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, 2006

Commission File Number 1-4422

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

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

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

30324
(Zip Code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer |_| Accelerated Filer |X| Non-Accelerated filer |_|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes |_| No |X|

Rollins, Inc. had 68,464,235 shares of its $1 par value Common Stock outstanding as of April 14, 2005.

<TABLE>
<CAPTION>

ROLLINS, INC. AND SUBSIDIARIES
INDEX

</TABLE>

PART I FINANCIAL INFORMATION

<TABLE>
<CAPTION>

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

	March 31, 2006 (Unaudited)	December 31, 2005
ASSETS		
<S>	<C>	<C>
Cash and cash equivalents	$ 53,229	$ 43,065
Trade receivables, short-term, net of allowance for doubtful accounts of $3,093 and $4,534, respectively	45,315	47,705
Materials and supplies	8,899	9,082
Deferred income taxes	23,904	27,510
Prepaid Taxes	-	3,036
Other current assets	9,276	6,069
Total Current Assets	140,623	136,467
Equipment and property, net	68,314	65,932
Goodwill	133,697	133,743
Customer contracts and other intangible assets, net	73,504	71,841
Deferred income taxes	18,149	15,946
Trade receivables, long-term, net of allowance for doubtful accounts of $1,382 and $1,076, respectively	8,669	9,368
Other assets	4,368	5,123
Total Assets	$ 447,324	$ 438,420
LIABILITIES		
Capital leases	$ 797	$ 825
Accounts payable	18,146	17,204
Accrued insurance	16,359	17,605
Accrued compensation and related liabilities	31,562	41,822
Unearned revenue	84,020	79,990
Accrual for termite contracts	10,713	

10,476

Other current liabilities	31,512	21,746
Total current liabilities	193,109	189,668
Capital leases, less current portion	440	560
Accrued insurance, less current portion	21,211	18,996
Accrual for termite contracts, less current portion	11,887	12,724
Accrued pension	20,651	20,651
Long-term accrued liabilities	15,871	18,870
Total Liabilities	263,169	261,469
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Common stock, par value $1 per share; 99,500,000 shares authorized; 70,552,892 and 70,079,254 shares issued, respectively	70,553	70,079
Treasury stock, par value $1 per share; 2,102,860 shares and 2,068,240 shares, respectively	(2,103)	(2,068)
Additional paid-in capital	9,033	14,464
Accumulated other comprehensive loss	(23,346)	(23,264)
Unearned Compensation	-	(5,881)
Retained earnings	130,018	123,621
Total Stockholders' Equity	184,155	176,951
Total Liabilities and Stockholders' Equity	$ 447,324	$ 438,420

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

<TABLE>
<CAPTION>

ROLLINS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands except per share data)
(Unaudited)

	Three months ended March 31,	
	2006	2005
REVENUES		
<S>	<C>	<C>
Customer Services	$ 194,187	183,915
COSTS AND EXPENSES		
Cost of Services Provided	107,014	100,249
Depreciation and Amortization	6,793	5,963
Sales, General & Administrative	62,500	58,671
Gain on Sale of Assets	-	3
Interest Income	(292)	(462)

	176,015	164,424
INCOME BEFORE TAXES	18,172	19,491
PROVISION FOR INCOME TAXES		
Current	5,865	5,584
Deferred	1,404	2,312
	7,269	7,896
NET INCOME	$ 10,903	$ 11,595
NET INCOME PER SHARE - BASIC	$ 0.16	$ 0.17
NET INCOME PER SHARE - DILUTED	$ 0.16	$ 0.17
Weighted Average Shares Outstanding - Basic	67,675	67,942
Weighted Average Shares Outstanding - Diluted	69,583	70,063
DIVIDENDS PAID PER SHARE	$ 0.0625	0.0500

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

<TABLE>
<CAPTION>

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

	Three Months Ended March 31,	
	2006	2005
OPERATING ACTIVITIES		
<S>	<C>	<C>
Net Income	$ 10,903	$ 11,595
Adjustments to reconcile net income to net cash Provided by operating activities:		
Depreciation and amortization	6,793	5,963
Provision for deferred income taxes	1,404	3,347
Gain on sales of assets	-	3
Other, net	(5)	198
(Increase)/decrease in assets		
Trade receivables	3,164	1,097
Materials and supplies	183	277
Other current assets	(172)	(2,957)
Other non-current assets	777	235
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	3,275	229
Unearned revenue	4,030	3,700
Accrued insurance	969	(1,940)

Accrual for termite contracts	(600)	829
Long-term accrued liabilities	(3,236)	(3,118)
Net cash provided by operating activities	27,485	19,458
INVESTING ACTIVITIES		
Purchase of equipment and property	(5,433)	(6,417)
Acquisitions of companies	(4,313)	(1,291)
Cash from sales of franchises	351	270
Net cash used in investing activities	(9,395)	(7,438)
FINANCING ACTIVITIES		
Dividends	(4,276)	(3,436)
Common stock purchased	(4,092)	(10,604)
Common stock options exercised	281	1,223
Other	243	(669)
Net cash used in financing activities	(7,844)	(13,486)
Effect of exchange rate changes on cash	(82)	623
Net increase/(decrease) in cash and cash equivalents	10,164	(843)
Cash and cash equivalents at beginning of period	43,065	56,737
Cash and cash equivalents at end of period	$ 53,229	$ 55,894

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

<TABLE>
<CAPTION>
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Rollins, Inc. and Subsidiaries
(In thousands)

	Common Stock Shares	Common Stock Amount	Treasury Stock	Treasury Amount	Paid-In-Capital	Treasury Paid-In Capital	Comprehensive Income(Loss)	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 2003	68,356	$68,356	(621)	$ (621)	$2,321	$ 2,087	$ -	$ (314)	$ (107)	$ 67,052	$138,774
Net Income							52,055			52,055	52,055
Other Comprehensive Income, Net of Tax											
Minimum Pension Liability Adjustment							(18,355)				(18,355)
Foreign Currency Translation Adjustments (1)							2,408				2,408
NSO Stock Options							131				131
Realized Loss on Investments							64				64
Other Comprehensive Income							(15,752)	(15,752)			
Comprehensive Income							$ 36,303				
Cash Dividends										(10,924)	(10,924)
Common Stock Purchased			(38)	(38)		(899)					(937)
Issuance of 401(k) Company Match	-	-	83	83		2,052					2,135
Three-for-Two Stock Split-2005	234	234	22							(256)	
Unearned Compensation	152	152			3,701				(3,368)		485
Other	318	318	(2)	(2)	1,397						1,713

Balance at December 31, 2004	69,060	$69,060	(556)	$ (556)	$7,419	$ 3,240	$ -	$(16,066)	$(3,475)	$107,927	$167,549
Net Income							52,773			52,773	52,773
Other Comprehensive Income, Net of Tax											
Minimum Pension Liability Adjustment							(8,181)				(8,181)
Foreign Currency Translation Adjustments							1,114				1,114
NSO Stock Options							(131)				(131)
Other Comprehensive Income							(7,198)	(7,198)			
Comprehensive Income							$ 45,575				
Cash Dividends										(13,714)	(13,714)
Common Stock Purchased (2)			(1,438)	(1,438)		(5,349)				(23,446)	(30,233)
Issuance of 401(k) Company Match			90	90		2,109					2,199
Three-for-Two Stock Split-2005	68	68	(164)	(164)	10					86	-
Unearned Compensation	146	146	-	-	3,490				(2,406)	(5)	1,225
Common Stock Options Exercised	805	805	-	-	2,523						3,328
Non-Qualified Stock Options					1,022						1,022
Balance at December 31, 2005	70,079	$70,079	(2,068)	$(2,068)	$14,464	$ -	$ -	$(23,264)	$(5,881)	$123,621	$176,951
Net Income							10,903			10,903	10,903
Other Comprehensive Income, Net of Tax											
Foreign Currency Translation Adjustments							(82)				(82)
Other Comprehensive Income							(82)	(82)			
Comprehensive Income							$ 10,821				
Cash Dividends										(4,276)	(4,276)
Common Stock Purchased (2)	-	-	(211)	(211)		(3,655)				(225)	(4,091)
Issuance of 401(k) Company Match	-	-	176	176		3,655					3,831
FAS 123R adoption	-	-	-	-	(5,881)				5,881		-
Stock Compensation	295	295	-	-	386					(5)	676
Common Stock Options Exercised	179	179	-	-	81						260
Non-Qualified Stock Options	-	-	-	-	(17)						(17)
Balance at March 31, 2006 (Unaudited)	70,553	$70,553	(2,103)	$(2,103)	$ 9,033	$ -	$ -	$(23,346)	$ -	$130,018	$184,155

<FN>

(1) Includes translation adjustment (net of tax) of $1,683,000 relating to non-current assets as of December 31, 2003.

(2) Amounts charge to Retained Earnings are from purchases of the Company's Common Stock.

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

</FN>
</TABLE>

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

NOTE 1. BASIS OF PREPARATION AND OTHER

Basis of Preparation - The consolidated financial statements included herein have been prepared by Rollins, Inc. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reporting on Form 10-Q. These consolidated financial statements have been prepared in accordance with Statement of Financial Accounting Standard No. 94, Consolidation of All Majority-Owned Subsidiaries ("SFAS 94") and Rule 3A-02(a) of Regulation S-X. In accordance with SFAS 94 and with Rule 3A-02(a) of Regulation S-X, the Company's policy is to consolidate all subsidiaries and investees where it has voting control. The Company does not have any subsidiaries or investees where it has less than a 100% equity interest or less than 100% voting control, nor does it have any interest in other investees, joint ventures, or other variable interest entities that require consolidation under FASB interpretation No. 46, Consolidation of Variable Interest Entities (FIN 46).

Footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted as permitted by such rules and regulations. These consolidated financial statements should be read in conjunction with the financial statements and related notes contained in the Company's annual report on Form 10-K for the year ended December 31, 2005.

In the opinion of management, the consolidated financial statements included herein contain all adjustments necessary to present fairly the financial position of the Company as of March 31, 2006 and December 31, 2005, the results of its operations for the three months ended March 31, 2006 and 2005 and cash flows for the three months ended March 31, 2006 and 2005. All such adjustments are of a normal recurring nature. Operating results for the three months ended March 31, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006.

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.

Estimates Used in the Preparation of Consolidated Financial Statements--The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the accompanying notes and financial statements. Actual results could differ from those estimates.

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

Marketable Securities--From time to time, the Company maintains investments held by several large, well-capitalized financial institutions. The Company's investment policy does not allow investment in any securities rated less than "investment grade" by national rating services.

Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates such designations as of each balance sheet date. Debt securities are classified as available-for-sale because the Company does not have the intent to hold the securities to maturity. Available-for-sale securities are stated at their fair values, with the unrealized gains and losses, net of tax, reported as a separate component of stockholders' equity. Realized gains and losses and declines in value judged to be other than temporary on available-for-sale securities are included in interest income. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in interest income. The Company's marketable securities generally consist of United States government, corporate and municipal debt securities.

Comprehensive Income (Loss)--Other Comprehensive Income (Loss) results from foreign currency translations, unrealized gain/losses on marketable securities and changes in the minimum pension liability.

New Accounting Standards-- Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payments" ("SFAS 123R"), which requires the Company to measure the cost of employee services received in exchange for all equity awards. See Note 4 for further discussion.

In May 2005, the FASB issued FASB Statement No. 154, "Accounting Changes and Error Corrections" ("SFAS 154") which replaces APB Opinion No. 20, Accounting Changes, and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements". Among other changes, SFAS 154 requires that voluntary change in accounting principle or a change required by a new accounting pronouncement that does not include specific transition provisions be applied retrospectively with all prior period financial statements presented on the new accounting principle, unless it is impracticable to do so. SFAS 154 also provides that (1) a change in method of depreciating or amortizing a long-lived non-financial asset be accounted for as a change in estimate (prospectively) that was effected by a change in accounting principle, and (2) correction of errors in previously issued financial statements should be termed a "restatement." SFAS 154 is effective for accounting changes and correction of errors made in fiscal years beginning after June 15, 2005. Accordingly, the Company is required to adopt the provisions of SFAS 154 in the first quarter of fiscal 2006, beginning on January 1, 2006. The Company has adopted SFAS 154 and it had no effect on its consolidated results of operations and financial condition.

Franchising Program - Orkin had 57 franchises as of March 31, 2006, including international franchises in Mexico, established in 2000, and Panama, established in 2003. Transactions with franchises involve sales of customer contracts to establish new franchises, initial franchise fees and royalties. The customer contracts and initial franchise fees are typically sold for a combination of cash and notes due over periods ranging up to 5 years. Notes receivable from franchises aggregated $5.2 million, $5.5 million, and $6.4 million as of March 31, 2006, December 31, 2005, and March 31, 2005, respectively. The Company recognizes gains from the sale of customer contracts at the time they are sold to franchises and collection on the notes is reasonably assured. Related to these recognized gains, the Company had a net gain of approximately $0.4 million in the first quarter of 2006 compared to a $1.3 million gain in the first quarter of 2005 and is included as revenues in the accompanying Consolidated Statements of Income. Initial franchise fees are deferred for the duration of the initial contract period and are included as unearned revenue in the Consolidated Statements of Financial Position. Deferred franchise fees amounted to $2.0 million, $1.9 million, and $1.8 million at March 31, 2006, December 31, 2005, and March 31, 2005, respectively. Royalties from franchises are accrued and recognized as revenues as earned on a monthly basis. Revenues from royalties were $571,000 in the first quarter of 2006 compared to $427,000 in the first quarter of 2005. The Company's maximum exposure to loss relating to the franchises aggregated $3.2 million, $3.6 million, and $4.6 million at March 31, 2006, December 31, 2005 and March 31, 2005, respectively.

Fair Value of Financial Instruments--The Company's financial instruments consist of cash, short-term investments, marketable securities, trade and notes receivables, accounts payable and other short-term liabilities. The carrying amounts of these financial instruments approximate their fair values.

Seasonality-- The business of the Company is affected by the seasonal nature of the Company's pest and termite control services. The increase in pest pressure and activity, as well as the metamorphosis of termites in the spring and summer (the occurrence of which is determined by the timing of the change in seasons), has historically resulted in an increase in the revenue of the Company's pest and termite control operations during such periods as evidenced by the following chart. In addition, revenues were favorably impacted in 2004 after the acquisition of Western Pest Services on April 30, 2004.

	Total Net Revenues		
(in thousands)	2006	2005	2004
First Quarter	$ 194,187	$ 183,915	$ 160,416*
Second Quarter	N/A	214,326	202,725*
Third Quarter	N/A	209,346	203,925*
Fourth Quarter	N/A	194,830	183,818

Year ended December 31,	$ 194,187	$ 802,417	$ 750,884

* Restated for change in accounting principle.

NOTE 2. EARNINGS PER SHARE

In accordance with SFAS No. 128, Earnings Per Share ("EPS"), the Company presents basic EPS and diluted EPS. Basic EPS is computed on the basis of weighted-average shares outstanding. Diluted EPS is computed on the basis of weighted-average shares outstanding plus common stock options outstanding and unvested restricted stock awards during the period which, if exercised, would have a dilutive effect on EPS. Basic and diluted EPS have been restated for the March 10, 2005, three-for-two stock split for all periods presented (See Note 1). A reconciliation of the number of weighted-average shares used in computing basic and diluted EPS is as follows:

	Three months ended March 31,	
(in thousands, except per share data)	2006	2005
Basic and diluted earnings available to stockholders (numerator):	$ 10,903	$ 11,595
Shares (denominator):		
Weighted-average shares outstanding - Basic	67,675	67,942
Effect of dilutive securities:		
Employee Stock Options and Restricted Shares	1,908	2,121
Weighted-average shares outstanding - Diluted	69,583	70,063
Per share amounts:		
Basic income per common share	$ 0.16	$ 0.17
Diluted income per common share	$ 0.16	$ 0.17

The Company bought back 211,466 shares of the Company's common stock in the first quarter of 2006 under its authorized repurchase program. Rollins 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 4 million additional shares of the Company's common stock at its quarterly meeting on April 26, 2005. This authorization enables the Company to continue the purchase of Rollins, Inc. shares when appropriate, which is an important benefit resulting from the Company's strong cash flows. Accordingly, 3,053,858 shares remain authorized for purchase. The stock buy-back program has no expiration date.

NOTE 3. CONTINGENCIES

Orkin, one of the Company's subsidiaries, is a named defendant in Mark and Christine Butland et al. v. Orkin Exterminating Company, Inc., et al. pending in the Circuit Court of Hillsborough County, Tampa, Florida. The plaintiffs filed suit in March of 1999 and are seeking monetary damages and injunctive relief. The Court ruled in early April 2002, certifying the class action lawsuit against Orkin. Orkin appealed this ruling to the Florida Second District Court of Appeals, which remanded the case back to the trial court for further findings. In December 2004 the Court issued a new ruling certifying the class action. Orkin has appealed this new ruling to the Florida Second District Court of Appeals. Orkin believes this case to be without merit and intends to defend itself vigorously through trial, if necessary. At this time, the final outcome of the litigation cannot be determined. However, in the opinion of management, the ultimate resolution of this action will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Additionally, in the normal course of business, Orkin is a defendant in a number of lawsuits, which allege that plaintiffs have been damaged as a result of the rendering of services by Orkin. Orkin is actively contesting these actions. Some lawsuits or arbitrations have been filed (Ernest W. Warren and Dolores G. Warren, et al. v. Orkin Exterminating Company, Inc., et al.; Francis D. Petsch, et al. v. Orkin Exterminating Company, Inc., et al.; and Cynthia Garrett v. Orkin, Inc.) in which the Plaintiffs are seeking certification of a class. The cases originate in Georgia and Florida. The Company believes these matters to be without merit and intends to vigorously contest certification and defend itself through trial or arbitration, if necessary. In the opinion of management, the outcome of these actions will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Orkin is involved in certain environmental matters primarily arising in the normal course of business. In the opinion of management, the Company's liability under any of these matters would not materially affect its financial condition or results of operations. Consistent with the Company's responsibilities under these

matters, the Company undertakes environmental assessments and remediation of hazardous substances from time to time as the Company determines its responsibilities for these purposes. As these situations arise, the Company accrues management's best estimate of future costs for these activities. Based on management's current estimates of these costs, management does not believe these costs are material to the Company's financial condition or operating results or liquidity.

NOTE 4. STOCKHOLDERS' EQUITY

During the first quarter ended March 31, 2006, the Company repurchased 211,466 shares for $4.1 million under its stock repurchase program. Also, during the first quarter ended March 31, 2006, approximately 0.3 million shares of common stock were issued upon exercise of stock options by employees. For the three months ended March 31, 2005, the Company issued approximately 0.5 million shares of common stock upon exercise of stock options by employees.

Stock options and time lapse restricted shares (TLRSs) have been issued to officers and other management employees under the Company's Employee Stock Incentive Plans. The stock options generally vest over a five-year period and expire ten years from the issuance date.

TLRSs provide for the issuance of a share of the Company's Common Stock at no cost to the holder and generally vest after a certain stipulated number of years from the grant date, depending on the terms of the issue. The Company issued TLRSs that vest over ten years prior to 2004. TLRSs issued 2004 and later vest in 20 percent increments starting with the second anniversary of the grant, over six years from the date of grant. During these years, grantees receive all dividends declared and retain voting rights for the granted shares. The agreements under which the restricted stock is issued provide that shares awarded may not be sold or otherwise transferred until restrictions established under the plans have lapsed.

The Company issues new shares from its authorized but unissued share pool. At March 31, 2006, approximately 4.1 million shares of the Company's common stock were reserved for issuance.

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment ("SFAS 123R"), which requires the Company to measure the cost of employee services received in exchange for all equity awards granted including stock options and TLRSs based on the fair market value of the award as of the grant date. SFAS 123R supersedes Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," and Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). The Company has adopted SFAS 123R using the modified prospective application method of adoption which requires the Company to record compensation cost related to unvested stock awards as of December 31, 2005 by recognizing the unamortized grant date fair value of these awards over the remaining service periods of those awards with no change in historical reported earnings. Awards granted after December 31, 2005 are valued at fair value in accordance with provisions of SFAS 123R and recognized on a straight line basis over the service periods of each award. The Company estimated forfeiture rates for the first quarter of 2006 based on its historical experience.

Prior to 2006, the Company accounted for stock-based compensation in accordance with APB 25 using the intrinsic value method, which did not require that compensation cost be recognized for the Company's stock options provided the option exercise price was established at 100% of the common stock fair market value on the date of grant. Under APB 25, the Company was required to record expense over the vesting period for the fair value of TLRSs granted. Prior to 2006, the Company provided pro forma disclosure, as if the fair value method defined by SFAS No. 123 had been applied to its stock-based compensation. The Company's net income and net income per share for the three months ended March 31, 2005 would have been reduced if compensation cost related to stock options had been recorded in the financial statements based on fair value at the grant dates.

The following pro forma net income and earnings per share (or "EPS") were determined as if the Company had accounted for employee stock options and stock issued under its employee stock plans using the fair value method prescribed by SFAS 123.

In order to estimate the fair value of stock options, the Company used the Black-Scholes option valuation model, which was developed for use in estimating the fair value of publicly traded options which have no vesting restrictions and are fully transferable. Option valuation models require the input of highly subjective assumptions and these assumptions can vary over time.

The only options outstanding at March 31, 2006 for SFAS 123R purposes are the grants issued during the first quarters of 2002 and 2003. The per-share weighted-average fair value of stock options granted during 2003 was $2.70 on the date of grant. The Company did not grant any stock options in any years following the 2003 grant, therefore no Black-Scholes calculation was necessary. The 2003 grant was valued using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Risk-free interest rate	3.96%
Expected life, in years	Range from 4 to 8
Expected volatility	10.70%
Expected dividend yield	1.07%

As a result of adopting SFAS 123R, the impact to the Consolidated Financial Statements for Net Income for the three months ended March 31, 2006 was $0.1 million (net of $0.1 million tax benefit) lower, than if the Company had continued to account for stock - based compensation under APB 25. There was no impact to both basic and diluted earnings per share for the three months ended March 31, 2006. Pro forma net income as if the fair value based method had been applied to all awards for the three month period ended March 31, 2005, along with a comparison to the March 31, 2006 actual results after the application of FAS 123 r is as follows:

(In thousands, except for per share amounts)

<TABLE>
<CAPTION>

<S>	Three Months Ended March 31, 2006 <C>	Three Months Ended March 31, 2005 <C>
Net income as reported	$ 10,903	$ 11,595
Add: Stock-based compensation programs recorded as expense, net of tax	404	187
Deduct: Total stock-based employee compensation expense, net of tax	(404)	(358)
Pro forma net income	$ 10,903	$ 11,424
Earnings per share:		
Basic - as reported	$ 0.16	$ 0.17
Basic - pro forma	$ 0.16	$ 0.17
Diluted - as reported	$ 0.16	$ 0.17
Diluted - pro forma	$ 0.16	$ 0.16

<FN>

The following table summarizes the components of the Company's stock-based compensation programs recorded as expense ($ in thousands):

</FN>
</TABLE>

<TABLE>
<CAPTION>

<S>	Three Months Ended March 31, 2006 <C>	Three Months Ended March 31, 2005 <C>
Time Lapse Restricted Stock:		
Pre-tax compensation expense	$ 522	$ 311
Tax benefit	(209)	(124)
Restricted stock expense, net of tax	$ 313	$ 187

</TABLE>

<TABLE>
<CAPTION>

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
Stock Options:		
<S>	<C>	<C>
Pre-tax compensation expense	$ 152	$ --
Tax benefit	(61)	--
Stock option expense, net of tax	$ 91	$ --

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
Total Share-Based Compensation:		
Pre-tax compensation expense	$ 674	$ 311
Tax benefit	(270)	(124)
Total share-based compensation expense, net of tax	$ 404	$ 187

</TABLE>

As of March 31, 2006, $11.5 million and $1.1 million of total unrecognized compensation cost related to time lapse restricted shares and stock options, respectively, is expected to be recognized over a weighted average period of approximately 5.0 years for TLRSs and 1.6 years for stock options.

Option activity under the Company's stock option plan as of March 31, 2006 and changes during the three months ended March 31, 2006 were as follows:

<TABLE>
<CAPTION>

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
<S>	<C>	<C>	<C>	
Outstanding at December 31, 2005	2,539	$ 9.24	3.98	
Granted	---	N/A	N/A	
Exercised	(300)	8.78	N/A	
Forfeited	(11)	8.63	N/A	
Outstanding at March 31, 2006	2,229	$ 9.31	3.70	$ 24,365
Exercisable at March 31, 2006	1,836	$ 8.98	3.11	$ 20,677

</TABLE>

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of the first quarter of 2006 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on March 31, 2006. The amount of aggregate intrinsic value will change based on the fair market value of the Company's stock.

The aggregate intrinsic value of options exercised during the quarters ended March 31, 2006 and March 31, 2005 was $3.4 million and $4.9 million, respectively. Exercise of options during the first quarter of 2006 and 2005 resulted in cash receipts of $0.3 million and $1.2 million, respectively. The Company recognized a tax benefit of approximately $0.2 million in the quarter ended March 31, 2006 related to the exercise of employee stock options, which has been recorded as an increase to additional paid-in capital.

The following table summarizes information on unvested restricted stock units outstanding as of March 31, 2006:

	Number of Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Unvested Restricted Stock Units		
Unvested at start of quarter	477	$ 16.10
Forfeited	(1)	8.56
Vested	(10)	9.28
Granted	296	21.17
Unvested at end of quarter	762	$ 18.16

NOTE 5. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consists of the following (in thousands):

<TABLE>
<CAPTION>

	Minimum Pension Liability	Foreign Currency Translation	Other Unrealized Gain/(Loss)	Total
<S>	<C>	<C>	<C>	<C>
Balance at December 31, 2005	$ (26,536)	$ 3,275	$ (3)	$ (23,264)
Change during 2006:				
Before-tax amount	-	(82)	-	(82)
	-	(82)	-	(82)
Balance at March 31, 2006	$ (26,536)	$ 3,193	$ (3)	$ (23,346)

</TABLE>

NOTE 6. ACCRUAL FOR TERMITE CONTRACTS

In accordance with SFAS 5, "Accounting for Contingencies," the Company maintains an accrual for termite contracts representing the estimated costs of reapplications, repair claims and associated labor, chemicals, and other costs relative to termite control services performed prior to the balance sheet date.

A reconciliation of the beginning and ending balances of the accrual for termite contracts is as follows:

	Three months ended March 31,	
(in thousands)	2006	2005
Beginning balance	$ 23,200	$ 25,311
Current year provision	2,336	4,250
Settlements, claims, and expenditures	(2,936)	(3,421)
Ending balance	$ 22,600	$ 26,140

NOTE 7. PENSION AND POST-RETIREMENT BENEFIT PLANS

The following represents the net periodic pension benefit costs and related components in accordance with SFAS 132 (R):

Components of Net Pension Benefit Cost

	Three months ended March 31,	
(in thousands)	2006	2005
Service Cost	$ -	$ 1,397
Interest Cost	2,035	2,208
Expected Return on Plan Assets	(2,610)	(2,464)
Amortization of		
Prior Service Benefit	-	(217)
Unrecognized Net Loss	890	1,164
Net Periodic Benefit Cost	$ 315	$ 2,088

In June 2005, the Company recorded a $4.2 million non-cash curtailment gain in accordance with SFAS No. 88, "Employer's Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", ("SFAS No. 88") in connection with freezing the defined benefit pension plan, and using actuarial assumptions consistent with those we used at December 31, 2004. SFAS No. 88 requires curtailment accounting if an event eliminates, for a significant number of employees, the accrual of defined benefits for some or all of their future services. In the event of a curtailment, an adjustment must be recognized for the unrecognized prior service cost associated with years of service no longer expected to be rendered.

NOTE 8. GOODWILL AND OTHER INTANGIBLE ASSETS

In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, the Company classifies intangible assets into three categories: (1) intangible assets with definite lives subject to amortization; (2) intangible assets with indefinite lives not subject to amortization; and (3) goodwill. The Company will test intangible assets with definite lives for impairment if a condition exists that indicates the carrying value may not be recoverable. The Company reviews such property and equipment and intangible assets with definite lives for impairment by comparing the fair value of asset to the current carrying value, to ensure these assets are appropriately valued. Such conditions may include an economic downturn in a market or a change in the assessment of future operations. The Company does not amortize intangible assets with indefinite lives and goodwill. Goodwill and other intangible assets with indefinite useful lives are tested annually, or more frequently if events or circumstances indicate the assets might be impaired. Goodwill is assigned to the reporting unit that benefits from the synergies arising from each business combination. The Company performs impairment tests of goodwill at the reporting unit level. Such impairment tests for goodwill include comparing the fair value of the reporting unit with its carrying value. The Company performs impairment tests for indefinite-lived intangible assets by comparing the fair value of each indefinite-lived intangible asset unit to its carrying value. The Company recognizes an impairment charge if the asset's carrying value exceeds its estimated fair value. The Company completed its annual impairment analyses as of September 30, 2005. Based upon the results of these analyses, the Company has concluded that no impairment of its goodwill or other intangible assets has occurred.

NOTE 9. PERIODIC INCOME TAX RATE

The Company determines its periodic income tax expense based upon the current period income and the annual estimated tax rate for the Company adjusted for any change to prior year estimates. The estimated tax rate is revised, if necessary, as of the end of each successive interim period during the fiscal year to the Company's current annual estimated tax rate."

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

Overview

The Company is encouraged, but not content, with the 5.6% revenue improvement the Company made during the first quarter of 2006 over first quarter 2005. Rollins's organic revenue growth of 3.7% (which exclude the $3.4 million first quarter revenue contribution resulting from the Industrial Fumigant Company ("IFC") acquisition) compares favorably versus the 2.6% improvement in our fourth quarter. The "real" growth this quarter was the best since 2000. The message that the Company intends to accelerate our growth rate is resonating throughout our organization and is reflected in our investments, commitments and effort.

The primary growth driver for the quarter continues to be the commercial pest control business; however, the Company had increases in its termite and residential pest control business as well.

Commercial business represented just over 43% of our overall business in the first quarter, and grew 10.8% including IFC revenues and 6.3% excluding IFC revenues, as compared to the Company's commercial revenues in the first quarter of 2005. The Company's other service lines, Residential Pest Control (which represents almost 36% of the overall business) increased 3.3% and Termite (which contributed around 20% of the overall business) grew 2.3%, its best quarter in some time due to a significant increase in new customer completions.

The Company is especially pleased by the improvement experienced in pest control gross contract revenue or GCR (this is the Company's monthly recurring revenue). The first quarter is always a difficult time to add business because of seasonality, but Rollins saw a 1% growth in GCR this year in March, while last year it declined 0.7%. This positive momentum should build and contribute throughout the year.

First quarter net income was $10.9 million with diluted earnings per share of $0.16. This compares to $11.6 million or $0.17 per diluted share for the first quarter of 2005, representing a 6% decrease in net income.

The Company's net income came in lower than first quarter 2005; however Rollins did exceed its internal profit plan. There were three primary factors behind this lower profitability.

The first situation concerned the expected loss experienced by the Industrial Fumigant Company in this quarter of a little over $1 million. IFC has long term relationships with their major food processing customers; however, the service they provide is not spread out evenly throughout the year. Historically the first quarter of the year is their slowest quarter. However, this was further worsened by the shift of Easter from March to April (one quarter to another). Many IFC customers desire services over the Easter holiday, when plants are closed. IFC was a contributor in the fourth quarter, and the Company likewise expects a meaningful revenue and profit contribution in the Company's second quarter of this year. Incidentally, there are plans underway with the IFC management team to lessen the negative impact of their first quarter.

IFC contributed revenue of $3.4 million in the first quarter of 2005. Historically the first quarter of the year is IFC's slowest quarter, in fact only 1/8 of their annual revenue typically falls in the first quarter. To put it in a better perspective, IFC's revenue this quarter was just over half of last quarter IFC revenue of $6.3 million. Excluding the revenue contribution of IFC in the quarter, revenue increased 3.7% in the quarter over first quarter 2005 revenue.

The second factor contributing to the Company's first quarter 1(cent) profit decrease related to the Company's planned investment and buildup of Orkin's sales force. During the first quarter, Orkin hired 100 additional new sales people, which accounted for an increase in sales expense of approximately $1.0 million. As in any organization, the bringing on of new personnel requires training and "getting them up to speed" productivity wise; however, Rollins is confident that the investment it is making in sales and marketing will result in the Company achieving higher revenue levels and related profitability.

The last negative impact on the quarter was the adoption of SFAS 123R and the expensing of stock options and restricted stock grants which increased the Company's expense approximately $400,000 over last year.

Gross margin for the quarter was 44.9% versus 45.5% last year. The decrease in margins is due to the impact of IFC, which had a significantly greater Cost of Services Provided ("CSP") than the remainder of our business. Due to IFC's low revenue, their first quarter CSP was in excess of 82% this quarter. In addition the Company continues to feel the impact of substantially greater fuel costs than a year ago, with total fuel cost increasing $400,000. This is an area that the Company's routing and scheduling project should ultimately have a big impact on.

Selling, general and administrative expense increased to 32.2% from 31.9%. While the Company incurred an approximately $1.0 million in additional cost related to the expansion of the sales effort as well as additional stock option expense of approximately $0.4 million, the Company was favorably impacted by a decrease in sales cost runoff from last year's summer sales program as well as reductions in bad debt expenses.

Depreciation and amortization totaled $6.8 million for the first quarter with amortization of intangibles at $3.5 million and depreciation at $3.3 million. The amortization of intangibles represents a significant non-cash charge to the income statement. In 2006 total amortization of intangibles expense should be approximately $14 million, versus $12.8 million in 2005.

Rollins' tax provision for the quarter was 40.0%, a slight improvement.

The Company's balance sheet remains strong with cash and cash equivalents of $53.2 million as of March 31st and practically no debt. Rollins' cash flow remains very strong. Net cash provided by operating activities totaled $27.5 million this quarter, increasing $8.0 million or 41.3% over same period last year. This continuing strong cash flow will allow the Company to continue to reinvest in its business, whether it be further acquisitions, stock purchases, expanding our sales or capital projects such as routing and scheduling.

Rollins had some notable positive events during the quarter, the first being that the Company has successfully moved the Rollins Customer Care Center from

Atlanta to Covington, Georgia, which is approximately 40 miles east of Atlanta. At the same time, the Company renamed the Center to Orkin Customer Service Center, which will make it easier for customers to associate the center with their Orkin service versus the former reference to Rollins.

The Company's decision on where to locate the call center was assisted by a professional site selection company, which researched over 600 labor markets in the U.S. to make their recommendations. The new site was one of three finalists, and the Company made its decision based on several factors, including the county's high percentage of well-educated people that are interested in both professional and second-income jobs. The area has a much improved workforce availability compared to the former situation where we were located with over 60 call centers competing for employees in the immediate proximity. The Covington location is in easy access to Orkin's home office, and the Company knew there would be minimum disruption to business as a result of the move. The Company relocated approximately 150 people over a weekend and not one phone call was lost, and to date employee turnover has been at a minimum.

The effective management of Orkin's phone leads, web contacts and our use of customer outbound calling is a very important part of our growth strategy. This new state-of-the art facility is currently responsible for about $20 million in annual sales, with prospective customer contacts this year, through the first quarter, running over 15% greater than 2005.

Additionally, the Company is making good progress on our Routing and Scheduling initiatives. Rollins has some technological hurdles to cross but is still targeted to begin an extensive "conference room pilot" with live data in July.

Following the launch on January 20, 2006 of the Company's national satellite training delivery system (or Orkin TV), Rollins has completed three, two-week long Commercial Pest Control introduction technician training classes and three, two-week long Residential Pest Control introduction technician training classes. Each of these classes consists of four one-hour long broadcasts per day. The Company also produced two one-hour live events on bed bugs, which were broadcast to the entire network.

In addition, Orkin produced a new DVD for termite inspectors to show prospective customers when providing their initial termite inspection.

During the first quarter, the Company repurchased an additional 211,466 shares of its common stock under its repurchase plan at an average price of $19.35 per share. In total, over 3.0 million additional shares may be purchased in the future under the previously approved programs by the Board of Directors.

<TABLE>
<CAPTION>
Results of Operations

(in thousands)	Three months ended March 31, 2006	Three months ended March 31, 2005	% Better/(Worse) as Compared to Same Quarter in Prior Year
<S>	<C>	<C>	<C>
Revenues	$ 194,187	$ 183,915	5.6%
Cost of services provided	107,014	100,249	(6.7)
Depreciation and amortization	6,793	5,963	(13.9)
Sales, general and administrative	62,500	58,671	(6.5)
(Gain) on sales of assets	-	3	(100.0)
Interest income	(292)	(462)	(36.8)
Income before income taxes	18,172	19,491	(6.8)
Provision for income taxes	7,269	7,896	7.9
Net income	$ 10,903	$ 11,595	(0.1)%

</TABLE>

Revenues for the quarter ended March 31, 2006 increased to $194.2 million, an increase of $10.3 million or 5.6%. For the first quarter of 2006 the primary revenue drivers were the addition of the Industrial Fumigant Company (IFC), which was purchased on October 1, 2005 and contributed $3.4 million in revenue, as well as increases in Orkin's Pacific and Atlantic regions which had increases of $2.0 million and $1.9 million respectively. Orkin Canada, which contributed $13.6 million for an increase of $1.6 million, Western Pest, which contributed $19.1 million for an increase of $1.6 million, as well as Orkin's pest control business, which increased $3.6 million while growing 2.4%. Every-other-month service, the Company's primary residential pest control service offering, continues to grow in importance, comprising 61.3% of new residential pest control sales for the first quarter of 2006 compared to 60.0% in the first quarter 2005. The Company's foreign operations accounted for less than 7% of total revenues during the first quarter 2006 compared to less than 7% of the total during the first quarter 2005.

The revenues of the Company are affected by the seasonal nature of the Company's pest and termite control services as, described in Note 1 to the Company's financial statements above. The Company's revenues as a historical matter tend to peak during the second and third quarters, as evidenced by the following chart.

		Total Net Revenues	
(in thousands)	2006	2005	2004
First Quarter	$ 194,187	$ 183,915	$ 160,416*
Second Quarter	N/A	214,326	202,725*
Third Quarter	N/A	209,346	203,925*
Fourth Quarter	N/A	194,830	183,818
Year ended December 31,	$ 194,187	$ 802,417	$ 750,884

* Restated for change in accounting principle.

Cost of Services Provided for the first quarter ended March 31, 2006 increased $6.8 million or 6.7%, compared to the quarter ended March 31, 2005, and expense expressed as a percentage of revenues increased by 0.6 percentage points, representing 55.1% of revenues for the first quarter 2006 compared to 54.5% of revenues in the prior year's first quarter. Cost of Services Provided as a percentage of revenues increased primarily due to higher service salaries, administrative salaries and personnel related costs, due to the addition of the Industrial Fumigant Company.

Increases in Cost of Services Provided were partially offset by a decrease in the Company's accrual for termite claims representing the estimated costs of reapplications, repairs and associated labor and chemicals, settlements, awards and other costs relative to termite control services. Decreases in termite claims were due to positive changes to our business practices include revisions made to our contracts, more effective treatment methods that include a directed-liquid baiting program, more effective termiticides, and expanding training methods and techniques.

Depreciation and Amortization expenses for the first quarter ended March 31, 2006 increased by $0.8 million or 13.9% to $6.8 million versus the prior year quarter. The increase was due in part to the addition of the Industrial Fumigant Company.

Sales, General and Administrative Expenses for the quarter ended March 31, 2006 increased $3.8 million or 6.5% as compared to the first quarter 2005. As a percentage of revenues, Sales General and Administrative increased 0.3 percentage

points or 0.9%, representing 32.2% of total revenues compared to 31.9% for the prior year quarter. The increase in Sales, General and Administrative Expenses as a percentage of revenue was mainly attributable to higher administrative salaries and sales salaries related to the addition of 100 sales employees and higher advertising costs as well increases in personnel related costs with higher compensation expense due to the adoption of SFAS 123R.

Income Taxes. The Company's tax provision of $7.3 million for the first quarter ended March 31, 2006 reflects increased pre-tax income over the prior year period and a slight decrease in the effective tax rate. The effective tax rate was 40.0% for the first quarter ended March 31, 2006 and 40.5% for the first quarter ended March 31, 2005.

Critical Accounting Policies

The Company views critical accounting policies to be those policies that are very important to the portrayal of our financial condition and results of operations, and that require management's most difficult, complex or subjective judgments. The circumstances that make these judgments difficult or complex relate to the need for management to make estimates about the effect of matters that are inherently uncertain. We believe our critical accounting policies to be as follows:

Accrual for Termite Contracts-- The Company maintains an accrual for termite claims representing the estimated costs of reapplications, repairs and associated labor and chemicals, settlements, awards and other costs relative to termite control services. Factors that may impact future cost include chemical life expectancy and government regulation. It is significant that the actual number of claims has decreased in recent years due to changes in the Company's business practices. However, it is not possible to precisely predict future significant claims. Positive changes to our business practices include revisions made to our contracts, more effective treatment methods that include a directed-liquid and baiting program, more effective termiticides, and expanding training.

Accrued Insurance-- The Company self-insures, up to specified limits, certain risks related to general liability, workers' compensation and vehicle liability. The estimated costs of existing and future claims under the self-insurance program are accrued based upon historical trends as incidents occur, whether reported or unreported (although actual settlement of the claims may not be made until future periods) and may be subsequently revised based on developments relating to such claims. The Company contracts an independent third party actuary on an annual basis to provide the Company an estimated liability based upon historical claims information. The actuarial study is a major consideration, along with management's knowledge of changes in business practices and existing claims compared to current balances. The reserve is established based on all these factors. Due to the uncertainty associated with the estimation of future loss and expense payments and inherent limitations of the data, actual developments may vary from the Company's projections. This is particularly true since critical assumptions regarding the parameters used to develop reserve estimates are largely based upon judgment. Therefore, changes in estimates may be sufficiently material. management's judgment is inherently subjective and a number of factors are outside management's knowledge and control. Additionally, historical information is not always an accurate indication of future events. It should be noted that the number of claims has been decreasing due to the Company's proactive risk management to develop and maintain ongoing programs. Initiatives that have been implemented include pre-employment screening and an annual motor vehicle report required on all its drivers, utilization of a Global Positioning System that has been fully deployed to our Company vehicles, post-offer physicals for new employees, and pre-hire, random and post-accident drug testing. The Company has improved the time required to report a claim by utilizing a "Red Alert" program that provides serious accident assessment twenty four hours a day and seven days a week and has instituted a modified duty program that enables employees to go back to work on a limited-duty basis.

Revenue Recognition-- The Company's revenue recognition policies are designed to recognize revenues at the time services are performed. For certain revenue types, because of the timing of billing and the receipt of cash versus the timing of performing services, certain accounting estimates are utilized. Residential and commercial pest control services are primarily recurring in nature on a monthly or bi-monthly basis, while certain types of commercial customers may receive multiple treatments within a given month. In general, pest control customers sign an initial one-year contract, and revenues are recognized at the time services are performed. For pest control customers, the Company offers a discount for those customers who prepay for a full year of services. The Company defers recognition of these advance payments and recognizes the revenue as the services are rendered. The Company classifies the discounts related to the advance payments as a reduction in revenues. Termite baiting revenues are recognized based on the delivery of the individual units of accounting. At the inception of a new baiting services contract upon quality control review of the installation, the Company recognizes revenue for the delivery of the monitoring stations, initial directed liquid termiticide treatment and installation of the monitoring services. The amount deferred is the fair value of monitoring services to be rendered after the initial service. The amount deferred for the undelivered monitoring element is then recognized as income on a straight-line basis over the remaining contract term, which results in recognition of revenue in a pattern that approximates the timing of performing monitoring visits. Baiting renewal revenue is deferred and recognized over the annual contract period on a straight-line basis that approximates the timing of performing the required monitoring visits.

Contingency Accruals-- The Company is a party to legal proceedings with respect to matters in the ordinary course of business. In accordance with Statement of Financial Accounting Standards No. 5, Accounting for Contingencies, the Company estimates and accrues for its liability and costs associated with the litigation. Estimates and accruals are determined in consultation with outside counsel. It is not possible to accurately predict the ultimate result of the litigation. However, in the opinion of management, the outcome of the litigation will not have a material adverse impact on the Company's financial condition or results of operations.

Federal Income Tax Audit - The Company is currently under audit by the Internal Revenue Service (IRS) for tax years 2002 and 2003. The IRS has issued Notices of Proposed Adjustment with respect to various issues. The Company is currently reviewing its position regarding the adjustments and plans to defend against those adjustments that are without merit. The Company does not expect the resolution of these issues, taken individually or in the aggregate, to have a material effect on the results of operations, cash flows or financial position.

Liquidity and Capital Resources

<TABLE>
<CAPTION>
Cash and Cash Flow

Three months

	ended March 31,	
(in thousands)	2006	2005
<S>	<C>	<C>
Net cash provided by operating activities	$ 27,485	$ 19,458
Net cash used in investing activities	(9,395)	(7,438)
Net cash used in financing activities	(7,844)	(13,486)
Effect of exchange rate changes on cash	(82)	623
Net increase/(decrease) in cash and cash equivalents	$ 10,164	$ (843)
Cash and cash equivalents at end of period	$ 53,225	$ 55,894

</TABLE>

The Company believes its current cash and cash equivalents balances, future cash flows from operating activities and available borrowings under its $70.0 million credit facilities will be sufficient to finance its current operations and obligations, and fund planned investments for expansion of the business for the foreseeable future. The Company's operating activities generated net cash of $27.5 million for the three months ended March 31, 2006, compared with cash provided by operating activities of $19.5 million for the same period in 2005.

At the April 26, 2005 meeting of the Board of Directors, as part of the Company's active management of equity capital, the Board of Directors authorized the purchase of up to 4 million additional shares of the Company's common stock. The Company plans to repurchase shares at times and prices considered appropriate by the Company. There is no expiration date for the share repurchase program.

The Company invested approximately $5.4 million in capital expenditures during the first three months ended March 31, 2006, compared to $6.4 million during the same period in 2005, and expects to invest between $14.0 million and $17.0 million for the remainder of 2006. Capital expenditures for the first three months consisted primarily of building purchases and the purchase of equipment replacements. During the first three months ended March 31, 2006, the Company made expenditures for acquisitions totaling $4.3 million, compared to $1.3 million during the same period in 2005. Expenditures for acquisitions for the first three months of 2006 were funded by cash on hand. A total of $4.3 million was paid in cash dividends ($0.0625 per share) during the first three months of 2006, compared to $3.4 million or $0.05 per share during the same period in 2005. The Company repurchased 211,466 shares of Common Stock in the first three months of 2006 and there remain 3,053,858 shares authorized to be repurchased. The capital expenditures and cash dividends were funded entirely through existing cash balances and operating activities. The Company received cash from the sale of franchise of $0.4 million for the first three months of 2006 compared to $0.3 million in 2005. The Company maintains $70.0 million of credit facilities with commercial banks, of which no borrowings were outstanding as of March 31, 2006 or April 15, 2006. The Company maintains approximately $34.5 million in letters of credit, which reduced its borrowing capacity under the credit facilities. These letters of credit are required by the Company's fronting insurance companies and/or certain states, due to the Company's self-insured status, to secure various workers' compensation and casualty insurance contracts. These letters of credit are established by the bank for the Company's fronting insurance companies as collateral, although the Company believes that it has adequate liquid assets, funding sources and insurance accruals to accommodate such claims.

The Company is currently under audit by the Internal Revenue Service (IRS) for tax years 2002 and 2003. The IRS has issued notices of proposed adjustment with respect to various issues. The Company is currently reviewing its position regarding the adjustments and plans to defend against those adjustments that are without merit. The Company does not expect the resolution

of these issues, taken individually or in the aggregate, to have a material effect on the results of operations, cash flows or financial position

Orkin, one of the Company's subsidiaries, is aggressively defending a class action lawsuit filed in Hillsborough County, Tampa, Florida. In early April 2002, the Circuit Court of Hillsborough County certified the class action status of Butland et al. v. Orkin Exterminating Company, Inc. et al. Orkin appealed this ruling to the Florida Second District Court of Appeals, which remanded the case back to the trial court for further findings. In December 2004 the Court issued a new ruling certifying the class action. Orkin has appealed this new ruling to the Florida Second District Court of Appeals. Other lawsuits against Orkin, and in some instances the Company, are also being vigorously defended, including the Warren and Petsch cases and the Garrett arbitration. For further discussion, see the Contingencies section in the notes to the Company financial statements set forth under Item 1 of Part I above.

Impact of Recent Accounting Pronouncements

See Note 1 of the Notes to 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, statements regarding management's expectation regarding the effect of the ultimate resolution of pending legal actions on the Company's financial position, results of operation and liquidity; management's belief that future costs of the Company for environmental matters will not be material to the Company's financial condition, operating results, and liquidity; the Company's expectation that IFC will provide a meaningful revenue and profit contribution to the Company's second quarter of 2006; management's belief that the Company's routing and scheduling project will ultimately have a big impact on reducing fuel costs; management's expectation regarding the Company's expense for amortization of intangibles during 2006; management's expectation that continuing strong cash flows will allow the Company to reinvest in its business; management's belief that it will begin an extensive conference room pilot for its routing and scheduling initiatives with live data in July 2006; management's opinion that the outcome of litigation will not have a material adverse impact on the Company's financial condition or results of operation; the Company's belief that its current cash and cash equivalent balances, future cash flows from operating activities and available borrowings will be sufficient to finance its current operations and obligations, and fund planned investments for expansion of the business for the foreseeable future; the Company's belief that it has adequate liquid assets, funding sources and insurance accruals to accommodate various workers compensation and casualty insurance contracts; and the Company's expectation that adjustments resulting from an audit by the IRS for tax years 2002 and 2003 will not have a material effect on the Company's results of operations, cash flows or financial position. 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 reforms 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; 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, 2005. The Company does not undertake to update its forward looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As of March 31, 2006, the Company maintained an investment portfolio (included in cash and cash equivalents) subject to short-term interest rate risk exposure. The Company has been affected by the impact of lower interest rates on interest income from its short-term investments. The Company is also subject to interest rate risk exposure through borrowings on its $70.0 million credit facilities. Due to the absence of such borrowings as of March 31, 2006, this risk was not significant in the first three months of 2006 and is not expected to have a material effect upon the Company's results of operations or financial position going forward. The Company is also exposed to market risks arising from changes in foreign exchange rates. The Company believes that this foreign exchange rate risk will not have a material effect 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 2005.

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, 2006. 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 such that the material information relating to Rollins, Inc., including our consolidated subsidiaries, and required to be included in our Securities and Exchange Commission ("SEC") reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and was made known to them by others within those entities, particularly during the period when this report was being prepared.

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, 2006, 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 3 to Part I, Item 1 for discussion of certain litigation.

Item 1A. Risk Factors

There have been no material changes to the Company's risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2005. See Note 3 to Part I, Item 1 for discussion of certain litigation.

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, Inc. during the three months ended March 31, 2006 were as follows:

<TABLE>
<CAPTION>

Period	Total Number of Shares Purchased (1)	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Repurchase Plans (2)	Maximum Number of Shares that May Yet Be Purchased Under the Repurchase Plans (2)
January 1 to 31, 2006	16,067	$21.10	-	3,265,324
February 1 to 28, 2006	46,065	$20.92	-	3,265,324
March 1 to 31, 2006	264,490	$19.63	211,466	3,053,858
Total	327,436	$19.83	211,466	3,053,858

</TABLE>

Item 4. None

Item 6. Exhibits.

(a) Exhibits

(3) (i) (A) Restated Certificate of Incorporation of Rollins, Inc. dated July 28, 1981.

(B) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated August 20, 1987, incorporated herein by reference to Exhibit (3)(i)(B) to the registrant's Form 10-K for the year ended December 31, 2004.

(C) Certificate of Change of Location of Registered Office and of Registered Agent dated March 22, 1994.

(ii) Amended and Restated By-laws of Rollins, Inc., incorporated herein by reference to Exhibit (3)(iii) as filed with the registrant's Form 10-Q for the quarterly period ended September 30, 2004.

(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.

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: May 1, 2006 By: /s/Gary W. Rollins

Gary W. Rollins
Chief Executive Officer, President
and Chief Operating Officer
(Principal Executive Officer)

Date: May 1, 2006 By: /s/Harry J. Cynkus

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

Exhibit 31.1

Certifications

I, Gary W. Rollins, President and Chief Executive Officer of Rollins, Inc., 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 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 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:

(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: May 1, 2006

By: /s/Gary W. Rollins

Gary W. Rollins
Chief Executive Officer, President
and Chief Operating Officer
(Principal Executive Officer)

Exhibit 31.2

Certifications

I, Harry J. Cynkus, Chief Financial Officer of Rollins, Inc., 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 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 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:

(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: May 1, 2006 By: /s/Harry J. Cynkus

Harry J. Cynkus
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

To the best of their knowledge the undersigned hereby certify that the Quarterly Report on Form 10-Q of Rollins, Inc. for the quarterly period ended March 31, 2006, fully complies with the requirements of Sections 13(a) of The Securities Exchange Act of 1934 (15 U.S.C. 78m) and that the information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of Rollins, Inc.

Date: May 1, 2006

/s/Gary W. Rollins

Gary W. Rollins
Chief Executive Officer, President
and Chief Operating Officer
(Principal Executive Officer)

Date: May 1, 2006

/s/Harry J. Cynkus

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