as of March 31, 2017. The Company remained in compliance with applicable debt covenants through the date of this filing and expects to maintain compliance through 2017.

Litigation

In the normal course of business, certain of the Company's subsidiaries are defendants in a number of lawsuits, claims or arbitrations which allege that the subsidiaries' services caused damage. In addition, the Company defends employment related cases and claims from time to time. We are involved in certain environmental matters primarily arising in the normal course of business. We are actively contesting each of these matters.

On December 2, 2014, Plaintiff Killian Pest Control sued Rollins, Inc. and its subsidiary HomeTeam Pest Defense alleging that HomeTeam's exclusive use of its "tubes in the walls" system violates the federal Sherman Antitrust Act, and California's Cartwright Act and Business and Professions Code. Plaintiffs seek a declaratory judgment that the alleged misconduct violates the Sherman and Cartwright Acts, and the Business and Professions Code; a permanent injunction against continuing alleged violations; and monetary damages. The lawsuit is pending in the United States District Court, Northern District of California. Because discovery remains open and there are unresolved questions of fact and law, the Company cannot currently estimate the loss, if any, and intends to defend this matter vigorously.

On December 2, 2014, Plaintiff Jose Luis Garnica, on behalf of himself and a class of similarly situated customers, sued Rollins, Inc. and its subsidiary HomeTeam Pest Defense alleging that HomeTeam's exclusive use of its "tubes in the walls" system violates the federal Sherman Antitrust Act. A second Plaintiff, Cora Potter, subsequently was added. Plaintiffs seek a declaratory judgment that the alleged misconduct violates the Sherman Act; a permanent injunction against continuing violations; and monetary damages. On February 3, 2017, the Court issued an order denying Plaintiffs' Motion for Class Certification. At a hearing on February 9, 2017, the Court granted Plaintiffs leave to seek certification of a class of customers limited to their own geographic market, the Bakersfield, California area. The lawsuit is pending in the United States District Court, Northern District of California. Because discovery remains open and there are unresolved questions of fact and law, the Company cannot currently estimate the loss, if any, and intends to defend this matter vigorously.

Management does not believe that any pending claim, proceeding or litigation, either alone or in the aggregate will have a material adverse effect on the Company's financial position, results of operations or liquidity; however, it is possible that an unfavorable outcome of some or all of the matters, however unlikely, could result in a charge that might be material to the results of an individual quarter or year.

Critical Accounting Policies

There have been no changes to the Company's critical accounting policies since the filing of its Form 10-K for the year ended December 31, 2016.

New Accounting Standards

See Note 2 of the Notes to Condensed Consolidated Financial Statements for a description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on results of operations and financial condition.

Forward-Looking Statements

This Quarterly Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, without limitation, the effect of the future adoption of recent accounting pronouncements on the Company's financial statements; statements regarding management's expectation regarding the effect of the ultimate resolution of pending claims, proceedings or litigation on the Company's financial position, results of operation and liquidity; the Company's belief that its current cash and cash equivalent balances, future cash flows expected to be generated from operating activities and available borrowings will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future; our expectation that the Company will continue to pay dividends; our intention to continue to grow the business in foreign markets in the future through reinvestment of foreign deposits and future earnings as well as acquisitions of unrelated companies and that repatriation of cash is not a part of the Company's business plan; possible defined benefit retirement plan contributions and their effect on the Company's financial position, results of operations and liquidity; the Company's expectation regarding capital expenditure for the remainder of 2017; the Company's expectation to maintain compliance with debt covenants; and the Company's belief that interest rate exposure and foreign exchange rate risk will not have a material effect on the Company's results of operations going forward. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties including, without limitation, the possibility of an adverse ruling against the Company in pending litigation; general economic conditions; market risk; changes in industry practices or technologies; the degree of success of the Company's termite process and pest control selling and treatment methods; the Company's ability to identify and integrate potential acquisitions; climate and weather conditions; competitive factors and pricing practices; our ability to attract and retain skilled workers, and potential increases in labor costs; and changes in various government laws and regulations, including environmental regulations. All of the foregoing risks and uncertainties are beyond the ability of the Company to control, and in many cases the Company cannot predict the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements. A more detailed discussion of potential risks facing the Company can be found in the Company's Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2016. The Company does not undertake to update its forward looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of March 31, 2017, the Company maintained an investment portfolio (included in cash and cash equivalents) subject to short-term interest rate risk exposure. The Company is subject to interest rate risk exposure through borrowings on its $175 million credit facility. The Company is also exposed to market risks arising from changes in foreign exchange rates. See note 9 to Part I, Item 1 for a discussion of the Company's investments in derivative financial instruments to manage risks of fluctuations in foreign exchange rates. The Company believes that this foreign exchange rate risk will not have a material impact upon the Company's results of operations going forward. There have been no material changes to the Company's market risk exposure since the end of fiscal year 2016.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of March 31, 2017 (the "Evaluation Date"). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the Evaluation Date to ensure that the information required to be included in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

In addition, management's quarterly evaluation identified no changes in our internal control over financial reporting during the first quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As of March 31, 2017 we did not identify any material weaknesses in our internal controls, and therefore no corrective actions were taken.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors

See the Company's risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Shares repurchased by Rollins and affiliated purchases during the first quarter ended March 31, 2017 were as follows:

Period	Total Number of shares Purchased (1)	Weighted-Average Price paid per Share	Total number of shares purchased as part of publicly announced repurchases (2)	Maximum number of shares that may yet be purchased under the repurchase plans
January 1 to 31, 2017	203,443	$ 34.60	—	5,073,611
February 1 to 28, 2017	3,260	36.48	—	5,073,611
March 1 to 31, 2017	11,291	28.57	—	5,073,611
Total	217,994	$ 34.31	—	5,073,611

(1) Includes repurchases from employees for the payment of taxes on vesting of restricted shares in the following amounts: January 2017: 203,443; February 2017: 3,260; and March 2017: 11,291

(2) The Company has a share repurchase plan, adopted in 2012, to repurchase up to 7.5 million shares of the Company's common stock. The plan has no expiration date.

Item 5. Other Information

On April 25, 2017, the Board of Directors of the Company amended the Company's Restated By-laws (the "By-laws") to remove provision formerly providing for the payment of costs for specified stockholder actions including a stockholders' breach of the By-laws or specified intracorporate proceedings in which such stockholder is not the prevailing party. The foregoing summary of the amendment to the By-laws is qualified in its entirety by reference to the text of the By-laws, as amended and restated on the effective April 25, 2017, a copy of which is attached hereto as Exhibit 3(ii).

Item 6. Exhibits.

(a) Exhibits

(3) (i)		(A) Restated Certificate of Incorporation of Rollins, Inc. dated July 28, 1981, incorporated herein by reference to Exhibit (3)(i)(A) as filed with the registrant's Form 10-Q filed August 1, 2005.
		(B) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated August 20, 1987, incorporated herein by reference to Exhibit 3(i)(B) filed with the registrant's 10-K filed March 11, 2005.
		(C) Certificate of Change of Location of Registered Office and of Registered Agent dated March 22, 1994, incorporated herein by reference to Exhibit (3)(i)(C) filed with the registrant's Form 10-Q filed August 1, 2005.
		(D) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 25, 2006, incorporated herein by reference to Exhibit 3(i)(D) filed with the registrant's 10-Q filed October 31, 2006.
		(E) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April, 26, 2011, incorporated herein by reference to Exhibit 3(i)(E) filed with the Registrant's 10-K filed February 25, 2015.
		(F) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 28, 2015, incorporated herein by reference to Exhibit 3(i)(F) filed with the Registrant's 10-Q filed on July 29, 2015.
(ii)		Amended and Restated By-laws of Rollins, Inc.
(4)		Form of Common Stock Certificate of Rollins, Inc., incorporated herein by reference to Exhibit (4) as filed with its Form 10-K for the year ended December 31, 1998.

(31.1)	Certification of Chief Executive Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31.2)	Certification of Chief Financial Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32.1)	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Taxonomy Extension Schema Document
(101.CAL)	XBRL Taxonomy Extension Calculation Linkbase Document
(101.DEF)	XBRL Taxonomy Extension Definition Linkbase Document
(101.LAB)	XBRL Taxonomy Extension Label Linkbase Document
(101.PRE)	XBRL Taxonomy Extension Presentation Linkbase Document

ROLLINS, INC. AND SUBSIDIARIES

SIGNATURES

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

ROLLINS, INC.
(Registrant)

Date: April 28, 2017	By:	/s/ Gary W. Rollins Gary W. Rollins Vice Chairman and Chief Executive Officer (Principal Executive Officer)
Date: April 28, 2017	By:	/s/ Paul E. Northen Paul E. Northen Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

Exhibit 3 ii

AMENDED AND RESTATED BY-LAWS
OF
ROLLINS, INC.

April 25, 2017

OFFICES

FIRST: The principal office of the corporation shall be located at 2170 Piedmont Road. N.E. in the City of Atlanta, Georgia, and the registered agent shall be Corporation Service Company or such other agent as the corporation shall designate.

CORPORATE SEAL

SECOND: The corporate seal shall have inscribed thereon the name of the corporation, the year of its incorporation and the words “Incorporated Delaware.”

MEETINGS OF STOCKHOLDERS

THIRD: The annual meeting of stockholders for the election of directors shall be held on the fourth Tuesday of April at such office of the corporation or such other place as may be designated by the board of directors and included in the notice of such meeting, in each year, or if that day be a legal holiday, on the next succeeding day not a legal holiday, at which meeting they shall elect by ballot, by plurality vote, a board of directors and may transact such other business as may come before the meeting.

Special meetings of the stockholders may be called at any time by the chairman and shall be called by the chairman or secretary on the request in writing or by vote of a majority of the directors or at the request in writing of stockholders of record owning a majority in amount of the capital stock outstanding and entitled to vote. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation’s notice of the meeting.

All such meetings of the stockholders shall be held at such place or places within or without the State of Delaware, as may from time to time be fixed by the board of directors or as shall be specified and fixed by the respective notices or waivers of notice thereof.

Each stockholder entitled to vote shall, at every meeting of the stockholders, be entitled to one vote in person or by proxy, signed by him, for each share of voting stock held by him, but no proxy shall be voted on after the meeting of stockholders for which such proxy was solicited and which has been adjourned sine die. Such right to vote shall be subject to the right of the board of directors to close the transfer books or to fix a record date for voting stockholders as hereinafter provided and if the directors shall not have exercised such right, no share of stock shall be voted on at any election for directors which shall have been transferred on the books of the corporation within twenty days next preceding such election.

Notice of all meetings shall be given by the secretary to each stockholder of record entitled to vote not less than ten calendar days nor more than sixty calendar days before any annual or special meeting either personally, by mail or by other lawful means. If mailed, such notice shall be deemed to be given when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at such person's address as it appears on the stock transfer books of the corporation.

The holders of a majority of the stock outstanding and entitled to vote shall constitute a quorum, but the holders of a smaller amount may adjourn from time to time without further notice until a quorum is secured.

DIRECTORS

FOURTH: The property and business of this corporation shall be managed by or under the direction of a board of up to nine directors. The directors shall be divided into three classes of approximately equal size except that the classes may be unequal as a result of the death, resignation, removal or other vacancy of a member of a class unless a class were to have no members remaining, in which case such class vacancy will be filled as soon as practicable. Subject to the foregoing sentence, there shall be no limitation on the number of directors that may be designated to a particular class. At each Annual Meeting of Stockholders, the successors to the class of directors whose term expires at that time shall be elected to hold office for the term of three years to succeed those whose term expires, so that the term of office of one class of directors shall expire in each year. Each director shall hold office for the remainder of the term for which he is elected or appointed or until his successor shall be elected and qualified, or until his death or until he shall resign.

POWERS OF DIRECTORS

FIFTH: The board of directors shall have, in addition to such powers as are hereinafter expressly conferred on it, all such powers as may be exercised by the corporation, subject to the provisions of the statute, the certificate of incorporation and the by-laws.

The board of directors shall have power:

To purchase or otherwise acquire property, rights or privileges for the corporation, which the corporation has power to take, at such prices and on such terms as the board of directors may deem proper.

To pay for such property, rights or privileges in whole or in part with money, stock, bonds, debentures or other securities of the corporation, or by the delivery of other property to the corporation.

To create, make and issue mortgages, bonds, deeds of trust, trust agreements and negotiable or transferable instruments and securities, secured by mortgages or otherwise, and to do every other act and thing necessary to effectuate the same.

To appoint agents, clerks, assistants, factors, employees and trustees, and to dismiss them at its discretion, to fix their duties and emoluments and to change them from time to time and to require security as it may deem proper. Any employee appointed by the board may be given such designation or title as the board shall determine; however, any such designation or title given any such employee shall not be deemed to constitute such employee a corporate officer under ARTICLE EIGHTH of these by-laws.

To confer on any officer of the corporation the power of selecting, discharging or suspending such employees.

To determine by whom and in what manner the corporation's bills, notes, receipts, acceptances, endorsements, checks, releases, contracts or other documents shall be signed.

MEETINGS OF DIRECTORS

SIXTH: After such annual election of directors, the newly elected directors may meet for the purpose of organization, the election of officers and the transaction of other business, at such place and time as the directors may determine, and, if a majority of the directors be present at such place and time, no prior notice of such meeting shall be required to be given to the directors. The place and time of such meeting may also be fixed by written consent of the directors.

Regular meetings of the directors shall be held annually following the stockholders meeting on the fourth Tuesday of April and quarterly on the fourth Tuesdays of July, October and January of each year at the executive office of the corporation in Atlanta, Georgia, or elsewhere and at other times as may be fixed by resolution of the board.

Special meetings of the directors may be called by the chairman or vice chairman or upon the request of any two directors. Two business days' notice of any special meeting of directors shall be given in writing if such notice is delivered by first class or overnight mail or one business days' notice if such notice is given orally or delivered by facsimile transmission or other form of electronic transmission reasonable under the circumstance or hand delivery.

Special meetings of the directors may be held within or without the State of Delaware at such places as is indicated in the notice or waiver of notice thereof.

A majority of the directors shall constitute a quorum, but a smaller number may adjourn from time to time, without further notice, until a quorum is secured.

The board may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more directors of the corporation. Any such committee to the extent provided in the directors' resolution or in these by-laws, shall have and may exercise all the powers and authority of the board in managing the affairs and business of the Corporation and may authorize affixation of the corporate seal to all papers that require it, to the fullest extent permitted by law as presently allowed under Section 141 of the Delaware General Corporation Law (the "DGCL") and as may be allowed in the future pursuant to amendments and revisions of applicable law; provided, however, that a committee may not have the power and authority to declare a dividend or to authorize the issuance of stock.

COMPENSATION OF DIRECTORS
AND MEMBERS OF COMMITTEES

SEVENTH: Directors and members of standing committees shall receive such compensation for attendance at each regular or special meeting as the board shall from time to time prescribe.

OFFICERS OF THE CORPORATION

EIGHTH: The officers of the corporation shall be a chairman, a vice chairman, a president, a secretary, a treasurer and such other officers as may from time to time be chosen by the board of directors. The chairman and vice chairman shall be chosen from among the directors.

One person may hold more than one office.

The officers of the corporation shall hold office until their successors are chosen and qualify in their stead. Any officer chosen or appointed by the board of directors may be removed either with or without cause at any time by the affirmative vote of a majority of the whole board of directors. If the office of any officer or officers becomes vacant for any reason, the vacancy may be filled by the affirmative vote of a majority of the whole board of directors or the board could eliminate the position, combine its duties with another position or fill it on an interim basis.

DUTIES OF THE CHAIRMAN

NINTH: It shall be the duty of the chairman to preside at all meetings of stockholders and directors; to have general and active management of the business of the corporation; and to see that all orders and resolutions of the board of directors are carried into effect. The chairman shall be vested with all the powers and be required to perform all the duties of the vice chairman in his absence or disability.

DUTIES OF THE VICE CHAIRMAN

TENTH: The vice chairman shall be the chief executive officer of the corporation. It shall be the duty of the vice chairman to execute, unless otherwise delegated, all contracts, agreements, deeds, bonds, mortgages and other obligations and instruments, in the name of the corporation, and to affix the corporate seal thereto when authorized by the board.

The vice chairman shall be vested with all the powers and be required to perform all the duties of the chairman in his absence or disability.

In the absence or disability of the chairman and the vice chairman, the board may appoint from their own number a chairman.

DUTIES OF THE PRESIDENT

ELEVENTH: The president shall have the general supervision and direction of the other officers of the corporation and shall see that their duties are properly performed, or as designated by the CEO.

SECRETARY

TWELFTH: The secretary shall attend all meetings of the board of directors, and all other meetings as directed by the board of directors. The secretary shall act as clerk thereof and shall record all of the proceedings of such meetings in a book kept for that purpose. The secretary shall give proper notice of meetings of stockholders and directors and shall perform such other duties as shall be assigned by the chairman or vice chairman of the board of directors.

TREASURER

THIRTEENTH: The treasurer shall have custody of the funds and securities of the corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

The treasurer shall keep an account of stock registered and transferred in such manner and subject to such regulations as the board of directors may prescribe.

The treasurer shall give the corporation a bond, if required by the board of directors, in such sum and in form and with security satisfactory to the board of directors for the faithful performance of the duties of the office and the restoration to the corporation, in case of the treasurer's death, resignation or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession, belonging to the corporation. The treasurer shall perform such other duties as the board of directors may from time to time prescribe or require.

DUTIES OF OFFICERS MAY BE DELEGATED

FOURTEENTH: In case of the absence or disability of any officer of the corporation or for any other reason deemed sufficient by a majority of the board, the board of directors may delegate such officer's powers or duties to any other officer or to any director for the time being.

CERTIFICATES OF STOCK; UNCERTIFICATED SHARES

FIFTEENTH: Shares of stock in the corporation may be represented by certificates or may be issued in uncertificated form in accordance with the DGCL. The issuance of shares in uncertificated form shall not affect shares already represented by a certificate until the certificate is surrendered to the corporation. Each holder of stock in the corporation represented by a certificate shall be entitled to a certificate which shall be signed by either the chairman or the vice chairman and any of the treasurer, assistant treasurer, secretary or assistant secretary. If a certificate of stock be lost or destroyed, another may be issued in its stead upon proof of such loss or destruction and the giving of a satisfactory bond of indemnity, in an amount sufficient to indemnify the corporation against any claim. A new certificate may be issued without requiring bond when, in the judgment of the directors, it is proper to do so. Certificates may be signed by facsimile signature if so ordered by the board of directors.

TRANSFER OF STOCK

SIXTEENTH: Transfers of stock shall be made only upon the transfer books of the corporation kept at an office of the corporation or by a transfer agent designated to transfer shares of stock of the corporation. The certificate for the number of shares involved which are represented by a certificate shall be surrendered for cancellation before a new certificate is issued therefore.

The corporation shall have authority to appoint transfer agents and registrars by resolution of the board of directors.

CLOSING OF TRANSFER BOOKS

SEVENTEENTH: The board of directors shall have power to close the stock transfer books of the corporation for a period not exceeding sixty days preceding the date of any meeting of stockholders or the date for payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect or for a period of not exceeding sixty days in connection with obtaining the consent of stockholders for any purpose; provided, however, that in lieu of closing the stock transfer books as aforesaid, the by-laws may fix or authorize the board of directors to fix in advance a date not exceeding sixty days preceding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

STOCKHOLDERS OF RECORD

EIGHTEENTH: The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Delaware.

FISCAL YEAR

NINETEENTH: The fiscal year of the corporation shall begin on the first day of January in each year.

DIVIDENDS

TWENTIETH: Dividends upon the capital stock may be declared by the board of directors at any regular or special meeting and may be paid in cash or in property or in shares of the capital stock. Before paying any dividend or making any distribution of profits, the directors may set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and may alter or abolish any such reserve or reserves.

CHECKS FOR MONEY

TWENTY-FIRST: All checks, drafts or orders for the payment of money shall be signed by the treasurer or by such other officer or officers as the board of directors may from time to time designate. No check shall be signed in blank. The board of directors also from time to time may authorize specified employees to sign checks on the corporation’s accounts.

BOOKS AND RECORDS

TWENTY-SECOND: The books, accounts and records of the corporation except as otherwise required by the laws of the State of Delaware, may be kept within or without the State of Delaware, at such place or places as may from time to time be designated by the by-laws or by resolution of the Directors.

WAIVER OF NOTICES

TWENTY-THIRD: Any stockholder or director may waive, in writing, any notice, required to be given under these by-laws whether before or after the time stated therein.

INDEMNIFICATION OF DIRECTORS,

OFFICERS AND EMPLOYEES

TWENTY-FOURTH: The corporation shall indemnify and hold harmless, in the manner and to the fullest extent now or hereafter permitted by the DGCL, any person (or the estate of any person) who was or is a party to, or is involved in or threatened to be made a party to, any threatened, pending or completed action, suit or proceeding, whether or not by or in the right of the corporation and whether civil, criminal, administrative, investigative or otherwise, by reason of the fact that such person is or was a director, officer or general counsel of the corporation, or is or was serving at the request of the corporation as a director, officer, general counsel of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans. The indemnification provided herein shall be made if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, has no reasonable cause to believe his or her conduct was unlawful; provided, however, that, except as provided in the following paragraph, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding initiated by such person only if such proceeding was authorized by the board of directors. To the full extent permitted by law, the indemnification provided herein shall include all expense, liability and loss (including attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person. The corporation shall pay the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition upon the receipt by the corporation of a statement or statements from the claimant requesting such advance and an undertaking by or on behalf of such claimant that the claimant will repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this ARTICLE TWENTY-FOURTH or otherwise. The indemnification and advancement of expenses provided herein (a) shall not be deemed to limit the right of the corporation to indemnify any other employee or agent and advance any such expenses to the full extent provided by the law, nor shall it be deemed exclusive of any other rights to which any person seeking indemnification and advancement of expenses from the corporation may be entitled under any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, (b) is intended to be retroactive and shall be available with respect to events occurring prior to adoption of this ARTICLE TWENTY-FOURTH, and (c) shall continue as to an indemnitee who has ceased to be a director of officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators. The corporation may, to the full extent permitted by law, purchase and maintain insurance on behalf of any such person against any liability which may be asserted against such person.

If a claim under this of this ARTICLE TWENTY-FOURTH is not paid in full within 30 calendar days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid the reasonable expense of prosecuting the claim. It shall be a defense to any such action to enforce a right to indemnification (but not to an action to enforce a right to an advancement of expenses) that the claimant has not met the standard of conduct which makes it permissible under the DGCL to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation.

No repeal or modification of this ARTICLE TWENTY-FOURTH shall in any way diminish or adversely affect the rights of any person in respect of any occurrence or matter arising prior to any such repeal or modification. If any provision of this ARTICLE TWENTY-FOURTH shall be held to be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions of this ARTICLE TWENTY-FOURTH shall not in any way be affected or impaired thereby.

The corporation shall not be liable to indemnify any indemnitee under this ARTICLE TWENTY-FOURTH for any amounts paid in settlement of any proceeding (or part thereof) effected without the corporation’s written consent, which consent shall not be unreasonably withheld, or for any judicial award if the corporation was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such proceeding. The board of directors may establish reasonable procedures for the submission of claims for indemnification pursuant to this ARTICLE TWENTY-FOURTH, determination of the entitlement of any person thereto, and review of any such determination.

NON-DISCRIMATION STATEMENT

TWENTY-FIFTH: Consistent with the corporation's equal employment opportunity policy, nominations for the elections of directors shall be made by the board of directors and voted upon by the stockholders in a manner consistent with these by-laws and without regard to the nominee's race, color, ethnicity, religion, sex, age, national origin, veteran status, or disability.

NOTICE OF NOMINATION OF DIRECTORS

TWENTY-SIXTH: Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the corporation. Nominations of persons for election to the board of directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (a) by or at the direction of the board of directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this ARTICLE TWENTY-SIXTH and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the requirements and notice procedures set forth in this ARTICLE TWENTY-SIXTH. Shareholders will not be entitled to nominate any candidate for director at any annual or special meeting unless the shareholder shall have first provided notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the secretary of the corporation so that it is received (a) not less than ninety, nor more than one hundred thirty days prior to the anniversary of the prior year's annual meeting of stockholders with respect to an annual meeting; provided, however, that in the event the annual meeting is scheduled to be held on a date more than 30 days prior to or delayed by more than 60 days after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the later of the close of business 90 days prior to such annual meeting or the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs (and in no event shall the public announcement of an adjournment of the meeting commence a new time period for a giving of a stockholder's notice under this ARTICLE).

Each such notice shall set forth (a) with respect to the nominee, (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of each such nominee for the past five years, (iii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by the person, (iv) as an appendix, a completed and signed questionnaire, representation and agreement required by this ARTICLE TWENTY-SIXTH, (v) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, and (vi) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated there under; (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made (i) the name and record address of such stockholder, as it appears on the corporation's books, and of such beneficial owner, (ii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by such stockholder and such beneficial owner, (iii) a description of all arrangements or understandings between such stockholder and such beneficial owner and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder and such beneficial owner, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to the securities of the corporation (collectively, a "Derivative Instrument"), (v) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the person named in its notice, and (vi) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection: with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated there under; and (c) whether such stockholder or beneficial owner has delivered or intends to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees.

The chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a shareholder failed to provide notice of a nomination in accordance with the foregoing procedure, and if he should so determine, he may so declare to the meeting and the defective nomination shall be disregarded.

To be eligible to be a nominee for election as a director of the corporation, a person must deliver in accordance with the time periods prescribed for delivery of notice under this ARTICLE TWENTY-SIXTH to the secretary of the corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the secretary upon written request) and a written representation and agreement (in the form provided by the secretary upon written request) that such proposed nominee satisfied the Applicable Qualification Standards (as defined below) and (1) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the corporation, will act or vote on any issue or question (a “Voting Commitment”) that has not been disclosed to the corporation or (B) any Voting Commitment that could limit or interfere with such person’s ability to comply, if elected as a director of the corporation, with such person’s fiduciary duties under applicable law, (2) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (3) in such person’s individual capacity and on behalf of any such person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the corporation, and will comply, with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the corporation. For purposes hereof, “Applicable Qualification Standards” shall mean that the proposed nominee has relevant business experience (taking into account the business experience of the other directors) as determined by the board or a committee thereof, in its sole discretion, and satisfies such other criteria for service on the board of directors as may be established from time to time by the board.

Notwithstanding the provisions of the by-laws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these by-laws; provided, however that any references in these by-laws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the separate and additional requirements set forth in these by-laws with respect to nominations to be considered pursuant to ARTICLE TWENTY-SIXTH of these by-laws.

STOCKHOLDER PROPOSALS FOR BUSINESS
TO BE TRANSACTED AT MEETING

TWENTY-SEVENTH: At any special meeting of the stockholders, such Business (as defined below) shall be conducted as shall have been brought before the meeting by or at the direction of the board of directors. No business may be transacted at an annual meeting of stockholders, other than Business that is either (a) specified in the notice of meeting (or any supplement thereto), given by or at the direction of the board of directors, (b) otherwise properly brought before the annual meeting by or at the direction of the board of directors or (c) otherwise properly brought before the annual meeting by any stockholder of record of the corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this ARTICLE TWENTY SEVENTH and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this ARTICLE TWENTY-SEVENTH. With respect to this ARTICLE TWENTY-SEVENTH, "Business" shall mean all matters other than nominations of candidates for and the election of directors. Stockholder nomination of directors for election is governed solely by ARTICLE TWENTY-SIXTH of these by-laws.

In addition to any other applicable requirements (including, without limitation, Securities and Exchange Commission rules and regulations with respect to matters set forth in this ARTICLE TWENTY-SEVENTH), for Business to be properly brought before an annual meeting by a stockholder, (i) such stockholder must have given timely notice thereof in proper written form to the secretary of the corporation, (ii) such Business must be a proper matter for stockholder action under the DGCL, (iii) if the stockholder, or the beneficial owner on whose behalf any such proposal is made, has provided the corporation with a Solicitation Notice (as defined herein), such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the corporation's voting shares required under applicable law to carry any such proposal, and must have included in such materials the Solicitation Notice and (iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this ARTICLE TWENTY-SEVENTH, the stockholder or beneficial owner proposing such Business must not have solicited a number of proxies sufficient to have required the delivery of the Solicitation Notice under this section.

To be timely, a stockholder's notice to the secretary must be delivered to or mailed and received at the principal executive offices of the corporation not less than 90 days nor more than 130 days prior to the date of the anniversary of the previous year's annual meeting; provided, however, that in the event the annual meeting is scheduled to be held on a date more than 30 days prior to or is delayed by more than 60 days after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the later of the close of business 90 days prior to such annual meeting or the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public announcement of the date of the annual meeting was first made by the corporation. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for a giving of a stockholder's notice under this ARTICLE TWENTY-SEVENTH.

To be in proper written form, a stockholder's notice to the secretary must set forth as to each matter of Business such stockholder proposes to bring before the annual meeting (i) a brief description of the Business desired to be brought before the annual meeting and the reasons for conducting such Business at the annual meeting, (ii) the name and record address of such stockholder and the name and address of the beneficial owner, if any, on whose behalf the proposal is made, (iii)(A) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by such stockholder and such beneficial owner and any Stockholder Associated Person, directly or indirectly ("Stockholder Associated Person" of any stockholder shall mean (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the corporation owned of record or beneficially by such stockholder and (iii) any person controlled by or under common control with such Stockholder Associated Person), (B) any Derivative Instrument directly or indirectly owned beneficially by such stockholder, beneficial owner or Stockholder Associated Person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the corporation owned by any of them, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder, beneficial owner or Stockholder Associated Person has a right to vote any shares of any security of the corporation or any person has the right to vote their shares, (D) any short interest in any security of the corporation of such stockholder, beneficial owner or Stockholder Associated Person (for purposes of this provision a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the corporation owned beneficially by such stockholder, beneficial owner or Stockholder Associated Person that are separated or separable from the underlying shares of the corporation, (F) any proportionate interest in shares of the corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder, beneficial owner or Stockholder Associated Person is a general partner and (G) any performance-related fees (other than an asset-based fee) that such stockholder, beneficial owner or Stockholder Associated Person is entitled to base on any increase or decrease in the value of shares of the corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such person's immediate family sharing the same household (which information shall be supplemented by such person or beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such Business by such stockholder or beneficial owner and any material interest of such stockholder, beneficial owner or Stockholder Associated Person in such Business, (v) the names and addresses of other stockholders and beneficial owners known by the stockholder or beneficial owner proposing such Business to support the proposal, and the class and number of shares of the corporation's capital stock known to be beneficially owned by such other stockholders and beneficial owners, (vi) a representation that such stockholder or beneficial owner intends to appear in person or by proxy at the annual meeting to bring such Business before the meeting, and (vii) whether such stockholder or beneficial owner has delivered or intends to deliver a proxy statement and form of proxy to holders of at least the percentage of the corporation's voting shares required to carry the proposal (an affirmative statement of such intent a "Solicitation Notice").

No business shall be conducted at the annual meeting of stockholders except Business brought before the annual meeting in accordance with the procedures set forth in this ARTICLE TWENTY-SEVENTH, provided, however, that, once Business has been properly brought before the annual meeting in accordance with such procedures, nothing in this ARTICLE TWENTY-SEVENTH shall be deemed to preclude discussion by any stockholder of any such Business. If the chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the chairman of the meeting may declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Notwithstanding the foregoing provisions of ARTICLE TWENTY-SEVENTH, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these by-laws; provided, however, that any references in these by-laws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements of these by-laws applicable to nominations or proposals as to any other business to be considered pursuant to these by-laws, regardless of the stockholder's intent to utilize Rule 14a-8 under the Exchange Act or other federal laws or rules. Nothing in these by-laws shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock if and to the extent required by law, the certificate of incorporation or these by-laws.

FORUM SELECTION

TWENTY-EIGHTH: Unless the corporation consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the corporation to the corporation or the corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, or (iv) any action asserting a claim governed by the internal affairs doctrine (the actions or proceedings described in clauses (i) through (iv) of this ARTICLE TWENTY-EIGHTH, collectively, an "Intracorporate Proceeding") shall be the Court of Chancery of the State of Delaware (or if the Court of Chancery does not have jurisdiction, another state court located within the State of Delaware or, if no state court located within the jurisdiction has jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of the capital stock of the corporation shall be deemed to have notice of and consented to the provisions of this ARTICLE TWENTY-EIGHTH.

AMENDMENTS OF BY-LAWS

TWENTY NINTH: These by-laws may be amended, altered, repealed, or added to at any regular meeting of the stockholders or board of directors or at any special meeting called for that purpose, by affirmative vote of a majority of the stock issued and outstanding and entitled to vote or of a majority of the directors in office, as the case may be.

Exhibit 31.1

I, Gary W. Rollins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rollins, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2017

/s/ Gary W. Rollins
Gary W. Rollins,
Vice Chairman and Chief Executive Officer
(Principle Executive Officer)

Exhibit 31.2

I, Paul E. Northen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rollins, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2017

/s/ Paul E. Northen
Paul E. Northen
Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Rollins, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. sec. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

	By: /s/ Gary W. Rollins
Date: April 28, 2017	Gary W. Rollins Vice Chairman and Chief Executive Officer (Principle Executive Officer)
	By: /s/ Paul E. Northen
Date: April 28, 2017	Paul E. Northen Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.